



# Polish Construction Companies 2024

**Major Players, Key Growth Drivers,  
and Development Prospects**

**December 2024**

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# Introduction

Ladies and Gentlemen,

I am very pleased to present you with the 12th edition of the report **"Polish Construction Companies 2024 - Major Players, Key Growth Drivers, and Development Prospects."**

In 2023 revenues of the fifteen largest construction companies reached almost PLN 46.2 billion, up by 3.6% compared with the previous year.

This slight increase in revenues, despite the high base of the previous year, reflects the scale of the market, but is also due to macro- and micro-economic factors (inflation and the apparent slowdown in the sector). Unfortunately, we are seeing a significant reduction in the supply of projects in many segments, particularly residential, commercial and warehousing. The persistence of high interest rates in these segments continues to play a role, discouraging investors from pursuing new projects. The reduction in project supply has been partly offset in 2023 by ongoing infrastructure projects, but the above factors have affected the revenues of companies that do not have much portfolio diversification.

In the slowdown we are seeing in the sector in 2024, publicly funded infrastructure projects are of key importance, allowing the construction companies to at least partially fill the supply gap that has visibly widened in the current period. Unfortunately, due to the macroeconomic situation and uncertainties related to the global economy, as well as our local budgetary constraints in Poland, the sector faces significant challenges both in terms of filling the backlog and maintaining positive contract margins. In the short term, the order book ("backlog") is likely to become smaller, especially for medium-sized and small companies. This situation will also translate into increased competitiveness in the sector. As a result, this can and probably will lead to situations that we have already seen in the past (highly competitive

market, contracts executed at a loss, claims, etc.). With this in mind, it is crucial to ensure the continuity of the order book with a particular focus on public investors. Consistency in the implementation of long-term plans and critical infrastructure projects helps to eliminate a cyclical pattern in the construction segment and introduces a much-needed element of stability.

When thinking about the future, the growing importance of environmental and social aspects must certainly be mentioned. The construction industry is increasingly being called upon to adapt to newly emerging standards and requirements related to the ESG (Environmental, Social, Governance) requirements. Implemented at both European and global level, requirements for building construction, decarbonisation of existing and future assets, carbon footprint analysis or water consumption are becoming a significant part of construction companies' activities. The importance of ESG as well as of new technologies is bound to increase every year, which will also significantly change the approach to the way buildings are constructed and operated.

As in previous years, the report "Polish Construction companies 2024 - Major Players, Key Growth Drivers and Development Prospects", consists of three parts.

In the first chapter, we present a financial analysis of the fifteen largest Polish construction companies with the highest revenues in 2023. The ranking is based on an analysis of revenues, operating income, net profit/loss, debt, and revenue structure by type and location. In the second chapter, we present the outlook for the development of construction companies in Poland in the coming months. This part of the publication presents the main determinants of the Polish

construction market, as well as an analysis of the current state of individual sectors of the construction industry. In addition, we present the current and future challenges facing companies in the sector. The last part of the publication is dedicated to the companies that have been included in our ranking. It presents key information on their activities, ownership structure and financial data derived from their annual reports.

The report has been prepared based on publicly available financial data or information provided directly to us by the entities described in the report. We have not included special-purpose entities or project companies as it was not possible to provide consolidated data for Poland, and companies whose data was not available or did not consent to its publication.

We also present the results of a survey that we carried out among construction companies, which are attached as an annex. Respondents answered questions about the current state of their companies and the construction market as a whole, their plans to expand their business activities, and issues related to the implementation of environmental solutions and new technologies.

We do hope that the report "Polish Construction Companies 2024 - Major Players, Key Growth Drivers, and Development Prospects", which we are handing over to you, will be a valuable source of information on the condition of the Polish construction sector, and an insight into the range of challenges we will face in the near future.

**Łukasz Michorowski,**  
Partner, Audit & Assurance,  
Construction Sector Leader



## Chapter 1.

# Financial analysis of the largest construction companies

### 1.1. Poland's largest construction companies by revenue in 2023

In 2023 revenues of the fifteen largest construction companies reached almost PLN 46.2 billion, up by 3.6% year-on-year. As in previous years, the Budimex Group was the leader of the ranking with revenues of PLN 9.8 billion, an increase of 13.7% vs. 2022. The Strabag Group came second with revenues of PLN 5.8 billion (up by about 13.5% vs. 2022). The PORR Group took the third place with revenues of PLN 4.5 billion (up by 15% vs. 2022).

Poznańska Korporacja Budowlana Pekabex S.A. came last in the ranking, recording revenues of PLN 1.6 billion, which represents a decrease of 6.7% compared with the previous year.

The highest increase in revenue in value terms in 2023 was achieved by the companies in the top three positions in the ranking. The Budimex Group

recorded an increase in revenue of almost PLN 1.2 billion. The Strabag Group's revenue growth was around PLN 685 million, and the PORR Group recorded revenue growth of about PLN 586 million.

The highest increase in revenues in percentage terms in 2023 was earned by the Trakcja PRKiL Group (up by 37.5%), the PORR Group (up by 15%) and the Budimex Group (up by nearly 14%). The Dekpol Group also recorded an increase in revenues of about 13%, which allowed the Group to return to the ranking (in last year's ranking the Dekpol Group was not included in the TOP 15, while this year it is ranked 14th in terms of revenues achieved in 2023).

In this year's ranking, a total of five companies saw their revenues fall. The Goldbeck Group experienced the largest percentage drop in revenues (down by 26.5%), which resulted in a drop in the ranking from 8th to 13th place. The Polimex

- Mostostal Group also experienced a significant decline (down by 20.4%). Other companies that recorded a decrease in revenue, but remained in the ranking were the Erbud Group (down 16.1%), Poznańska Korporacja Budowlana Pekabex S.A. (down by 6.7%) and PUT Intercor (down by 1.7%).

The financial data used was obtained from financial statements made available to the public (when filed with the KRS). The exceptions are the Goldbeck Group and the Strabag Group, which confirmed to us their consolidated figures of their companies in Poland. In addition, the position of VINCI Construction Polska - WARBUD S.A., EUROVIA S.A. presented in the report relates to the consolidated data of Warbud S.A., Eurovia Polska S.A. and Warbud Beton sp. z o.o., belonging to VINCI Construction Polska Sp. z o.o. - a holding company wholly owned by VINCI Construction with its registered office in Paris.

**Table 1.1: Poland's largest construction companies by revenue in 2023 (PLN'000)**

No.	Company name	Revenue 2023	Revenue 2022	Nominal change	Percentage change
1	Budimex Group	9 801 515	8 619 054	1 182 461	13,7%
2	Strabag Group	5 752 985	5 068 281	684 704	13,5%
3	PORR Group	4 504 677	3 918 690	585 987	15,0%
4	Mirbud Group	3 322 440	3 319 329	3 111	0,1%
5	Erbud Group	3 234 363	3 855 649	-621 286	-16,1%
6	Polimex - Mostostal Group	3 013 631	3 784 203	-770 572	-20,4%
7	Unibep	2 429 768	2 258 312	171 456	7,6%
8	WARBUD/EUROVIA	2 426 731	2 229 640	197 092	8,8%
9	Trakcja PRKiL Group	2 065 681	1 501 957	563 724	37,5%
10	Mostostal Warszawa Group	1 675 340	1 614 337	61 003	3,8%
11	PUT Intercor	1 653 836	1 683 229	-29 393	-1,7%
12	Adamietz	1 590 332	1 529 662	60 670	4,0%
13	Goldbeck Group	1 585 165	2 157 725	-572 560	-26,5%
14	Dekpol Group	1 568 829	1 386 848	181 981	13,1%
15	Poznańska Korporacja Budowlana Pekabex S.A.	1 566 237	1 677 945	-111 708	-6,7%
<b>Total</b>		<b>46 191 530</b>	<b>44 604 860</b>	<b>1 586 670</b>	<b>3,6%</b>
<b>Average</b>		<b>3 079 435</b>	<b>2 973 657</b>	<b>105 778</b>	<b>3,6%</b>

↕ New company in the ranking    
 ↑ Rise in the ranking    
 ↓ Drop in the ranking    
 ↔ Maintaining the position in the ranking, no change

Note: This analysis does not include the profit/loss of foreign branches of construction companies operating in Poland or that of SPVs set up by a consortium in order to perform a specific task

Source: 2023 Financial statements

**Two new players entered this year's ranking: the Dekpol Group and abovementioned VINCI Construction Polska holding - WARBUD S.A., EUROVIA S.A. The Dekpol Group last appeared in the Deloitte's ranking – "Polish Construction Companies 2022", where it was ranked 14th.**

The level of revenue is largely due to the implementation of a large number of public infrastructure projects financed by EU funds. However, the economic climate varied in the different segments of the construction market - see Chapter II for details of the segments.

The chart below shows how the average revenues of the largest construction companies have changed over the years - since the report was first published.

Between 2012 and 2024, the average revenues of the companies included in our ranking fluctuate between PLN 1.7 billion and PLN 3.1 billion. Since the significant drop in average revenues in 2013, it was only in 2017 that the companies managed

to reach an average revenue of more than PLN 2 billion. In 2023, the average revenue of the largest construction companies exceeded PLN 3 billion.

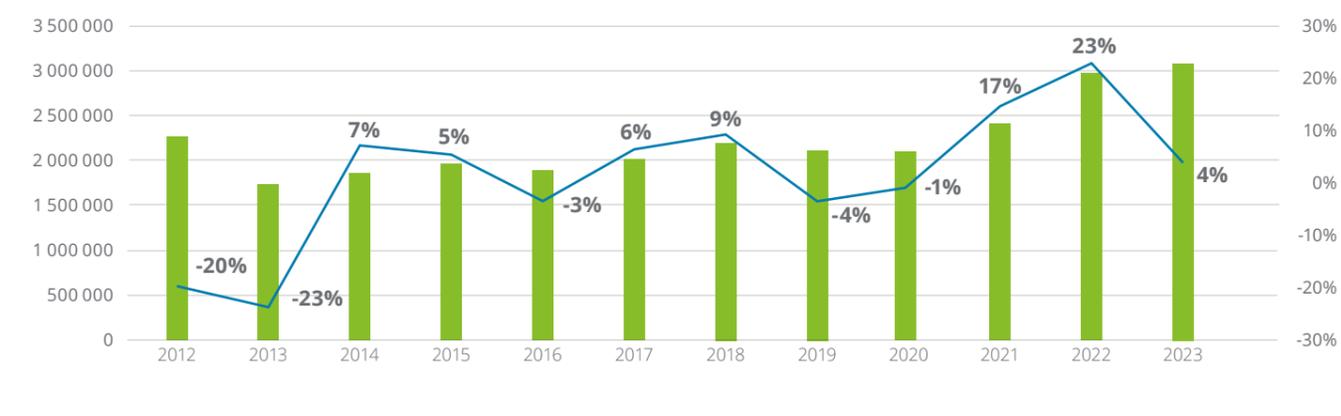
The chart shows that, despite the year-on-year growth in revenues of construction companies sustained since 2016, we saw a slight decrease of 4% and 1% in 2019 and 2020 respectively, while in 2021 the level increased again, levelling off in recent years. In 2022, the average revenues grew by 23% and average revenues in nominal terms reached a value of just under PLN 3 billion. In 2023, the growth rate of average revenues slowed down, recording an increase of only 4%.

Nominal revenue growth amounted to PLN 1.6 billion in 2023. This is probably also influenced by the significant cost increases in the construction industry that we have experienced in recent years, the high inflation rates at the beginning of 2023, which also translated into higher contract prices and turnover for most market participants (but no longer to the same extent as in 2022).

The chart shows that, despite the year-on-year growth in construction companies' revenues that has been sustained since 2016, in 2019 and 2020 there was a slight decline of 4% and 1% respectively, while in 2021 the level increased again and levelled off in recent years. In 2022, average revenues grew by 23% and average revenues in nominal terms reached a value of just under PLN 3 billion. In 2023, the growth rate of average revenues slowed down, with an increase of only 4%. In 2023, nominal revenue growth stands at PLN 1.6 billion. This is likely to have been influenced by the significant increases in construction costs in recent years, as well as high inflation rates at the start of 2023, which also translated into higher contract prices and revenues for most market participants (although not to the same extent as in 2022).

Please note that the last year's figures and year-on-year growth differ from those shown in Chart 1.1 due to the changing composition of the top 15 construction companies in terms of revenue in each of the years included in the chart.

**Chart 1.1: Percentage change in average revenue of ranked companies in 2012-2023 (PLN'000) YoY**



■ Average revenue of the largest construction companies  
■ Percentage change in the average revenue of the largest construction companies

Source: Based on previous reports presenting the largest construction companies in Poland (Deloitte reports: Polish Construction Companies 2012-2023)

**1.2. Poland's largest construction companies by operating income in 2023**

The operating income of the largest construction companies is the difference between the operating revenue and the costs of goods sold (excluding other operating revenue and expenses).

For the 15 largest construction companies, the average operating margin fell by PLN 8.6 million (-4.2% YoY).

The Budimex Group (over PLN 1.1 billion) and the Mirbud Group (PLN 336 million) achieved the highest results. The highest nominal growth in 2023 was recorded by the Trakcja PRKiI Group, which improved its result by PLN 293 million, i.e. by more

than 205%, which also put the Group in first place in terms of the percentage increase in operating income.

The above reflects the market conditions. The profitability of construction projects is always under pressure due to the uncertainties associated with long-term contracts - the changes in the price of materials or subcontracted services and specific project risks that are often difficult to price in the initial contract budget. In recent years, the market has faced significant increases in the cost of materials and labour, which have translated into higher prices for the services provided.

Achieving this balance, together with the implementation of major infrastructure

programmes and the change in the rules for the valorisation of construction contracts (public investment), has enabled relatively good financial results to be achieved in 2023, but the market is nevertheless waiting with great impatience for the new hand, particularly in the key infrastructure sectors (continuation of road projects, but above all investments in the rail and energy sectors) - details are provided in Chapter II.

Nine companies in the ranking failed to improve their sales results compared to the previous year. The Unibep Group and the Polimex-Mostostal Group recorded a significant worsening of their results compared to the previous year (down by 125.5% and 109.5% respectively).

The average operating margin for the largest construction companies in the ranking was positive and stood at 6.4% in 2023. This represents a decrease of 0.5 percentage points from 6.9% achieved in 2022.

The highest operating income in percentage terms was achieved by Poznańska Korporacja Budowlana Pekabex S.A. and Dekpol Group with operating margins of 16.8% and 14.4% respectively. Poznańska Korporacja Budowlana Pekabex S.A. recorded an increase in gross margin of approx. 0.07 p.p. compared with 2022, while the Dekpol Group recorded a decrease of approx. 0.36 p.p. compared with 2022.

The company with the largest increase in gross margin compared with 2022 was the Trakcja PRKiI Group (up by 16.8 p.p.). In 2023, there are two companies in the ranking with a negative gross margin percentage. These are the Polimex - Mostostal Group and Unibep

Group (margins of -0.88% and -1.56%, respectively). At the same time, these companies recorded the largest percentage decrease in operating margin (by almost 8.3 p.p. and 8.1 p.p., respectively).

The PORR Group and PUT Intercor were among the companies with the lowest positive operating margin (1.5% and 1.4% respectively).

The condition of the industry is positively impacted by the continued relatively high level of infrastructure orders - the implementation of the road construction programme and demand in certain segments of residential, warehouse and industrial construction. However, already in 2024 we see a significant slowdown in orders for so called cubature (residential, warehouse and industrial) projects - investments by private investors depend largely on the demand from the wider user market, but their supply also depends on the level of financing costs, which remain at a higher level in 2023 and 2024 than in

previous years. The further development of investment in this area will largely depend on the general state of the economy and the level of interest rates.

Overall, major infrastructure programmes will continue to be a key driver. In the coming years, further investment is planned for the construction and implementation of new road and rail programmes, as well as the implementation of Centralny Port Komunikacyjny (CPK) project. Investment in the energy sector will also play an important role.

However, it should be emphasised that from the end of 2022, we see a significant increase in the cost of execution, so that in the following years, despite the introduction of valorisation clauses in public contracts in 2019, margins will again come under strong pressure from market conditions. A slowdown in the supply of projects could lead to high competition in the market for new contracts, resulting in lower execution margins in the following years.

**Table 1.2: Profit/loss of the fifteen largest companies in nominal terms (PLN'000)**

No.	Company name		Sales profit/ loss 2023	Sales profit/ loss 2022	Nominal change	Percentage change	Percentage change in operating margin (p.p.)
1	Budimex Group	↔	1 124 581	872 443	252 138	28,9%	1,35
2	Mirbud Group	↑	335 656	270 483	65 173	24,1%	1,95
3	Poznańska Korporacja Budowlana Pekabex S.A.	↓	263 540	281 176	-17 636	-6,3%	0,07
4	WARBUD/EUROVIA	↔	253 379	225 160	28 219	12,5%	0,34
5	Dekpol Group	↔	225 817	204 640	21 177	10,3%	-0,36
6	Erbud Group	↔	209 111	222 149	-13 038	-5,9%	0,70
7	Trakcja PRKiI Group	↑	150 302	-142 875	293 177	205,2%	16,79
8	Strabag Group	↑	118 408	163 693	-45 285	-27,7%	-1,17
9	Mostostal Warszawa Group	↑	91 961	112 691	-20 730	-18,4%	-1,49
10	Adamietz	↑	80 363	68 888	11 475	16,7%	0,55
11	PORR Group	↔	69 418	117 245	-47 827	-40,8%	-1,45
12	Goldbeck Group	↓	67 387	204 266	-136 878	-67,0%	-5,22
13	PUT Intercor	↑	23 165	49 115	-25 950	-52,8%	-1,52
14	Polimex - Mostostal Group	↓	-26 506	280 366	-306 872	-109,5%	-8,29
15	Unibep	↓	-37 823	148 255	-186 078	-125,5%	-8,12
Average			196 584	205 180	-8 596	-4,2%	
Average sales margin (%)			6,4%	6,9%			

↕ New company in the ranking    
 ↑ Rise in the ranking    
 ↓ Drop in the ranking    
 ↔ Maintaining the position in the ranking, no change

Source: 2023 Financial statements

**Chart 1.2: Operating margins of the largest construction companies**



Source: 2023 Financial statements

### 1.3. Poland's largest construction companies by net profit/loss in 2023

Net profit/loss is another indicator that reflects the situation of the largest construction companies. The average net result of the fifteen largest companies was positive and amounted to PLN 86.9 million, a decrease compared to the result in 2022. The previous year's result was PLN 95.0 million.

Most of the companies in our ranking made a net profit and only two made a loss, contributing to the year-on-year deterioration in the average result.

For the seventh year in a row, the Budimex Group took first place with a net profit of PLN 746.1 million. The company recorded a significant increase compared to the previous year (nominal growth of PLN 197.9 million, percentage growth of 36.1%). The second place in the ranking was taken by PUT Intercon with a result of PLN 139.9 million. The Strabag Group completes the podium with a result of almost PLN 137.4 million.

Compared to 2022, the Trakcja PRKiI Group recorded the largest increase in its net result - in nominal terms it amounted to PLN 376.3 million, which corresponds to a percentage increase of 118.1%.

The second largest nominal change in the net result was achieved by the Budimex Group, which took first place in the ranking (increase of PLN 197.9 million). The third place was taken by the Mirbud Group (increase of PLN 16.2 million).

The Polimex - Mostostal Group recorded the largest decrease in profit, by PLN 254.3 million. In second place was the Unibep Group, whose result deteriorated by PLN 188.3 million compared to the previous year (in percentage terms by 591.1%).



**Paweł Woźniak**  
Acting General Director of the General Directorate for National Roads and Motorways



The first few months of my work have been an intense period of optimising processes, analysing existing activities and preparing tenders for new investments. As we approach the end of the year, it will continue to be intensive, which I guarantee will bring a lot of positive news for the industry as a whole and for drivers.

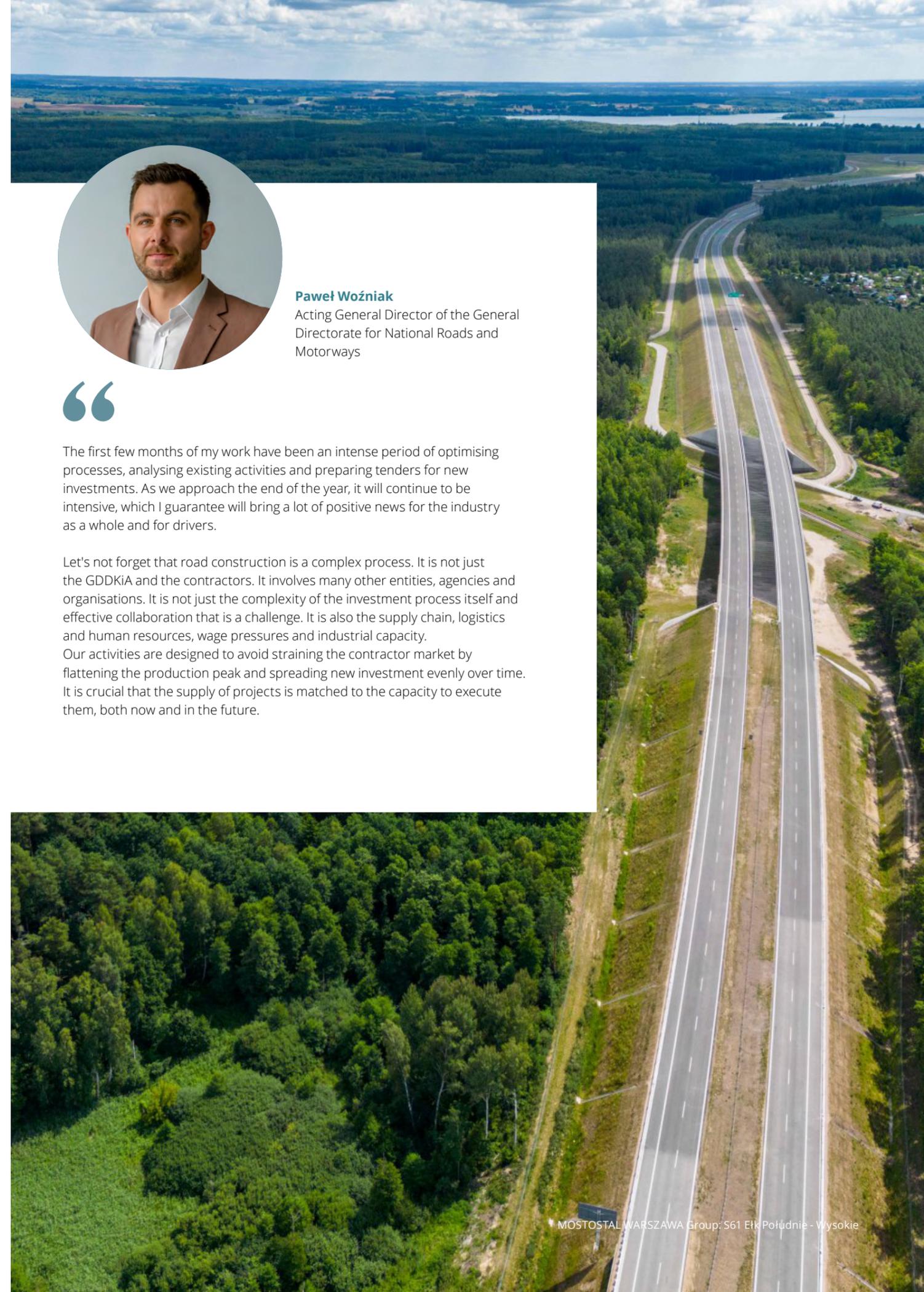
Let's not forget that road construction is a complex process. It is not just the GDDKiA and the contractors. It involves many other entities, agencies and organisations. It is not just the complexity of the investment process itself and effective collaboration that is a challenge. It is also the supply chain, logistics and human resources, wage pressures and industrial capacity. Our activities are designed to avoid straining the contractor market by flattening the production peak and spreading new investment evenly over time. It is crucial that the supply of projects is matched to the capacity to execute them, both now and in the future.

**Table 1.3: Net profit/loss of the largest construction companies (PLN'000)**

No.	Company name		Net profit/loss 2023	Net profit/loss 2022	Nominal change	Percentage change	Percentage change in net margin (p.p.)
1	Budimex Group	↔	746 065	548 129	197 936	36,1%	1,25
2	PUT Intercon	↑	139 909	151 454	-11 545	-7,6%	-0,54
3	Strabag Group	↓	137 353	199 268	-61 915	-31,1%	-1,54
4	Mirbud Group	↑	135 414	119 195	16 219	13,6%	0,48
5	Dekpol Group	↗	90 366	78 909	11 457	14,5%	0,07
6	PORR Group	↑	69 367	96 841	-27 474	-28,4%	-0,93
7	Poznańska Korporacja Budowlana Pekabex S.A.	↑	68 707	67 255	1 452	2,2%	0,38
8	Trakcja PRKiI Group	↑	56 262	-311 078	367 340	118,1%	23,44
9	WARBUD/EUROVIA	↘	49 449	59 104	-9 655	-16,3%	-0,61
10	Adamietz	↑	40 271	38 919	1 352	3,5%	-0,01
11	Erbud Group	↑	23 295	10 994	12 301	111,9%	0,44
12	Mostostal Warszawa Group	↑	17 279	19 263	-1 984	-10,3%	-0,16
13	Goldbeck Group	↓	9 545	184 550	-175 005	-94,8%	-7,95
14	Polimex - Mostostal Group	↓	-123 213	131 053	-254 266	-194,0%	-7,55
15	Unibep	↓	-156 486	31 861	-188 347	-591,1%	-7,85
Average			86 906	95 048			
Net average margin (%)			2,8%	3,2%			

- ↗ New company in the ranking
- ↑ Rise in the ranking
- ↓ Drop in the ranking
- ↔ Maintaining the position in the ranking, no change

Source: 2023 Financial statements



MOSTOSTAL WARSZAWA Group: S61 Elk Południe - Wysokie

Looking at the average percentage net margin, it was approximately 0.1 p.p. lower in 2023 than in the previous year and stood at 2.2%, while in 2022 it was 2.3%. The leader in terms of percentage net margin was PUT Intercon with a result of 8.5% (this is also a decrease by 0.54 p.p.). The Budimex Group took second place with a net margin of 7.6% (up by 1.25 p.p.). The Dekpol Group, which returned to the ranking, took third place with a margin of 5.8%, improving its result by 0.07 p.p. compared to the previous year.

More than half of the ranked companies, nine to be precise, reported a decrease in the percentage net margin in 2023.

Six companies improved this ratio. The largest percentage increase was recorded by the Trakcja PRKiI Group and the Budimex Group. It is interesting to note that in last year's ranking the Trakcja PRKiI Group recorded the highest percentage decrease (-19.9 p.p.), while in this year's ranking it took first place in terms of percentage increase in net margin (23.4 p.p.).

The Goldbeck Group (7.95 p.p.) and Unibep Group (7.85 p.p.) recorded the largest decreases. High implementation costs, including persistently high interest rates, affected the industry's performance despite the relative stabilisation of material and subcontracting prices in 2023 after a period

of large increases. It should be noted that the final profitability of contracts executed in recent years is affected by limited contract valorisation clauses.

The Goldbeck Group (7.95 p.p.) and the Unibep Group (7.85 p.p.) recorded the largest declines. High implementation costs, including persistently high interest rates, affected the industry's performance, despite the relative stabilisation of material and subcontracting prices in 2023 after a period of strong increases. In addition, the final profitability of contracts executed in recent years is affected by limited contract valorisation clauses.

**In 2023, the profitability of construction market players, both in their core business (gross margin) and in the result including other operating and financial activities (net margin), is lower than in the previous year.**

The increase in the cost of construction materials observed in previous years, in particular steel, timber, cement and other materials, which has started in Q4 2020, and the limitations on the valorisation clauses affect the performance of contracts in 2023.

When analysing the performance of construction companies, we see a clear cyclical pattern linked to the implementation of projects in specific EU financial perspectives and the supply of projects in specific sectors and at specific times. Historically, in the years from 2012 (when the result of the settlement of unprofitable infrastructure contracts

implemented under the previous financial perspective adopted by the European Parliament for 2007 - 2013 was recognised) to 2016, we have seen a systematic improvement in the profitability of implemented projects and the net results achieved by the largest companies.

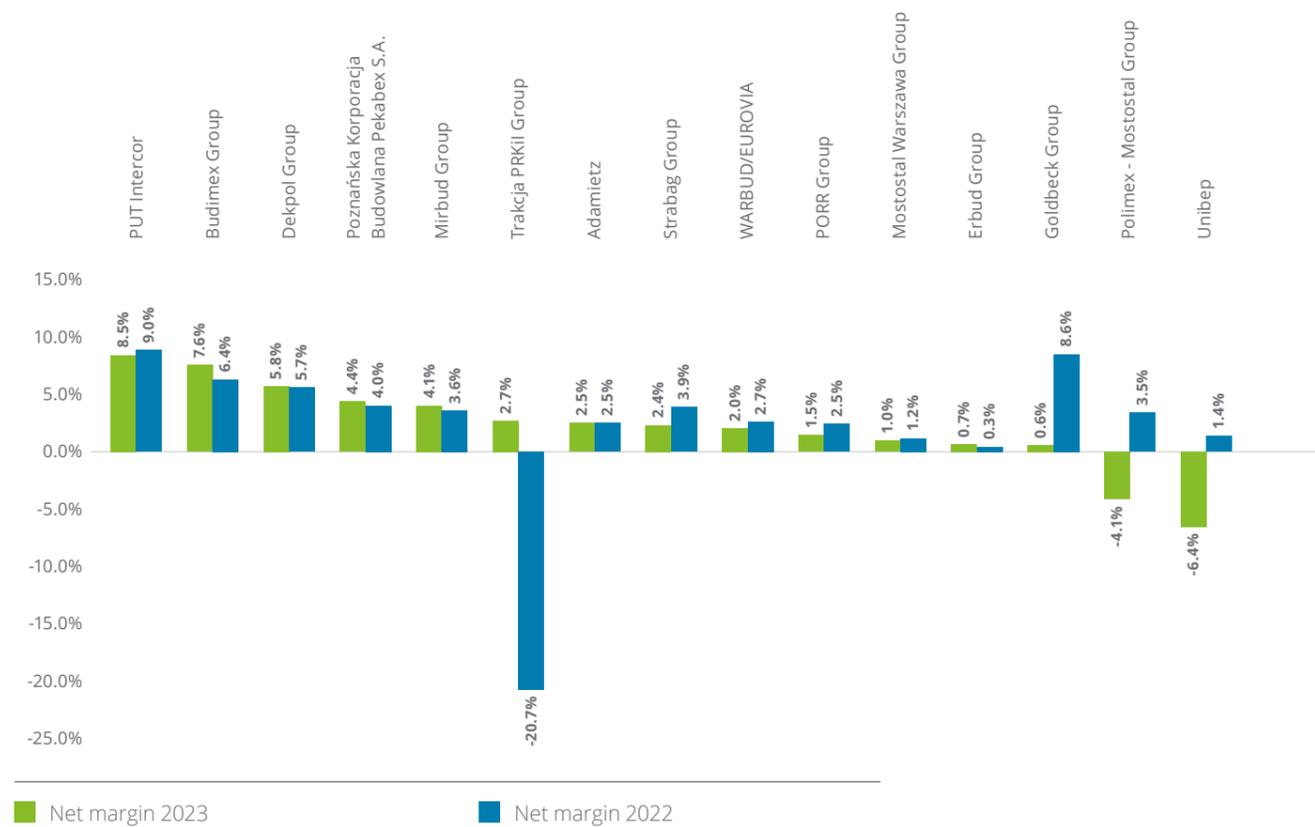
Between 2017 and 2018, there was a noticeable decline in the average profitability ratios of construction companies. One of the main factors behind this trend was the increase in labour and material costs. Despite the sustained price increases, which started in 2019, the average profitability of construction companies increased until 2021. In 2023 we see a decline in both gross and net profitability. Companies continue to face high material prices as a result of the disruption caused by the pandemic. The ongoing conflict in Ukraine is having an impact on inflation, which is driving the need for higher interest rates. In 2023 and 2024, we are already seeing a reduction in

the supply of commercial projects and a lower supply of infrastructure projects in selected market segments. This will have an impact on the level of realised revenues in the coming years.

A significant part in the increased value of public investment will come from the continuation of major infrastructure programmes over the next few years and a possible return to investment in the commercial sector, but as mentioned above, the supply of projects will be determined by various factors related to user demand (access to finance, cost of implementation, etc.).

The market is becoming more and more competitive against the backdrop of the many challenges we are seeing in the sector. The slowdown caused by the reduced supply of projects is forcing many companies to bid at lower prices in order to build up a sufficient 'backlog' of projects to guarantee a certain volume of work.

**Chart 1.3: Net profit margins of the largest construction companies (%)**



Source: 2023 Financial statements

**Chart 1.3.1: Changes in the average net and gross profit margins of the ranked companies in 2011-2023 (in PLN '000)**



Source: Financial statements for the years 2011-2023

### 1.4. Debt of the largest construction companies in 2023

#### An analysis of the debt ratios of the largest construction companies shows that in 2023 the value has remained at a similar level to the previous year.

In line with the assumption made to standardise the debt ratio in the report, it was calculated as a percentage of all long and short-term liabilities, including provisions, in the balance sheet total.

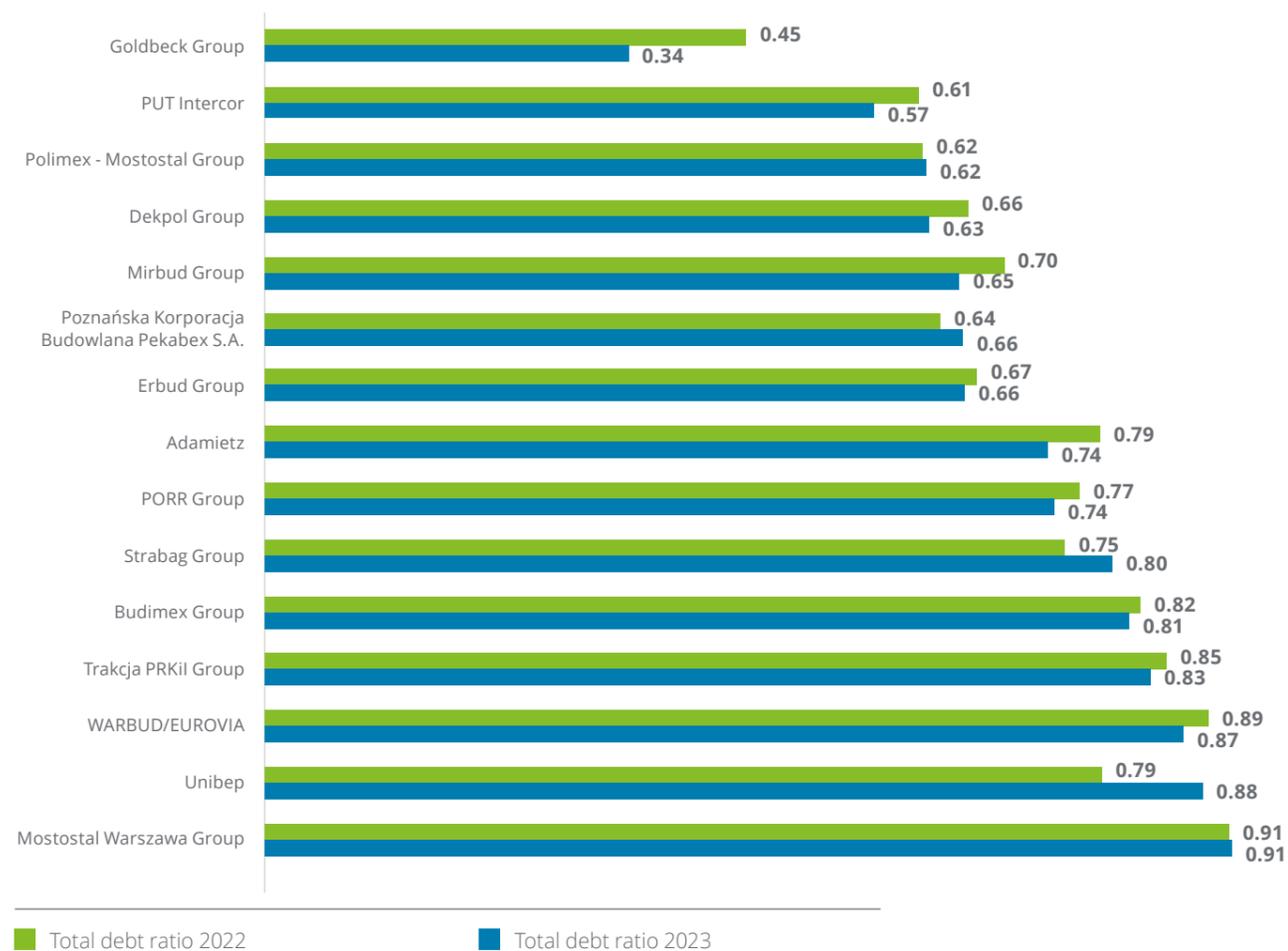
The Unibep Group is the company with the largest increase in debt in 2023 of 9.38 p.p. During the period analysed period, the Group's gross profitability was -1.6% and it was 8.12 p.p. lower than in 2022. The company's return on net sales fell from 1.4% in 2022 to -6.4% in 2023.

The Strabag Group's debt increased by 4.47 p.p. together with the Poznańska

Korporacja Budowlana Pekabex S.A. whose total debt increased by 2.1 p.p. compared to the previous year.

The Goldbeck Group, on the other hand, enjoyed a significant reduction in debt of 11.16 p.p. in 2023. The profitability ratios achieved by the company are positive in 2023. The debt of Adamietz (-4.98 p.p.) and Mirbud Group (-4.41 p.p.) also fell.

Chart 1.4: Debt ratio in 2022 - 2023



Source: 2023 Financial statements

### 1.5. Capital expenditure to sales ratio of the largest construction companies in 2023

Companies operating in the construction sector tend to have a relatively low ratio of capital expenditure to sales, due to the high volume of sales and the low level of capital expenditure required to provide construction services. In 2023, the total capital expenditure of the largest players amounted to PLN 852.51 million, 30% higher than in 2022. The average level of capital expenditure of the ranked companies stood at PLN 56.8 million in 2023.

In 2023, the Budimex Group was the leader in nominal terms, with total capital expenditures of more than PLN 242 million in 2023, an increase of more than PLN 20 million compared to 2022.

In second and third place were the Strabag Group with investments of PLN 149 million (78.9% more than in 2022) and the Mirbud Group with investments of PLN 114 million. It is worth noting that the percentage

increase in the Mirbud Group's investments compared to 2022 is 1,498.7%. In 2023, Mirbud S.A. acquired 20,700 shares in PDC Industrial Centre 217 sp. z o.o., which resulted in an increase of more than PLN 83 million in land and fixed assets under construction.

Table 1.5: Capital expenditure of the fifteen largest construction companies (PLN '000)

No.	Company name	Capital expenditure 2023	Capital expenditure 2022	Nominal change
1	Budimex Group	242 227	221 987	20 240
2	Strabag Group	148 512	83 015	65 497
3	Mirbud Group	114 130	7 139	106 991
4	Mostostal Warszawa Group	80 170	31 902	48 268
5	PORR Group	52 360	47 359	5 001
6	Polimex - Mostostal Group	35 887	20 345	15 542
7	WARBUD/EUROVIA	34 875	17 586	17 289
8	Trakcja PRKiI Group	34 128	33 176	952
9	Unibep	26 400	47 800	-21 400
10	Erbud Group	22 748	55 957	-33 209
11	Adamietz	17 688	9 071	8 617
12	Goldbeck Group	14 885	43 899	-29 014
13	Poznańska Korporacja Budowlana Pekabex S.A.	12 830	10 587	2 243
14	PUT Intercor	7 972	7 864	108
15	Dekpol Group	7 701	20 602	-12 901
Total		852 513	658 289	194 224
Average		56 834	43 886	12 948

📌 New company in the ranking     
 ⬆️ Rise in the ranking     
 ⬇️ Drop in the ranking     
 ↔️ Maintaining the position in the ranking, no change

Source: 2023 Financial statements

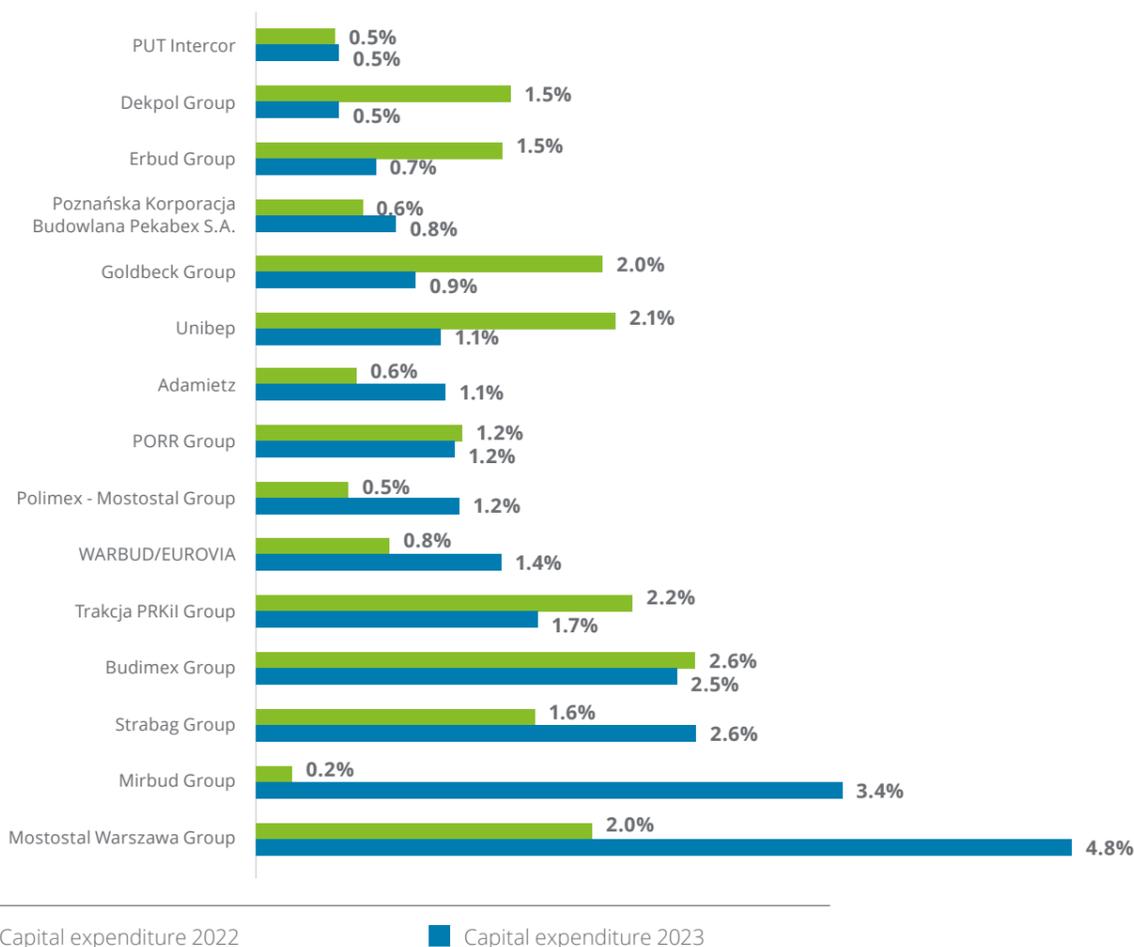
In 2023, the ratio of capital expenditure to revenue averaged 1.9%, and it was 0.4 p.p. higher than in the previous year. The entities with the highest ratio of capital expenditure to sales were the Mostostal Warszawa Group, the Mirbud Group and the Strabag Group. The lowest capital

expenditures in relation to sales were incurred by the Erbud Group, the Dekpol Group and PUT Intercor.

The average ratio of capital expenditure to sales was 1.9%, up 0.4 percentage points on the previous year. The companies with

the highest ratio were Mostostal Warszawa Group, Mirbud Group and Strabag Group. The companies with the lowest ratios were Erbud Group, Dekpol Group and PUT Intercor.

Chart 1.5: Capital expenditure to sales ratio ( 2023 and 2022)



Source: 2023 Financial statements

1.6. Revenue of the largest construction companies by geography and type in 2023

1.6.1. Sales by geography

Large construction groups operating on the Polish market are also present on foreign markets. Their export activities are concentrated on neighbouring markets, mainly in Western and Eastern Europe and the Scandinavian market. However, the value of turnover generated abroad is still relatively small and the main market for construction services is Poland - over 91% of turnover.

In nominal terms, the average foreign turnover of the largest companies was PLN 293 million, which was PLN 12 million higher than in 2022 and represents an increase of 4% year-on-year.

In 2023, the Trakcja PRKiI Group generated the highest revenues abroad amounting to PLN 857 million, which is 45% more than in 2022. The Trakcja PRKiI Group is currently implementing projects in Lithuania, Latvia, Sweden and Germany. Approximately 21% of the Group's revenues in 2023 came from the implementation of projects for the Lithuanian Road Administration.

The Polimex - Mostostal Group came second. The group's revenues amounted to PLN 809 million, which was 10.2% higher than the revenues from foreign sales in 2022. Third place was again taken by the Erbud Group with revenues of PLN 600 million, an increase of 21.1% compared to the previous year.

The Budimex Group also recorded a significant increase in revenues from foreign sales among the ranked companies, with an increase of 25.4% compared to 2022. The Group is taking steps to expand geographically, especially on the German, Czech, Slovak and Latvian markets. In 2023, the first construction contract on the Czech market was signed for PLN 102 million.

The largest decrease in foreign turnover in nominal and percentage terms was recorded by the Dekpol group (a decrease of almost 67%). The Mirbud Group and PUT Intercor are the companies that generate their turnover almost exclusively in Poland.

Table 1.6.1: Revenue earned by the largest construction companies abroad (PLN'000)

No.	Company name	Revenue from sales earned abroad 2023	Revenue from sales earned abroad 2022	Change in nominal terms	Percentage change
1	Trakcja PRKiI Group	857 138	590 838	266 300	45,1%
2	Polimex - Mostostal Group	808 600	733 743	74 857	10,2%
3	Erbud Group	599 612	495 316	104 296	21,1%
4	Poznańska Korporacja Budowlana Pekabex S.A.	485 418	444 116	41 302	9,3%
5	Budimex Group	412 545	328 953	83 592	25,4%
6	Adamietz	247 312	382 911	-135 599	-35,4%
7	Goldbeck Group	227 323	316 519	-89 196	-28,2%
8	Unibep	185 988	199 375	-13 387	-6,7%
9	PORR Group	94 165	91 630	2 534	2,8%
10	Dekpol Group	85 554	257 320	-171 766	-66,8%
11	Mostostal Warszawa Group	61 118	46 032	15 086	0,0%
12	Strabag Group	17 867	22 359	-4 492	0,0%
13	WARBUD/EUROVIA	13 985	13 842	143	1,0%
14	Mirbud Group	0	0	0	0,0%
15	PUT Intercor	n/d	n/d	n/d	n/d
Total		4 096 625	3 922 954	173 671	4%
Average		292 616	280 211	12 405	4%

New company in the ranking    
 Rise in the ranking    
 Drop in the ranking    
 Maintaining the position in the ranking, no change

Source: 2023 Financial statements

The average share of foreign turnover in the total turnover of the largest construction enterprises (Figure 1.6.1) was 12.3%, some 0.2 percentage points lower than in 2022.

For three enterprises, foreign turnover exceeded 25% of total turnover: the Trakcja Group (41.5%), Poznańska Korporacja Budowlana Pekabex (31.0%) and the Polimex - Mostostal Group (26.8%).

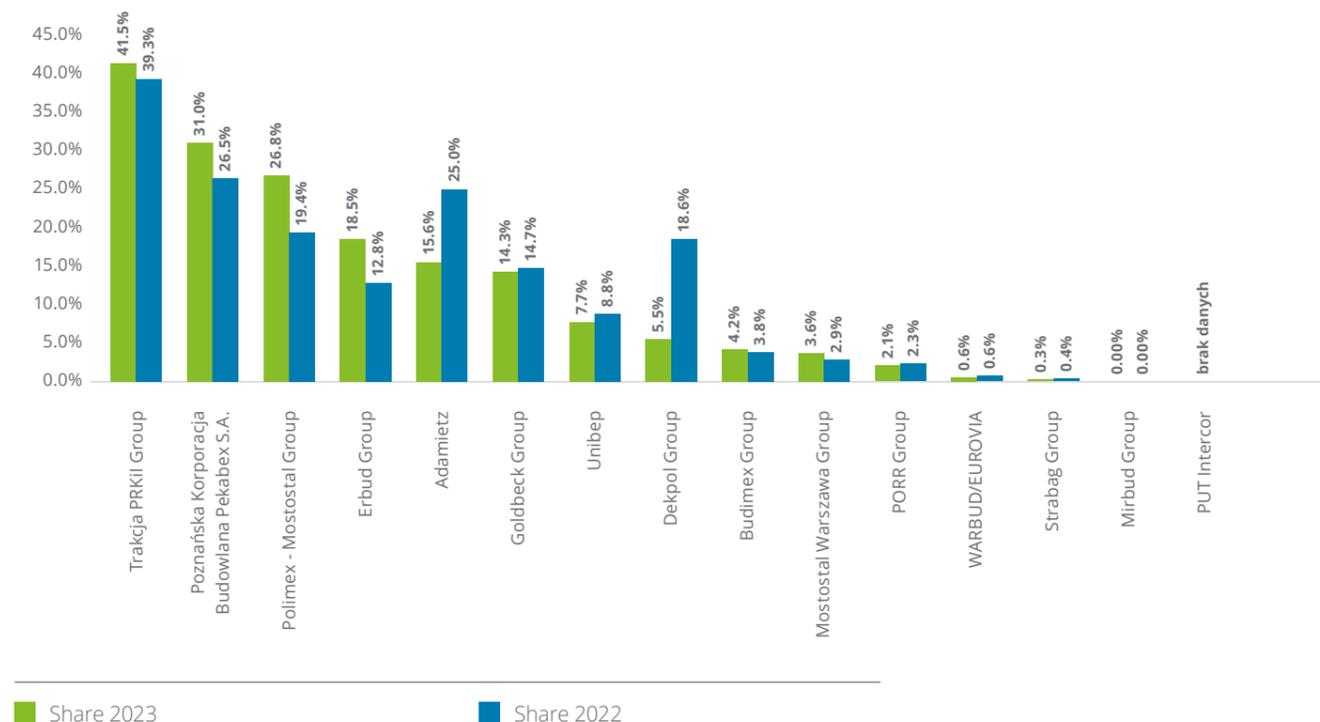
An analysis of the geographical structure of realised sales shows that the players in the construction sector are looking for contract opportunities and customers for their services outside their home market, but this is very challenging and also requires significant investment.

In the long term, the search for new markets, and thus the diversification of business risks, will be the key to further growth and the maintenance of current sales volumes. Many companies are already carrying out contracts in foreign markets (mainly Scandinavian markets and countries bordering Poland).

The industry is increasingly positive about Eastern markets, especially companies with local capital, although there are still significant risks involved. Foreign operations offer great opportunities, but also risks, as demonstrated by the current unstable political situation due to the ongoing armed conflict in Ukraine or the unstable political situation in Belarus.

In addition, companies need to consider the operating and business conditions in the countries where investments are ultimately planned. In particular, local regulatory and technological requirements, as well as local costs of equipment and labour, are critical. Geographical diversification (Table 1.6.1.1 and Table 1.6.1.2) remains one of the key trends in the global strategies of large construction companies.

Chart 1.6.1: Exports as a percentage of total revenue for the fifteen largest construction companies in 2023



Source: 2023 Financial statements

Table 1.6.1.1: Sales of the fifteen largest construction companies in 2023 by region

No	Markets:	Domestic	Western Europe	Western Europe	Scandinavian	Asian	Other	TOTAL (2023, PLN' 000)	Export total	
1	Budimex Group	9 388 970	352 446	60 099				9 801 515	412 545	
2	Strabag Group	5 735 118	16 416				1 452	5 752 985	17 867	
3	PORR Group	4 410 513	93 012		1 153			4 504 677	94 165	
4	Mirbud Group	3 322 440						3 322 440	0	
5	Erbud Group	2 634 751						2 634 751	599 612	
6	Polimex - Mostostal Group	2 205 031						2 205 031	808 600	
7	Unibep	2 243 780	113 863	26 819	45 307			2 429 768	185 988	
8	Trakcja PRKil Group	1 208 543	355	835 417	21 366			2 065 681	857 138	
9	Mostostal Warszawa Group	1 614 222	57 049	4 069				1 675 340	61 118	
10	PUT Intercor							No information where the revenue is generated.	1 653 836	0
11	Adamietz	1 328 508	227 216	18 673	1 423			1 575 820	247 312	
12	Goldbeck Group	1 357 842						1 357 842	227 323	
13	Dekpol Group	1 483 275						1 483 275	85 554	
14	Poznańska Korporacja Budowlana Pekabex S.A.	8 290 101	8 290 101	8 290 101	862		90 768	15 661 233	485 417	
15	WARBUD/EUROVIA	2 412 746						2 412 746	13 985	

\*No data on where the revenue was generated abroad.

\*\* The revenue figure also includes the change in inventory.

Source: Financial statements 2023

Table 1.6.1.2: Sales of the fifteen largest construction companies in 2022 by region

No	Markets:	Domestic	Western Europe	Western Europe	Scandinavian	Asian	Other	TOTAL (2022, PLN' 000)	Export total	
1	Budimex Group	8 290 101	328 953					8 619 054	328 953	
2	Strabag Group	5 047 530	21 420				939	5 069 889	22 359	
3	PORR Group	3 827 059	90 768		862			3 918 690	91 630	
4	Mirbud Group	3 319 329						3 319 329	0	
5	Erbud Group	3 360 333						3 360 333	495 316	
6	Polimex - Mostostal Group	3 050 460						3 050 460	733 743	
7	Unibep	2 058 937	75 414	688	123 273			2 258 312	199 375	
8	Trakcja PRKil Group	911 119	5 666	524 032	61 140			1 501 957	590 838	
9	Mostostal Warszawa Group	1 568 305	36 891	9 141				1 614 337	46 032	
10	PUT Intercor							No information where the revenue is generated.	1 683 229	0
11	Adamietz	1 156 686						1 156 686	382 911	
12	Goldbeck Group	1 841 206						1 841 206	316 519	
13	Dekpol Group	1 129 528						1 129 528	257 320	
14	Poznańska Korporacja Budowlana Pekabex S.A.	1 233 829	179 122	1 163	263 339		492	1 677 945	444 116	
15	WARBUD/EUROVIA	2 215 798						2 215 798	13 842	

\*No data on where the revenue was generated abroad.

\*\* The revenue figure also includes the change in inventory.

Source: Financial statements 2022

### 1.6.2. Sales by type

Sales by type shows the diversification of activities of the largest construction companies in the general construction,

as well as in the energy, road and rail construction activities. A significant proportion of revenue is also derived from engineering

construction activities.

Chart 1.6.2.1: Sales of the fifteen largest construction companies in 2023 by type

No.	Markets	General construction	Housing construction	Road and railway construction	Construction engineering	Energy construction	Other operations	TOTAL (2023, PLN'000)	
1	Budimex Group	8 796 888					1 004 627	9 801 515	
2	Strabag Group	5 450 497					302 488	5 752 985	
3	PORR Group	1 542 054		2 748 356			214 267	4 504 677	
4	Mirbud Group	3 127 120					195 320	3 322 440	
5	Erbud Group	1 522 597		285 186	572 993	789 731	63 856	3 234 363	
6	Polimex - Mostostal Group	716 563		215 373		1 214 259	867 436	3 013 631	
7	Unibep	1 249 019		351 669		514 505	314 575	2 429 768	
8	Trakcja PRKiI Group	65 186		1 757 574		212 971	29 950	2 065 681	
9	Mostostal Warszawa Group	1 314 467			350 124		10 749	1 675 340	
10	PUT Intercor	1 531 772					78 298	1 610 071	
11	Adamietz	1 325 254					250 566	1 575 820	
12	Goldbeck Group	No data							1 585 165
13	Dekpol Group	1 072 839					495 990	1 568 829	
14	Poznańska Korporacja Budowlana Pekabex S.A.	1 494 943					71 294	1 566 237	
15	WARBUD/EUROVIA	1 206 380		887 153	44 571		288 627	2 426 731	

Source: Financial statements 2023

Chart 1.6.2.2: Sales of the fifteen largest construction companies in 2022 by type

No.	Markets	General construction	Housing construction	Road and railway construction	Construction engineering	Energy construction	Other operations	TOTAL (2022, PLN'000)	
1	Budimex Group	7 706 484					912 570	8 619 054	
2	Strabag Group	4 702 201					366 080	5 068 281	
3	PORR Group	1 280 200		2 391 086			247 404	3 918 690	
4	Mirbud Group	3 265 872					53 457	3 319 329	
5	Erbud Group	2 214 340		212 820	547 832	875 066	5 591	3 855 649	
6	Polimex - Mostostal Group	810 032		181 468		1 641 057	1 151 646	3 784 203	
7	Unibep	1 121 669		492 453		312 192	331 998	2 258 312	
8	Trakcja PRKiI Group	151 247		1 157 427		154 749	38 534	1 501 957	
9	Mostostal Warszawa Group	1 202 630			402 402		9 305	1 614 337	
10	PUT Intercor	1 634 495					15 754	1 650 249	
11	Adamietz	1 216 655					322 942	1 539 597	
12	Goldbeck Group	No data							2 157 725
13	Dekpol Group	1 001 546					385 302	1 386 848	
14	Poznańska Korporacja Budowlana Pekabex S.A.	1 632 678					45 267	1 677 945	
15	WARBUD/EUROVIA	1 255 059		681 271	91 840		201 470	2 229 640	

Source: Financial statements 2022

In nominal terms, the Budimex Group and the Polimex Mostostal Group recorded the highest revenues from non-construction activities, with revenues of PLN 1.0 billion and PLN 876 million respectively.

The Budimex Group's revenue from other activities was generated mainly from its service activities, which include municipal waste management, comprehensive road maintenance and building maintenance.

The results of the services part also include the activities of companies in the field of renewable energy.

Table 1.6.2 : Other operations of the largest construction companies in 2023

No.	Company name	Other operations 2023	Other operations 2022	Nominal change	Percentage change
1	Budimex Group	1 004 627	912 570	92 057	10,1%
2	Polimex - Mostostal Group	867 436	1 151 646	-284 210	-24,7%
3	Dekpol Group	495 990	385 302	110 688	28,7%
4	Unibep	314 575	331 998	-17 423	-5,2%
5	Strabag Group	302 488	366 080	-63 592	-17,4%
6	WARBUD/EUROVIA	288 627	201 470	87 157	43,3%
7	Adamietz	250 566	322 942	-72 376	-22,4%
8	PORR Group	214 267	247 404	-33 137	-13,4%
9	Mirbud Group	195 320	53 457	141 863	265,4%
10	PUT Intercor	78 298	15 754	62 544	100,0%
11	Poznańska Korporacja Budowlana Pekabex S.A.	71 294	45 267	26 027	57,5%
12	Erbud Group	63 856	5 591	58 265	1042,1%
13	Trakcja PRKiI Group	29 950	38 534	-8 584	-22,3%
14	Mostostal Warszawa Group	10 749	9 305	1 444	15,5%
15	Goldbeck Group	n/d	n/d	n/d	n/d
Total		4 188 044	4 087 320	100 723	2%
Average		299 146	291 951	7 195	2%

↑ New company in the ranking    
 ↑ Rise in the ranking    
 ↓ Drop in the ranking    
 ↔ Maintaining the position in the ranking, no change

Source: 2023 Financial statements



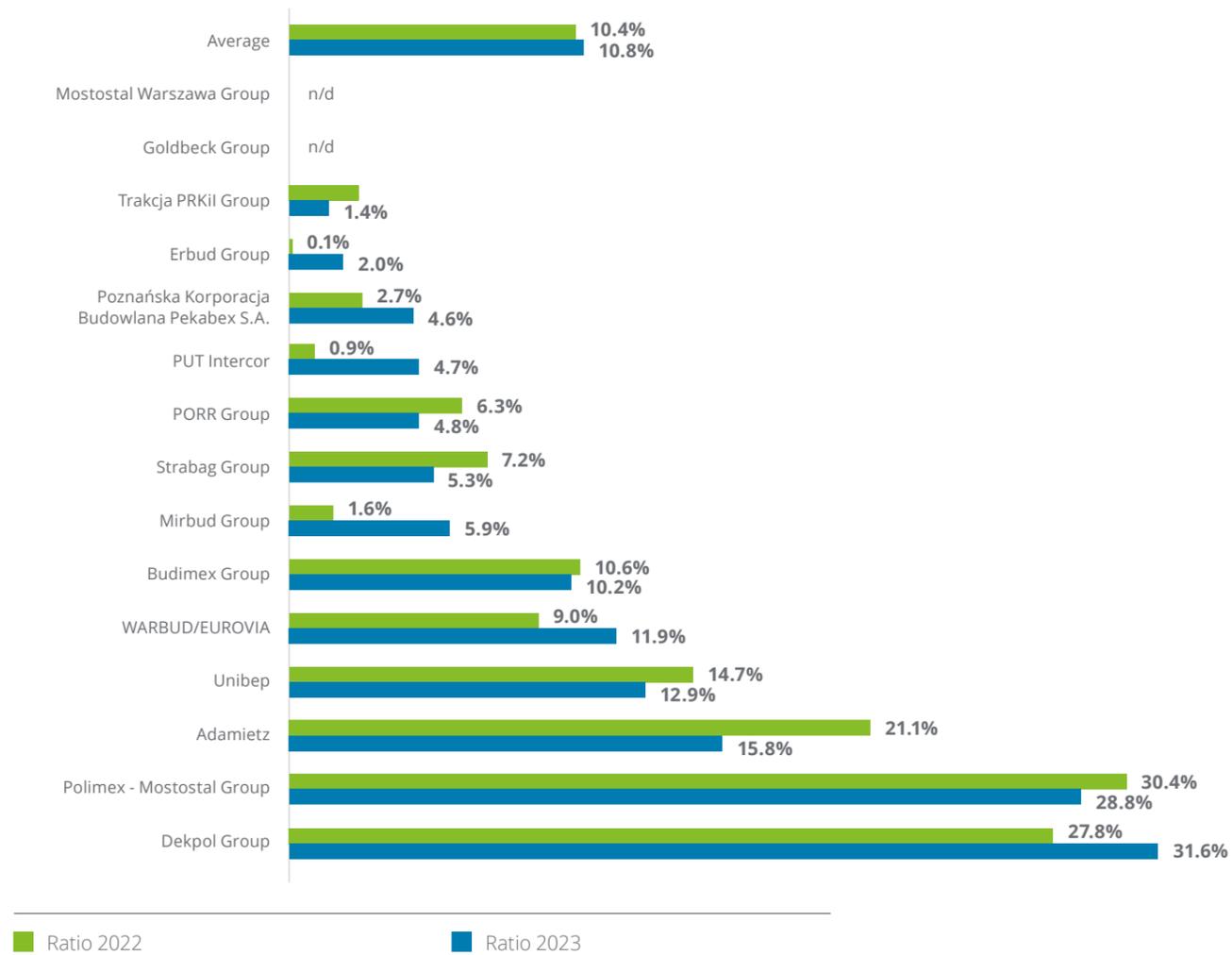
**Jerzy Mirgos**  
President of the Management Board of MIRBUD S.A.



Our domestic construction market faces two main challenges. The first is the free entry of foreign companies that do not have the right experience and references from the local market and/or human and technical capital in our country. The second is the high dependency of the market on the economic situation, which is currently heavily reliant on the delivery of critical infrastructure projects commissioned by the public sector in specific cycles. The solution to this challenge lies in the introduction of criteria that encourage collaboration with established companies in the national market and the long-term planning of investments by the public sector, so that the main contractors have the chance to properly plan the resources needed to carry out these works.

It should be noted that Dekpol Group, Warbud/Eurovia, the Mirbud Group, PUT Intercor, Poznańska Korporacja Budowlana, Pekabex S.A. and the Erbud Group increased the share of non-construction activities in total revenues compared to the previous year. The Dekpol Group recorded the highest ratio of revenue from other activities to total operating income at 31.6%.

**Chart 1.6.2.3: Share of revenue from other (non-construction) operations in total operating revenue (2022-2023)**



Source: 2023 Financial statements

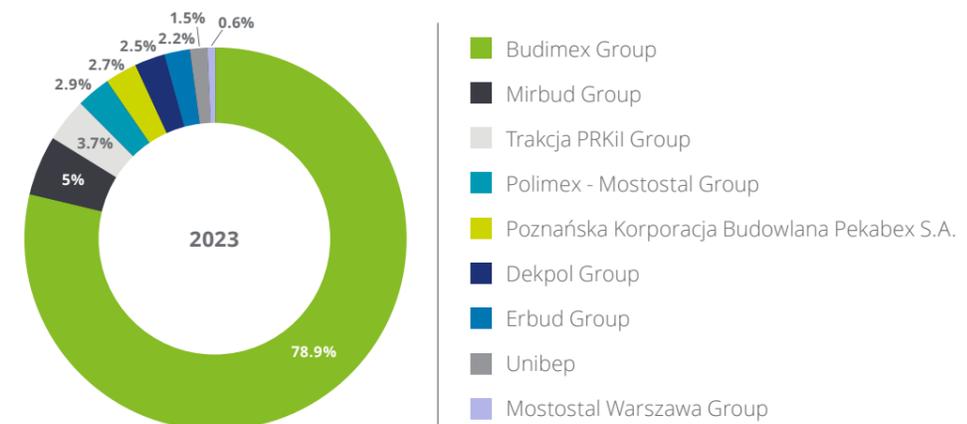
**1.7. Market capitalisation of the largest construction companies listed on the Warsaw Stock Exchange**

Nine of the fifteen largest construction companies in our ranking are listed on the Warsaw Stock Exchange. At the end of 2023, the total market value of these nine companies was more than PLN 20.3 billion, which was PLN 9.6 billion higher than the total market value of these companies at the end of 2022. In percentage terms, the increase in total market capitalisation was 89%. The leader in terms of market value among construction companies has remained Budimex since 2011, with a capitalisation of around PLN 16 billion (up by 120.4% vs. 2022, which also places it first in terms of the highest percentage increase in capitalisation at the end of 2023), which accounts for approximately 79% of the total capitalisation value of all companies in the table. The Polimex-Mostostal Group and the Mirbud Group ranked second and third, respectively, with capitalisations of PLN 1.0 billion and PLN 751.4 million.

**Table 1.7.1: Market cap of the largest construction companies listed on the Warsaw Stock Exchange as at 31 December 2023 (PLN'000)**

No.	Company name	Market cap 31 Dec 2023	Market cap 31 Dec 2022	Nominal change	Percentage change
1	Budimex S.A.	15 981 841	7 250 548	8 731 294	120,4%
2	Polimex-Mostostal S.A.	1 008 254	1 084 207	-75 953	-7,0%
3	Mirbud S.A.	751 385	412 849	338 536	82,0%
4	Trakcja PRKił S.A.	578 696	528 228	50 468	9,6%
5	Pekabex	541 218	353 778	187 440	53,0%
6	Erbud S.A.	510 597	409 467	101 130	24,7%
7	DEKPOL S.A.	451 578	257 567	194 011	75,3%
8	Unibep S.A.	299 324	288 281	11 044	3,8%
9	Mostostal Warszawa S.A.	130 800	112 000	18 800	16,8%
<b>Total</b>		<b>20 253 693</b>	<b>10 696 923</b>	<b>9 556 770</b>	<b>89%</b>

**Chart 1.7.1: Market cap share of the largest construction companies listed on the Warsaw Stock Exchange as at 31 December 2023**



In the first half of 2024, there is a clear improvement trend compared to 2023, with an overall growth of 15% in the period January-June 2024. It should be noted that the valuation of Mirbud S.A., Trakcja PRKił S.A. and Pekabex has a key impact on the capitalisation of the largest construction companies.

The growth in capitalisation of the selected ranked companies at the end of June 2024 ranged from 6.1% to 119.5%. Only two companies recorded a decrease in capitalisation: Polimex-Mostostal S.A. (-13.7%) and Erbud S.A. (-3.5%).

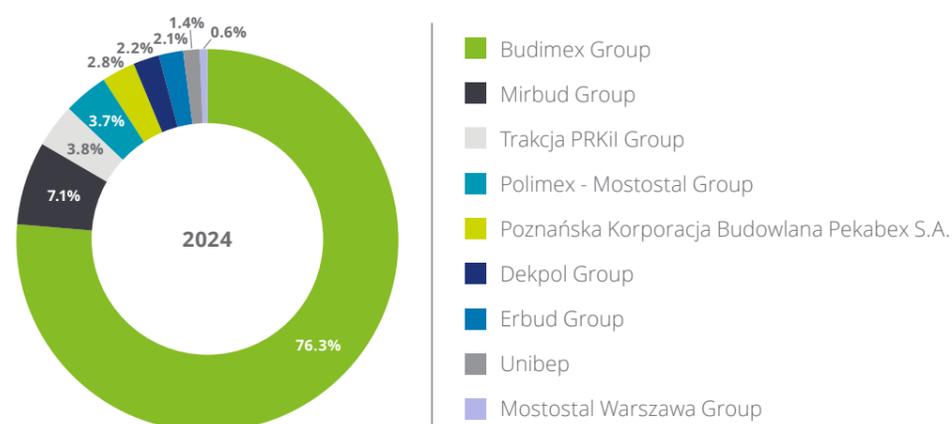
The Budimex Group accounts for the largest share of the total capitalisation. The Group's capitalisation amounts to almost PLN 17.8 billion and represents approximately 76% of the total value.

**Table 1.7.2: Market cap of the largest construction companies listed on the Warsaw Stock Exchange as at 30 June 2024 (PLN'000)**

No.	Company name	Market cap 30 Jun 2024	Market cap 31 Dec 2023	Nominal change	Percentage change
1	Budimex S.A.	17 794 478	15 981 841	1 812 637	11,3%
2	Mirbud S.A.	1 649 193	751 385	897 808	119,5%
3	Trakcja PRKił S.A.	881 502	578 696	302 806	52,3%
4	Polimex-Mostostal S.A.	869 719	1 008 254	-138 535	-13,7%
5	Pekabex	650 455	541 218	109 237	20,2%
6	DEKPOL S.A.	528 513	451 578	76 935	17,0%
7	Erbud S.A.	492 702	510 597	-17 895	-3,5%
8	Unibep S.A.	319 017	299 324	19 692	6,6%
9	Mostostal Warszawa S.A.	138 800	130 800	8 000	6,1%
<b>Total</b>		<b>23 324 379</b>	<b>20 253 693</b>	<b>3 070 686</b>	<b>15%</b>

Source: Deloitte's analysis based on data available on the website of the Warsaw Stock Exchange.

**Chart 1.7.2: Market cap share of the largest construction companies listed on the Warsaw Stock Exchange as at 30 June 2024**



Source: Deloitte's analysis based on data available on the website of the Warsaw Stock Exchange.



PORR Group: The tanks in Boronów

In the first five months of 2023, the WIG Construction index did not deviate significantly from the trend set by the WIG index. This means that the index values were in line with market behaviour during this period.

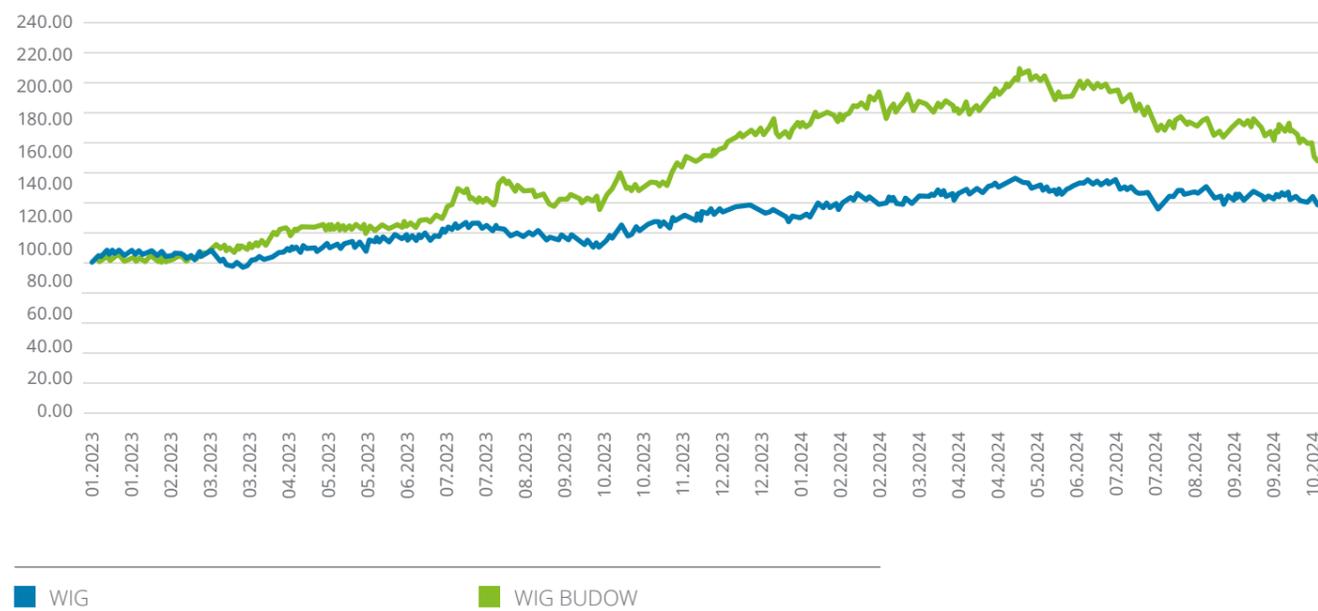
was a noticeable upward trend in the WIG Construction index. Then, from mid-May onwards, the index began to fluctuate, with the growth rate of the construction companies declined in the second half of 2024,

index reflect the quotations of the Budimex Group, which has the largest share in the index. Since May 2024, the quotations of the Budimex Group have shown a significant downward trend. The market capitalisation as of 30 September 2024 was PLN 15.3 billion compared to PLN 17.8 billion as of 30 June 2024.

From July 2023 to mid-May 2024, there

The fluctuations of the WIG Construction

**Chart 1.7.4: Changes in WIG and WIG-Construction since the beginning of 2023**

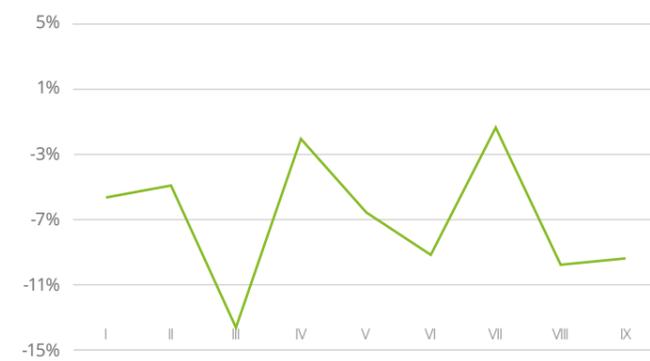


**Chart 1.7.5: Construction and installation in 2023, YoY**



Source: Deloitte's analysis based on data available on the website of the Statistics Poland

**Chart 1.7.6: Construction and installation in 2024, YoY**



In the first half of 2024, companies listed on the Warsaw Stock Exchange recorded a decrease in sales revenues of around 5% compared to the same period in 2023. This is also confirmed by the results of construction and installation output, where

we have seen a reduction in overall volumes across the market.

In terms of results for the first six months of 2024, as in every year, the largest player on the market is the Budimex Group

with revenues of more than PLN 4.0 billion (however, a decrease of 6.4% was recorded). In the period analysed below, the Mirbud Group achieved the largest increase in revenues - by 22.4% - compared to the same period in 2023.

**Table 1.7.4: Revenue of the companies listed on the Warsaw Stock Exchange from 30 June 2024 to 30 June 2023**

No.	Company name	Revenue 06.2024	Revenue June 2023	Nominal change	Percentage change
1	Budimex Group	4 040 180	4 317 944	-277 764	-6,4%
2	Mirbud Group	1 462 312	1 195 181	267 131	22,4%
3	Polimex - Mostostal Group	1 380 462	1 654 156	-273 694	-16,5%
4	Erbud Group	1 333 466	1 582 190	-248 724	-15,7%
5	Unibep	1 159 363	1 235 601	-76 238	-6,2%
6	Trakcja PRKiL Group	757 388	771 990	-14 602	-1,9%
7	Poznańska Korporacja Budowlana Pekabex S.A.	736 846	772 290	-35 444	-4,6%
8	Dekpol Group	687 310	569 565	117 745	20,7%
8	Mostostal Warszawa Group	654 722	775 321	-120 599	-15,6%
<b>Total</b>		<b>12 212 049</b>	<b>12 874 238</b>	<b>-662 189</b>	<b>-5,14%</b>

Source: Deloitte's analysis based on data available on the website of the Warsaw Stock Exchange.

The total sales results in the first half of 2024 of the listed ranked companies are lower than in the same period last year, with a decrease of 6%. Despite significant challenges in the market, the construction sector in Poland has managed to maintain continuity in the execution of contracts and thus many companies have managed to achieve a positive sales result and a positive net result. Nevertheless, we see that many companies are operating under considerable pressure. It should be noted that the largest construction groups are trying to diversify their activities so that the challenges of the market do not have such a significant impact on their results (sales volume and realised result). Unfortunately, this is a much greater challenge for smaller and medium-sized companies, which do not have the same capacity, have smaller sales volumes and often have a much shorter project portfolio.

Despite the still relatively good performance, the industry sees imminent

problems related to the economic challenges (both local and global). The property development market is already showing signs of a major slowdown and a significant reduction in demand for residential projects in 2022 (due to rising interest rates), and similar signals are coming from other sectors of the market (commercial projects in the area of office construction, shopping centres and warehouses) - here investors have to take into account the high cost of money (projects are often realised through bank loan financing) and commercial trends (remote working introduced during the covid pandemic or remote purchasing).

There is a chance to reverse this trend thanks to new programmes to support consumers, but a return to the pre-pandemic boom will only be possible in the long term. In terms of infrastructure, companies have left behind most of the unprofitable contracts acquired in previous years, but the challenge remains the lack

of a stable portfolio of large infrastructure projects that during a downturn would give a 'breather' to the whole market. As mentioned above, this segment of the market is also highly cyclical (influenced both by the specific financial perspectives of the EU and the capabilities and implementation plans of public entities).

There is an opportunity to reverse this trend thanks to new consumer support programmes, but a return to the pre-pandemic economic situation will only be possible in the long term. In infrastructure, companies have shed most of the unprofitable contracts acquired in previous years, but the challenge remains the lack of a stable portfolio of large infrastructure projects that would give the whole market a respite in a downturn. As mentioned above, this segment of the market is also highly cyclical (influenced by both the specific financial perspectives of the EU and the capabilities and implementation plans of public authorities).

The possibility of valorisation, the rules of which have been changed and which have a positive effect on stabilising the profitability of construction contracts, is of key importance for current and future contracts. The question is, of course, whether the changes to the valorisation rules (increase in the level) are sufficient to reflect the general increase in prices in the economy.

The methodology of calculation and selection of the right basket, which is the benchmark for the construction sector, is very important from the construction industry's point of view in terms of project valorisation.

In summary, from the industry's perspective, it is crucial to ensure a continuous flow of new projects, as this allows for proper planning of resource utilisation; on the other hand, it stimulates innovation and investment, which is necessary to further improve efficiency, the safety of the works carried out and ultimately to also meet the increasingly emerging ESG requirements.

Of course, this situation may change, particularly against the backdrop of the ongoing war in Ukraine and the outflow of labour from the construction market in Poland. The stabilisation of the situation in Ukraine and a possible end to the conflict in 2025 could provide an injection of new labour in the medium term.

On the other hand, in the long term much will depend on how the reconstruction plans and the volume of ongoing projects on the territory of Ukraine will look like - a significant increase in the volume of projects and ongoing works will certainly also affect the market in Poland (possible increase in material prices and outflow of labour).

The main driving force of the sector will continue to be the large public investments carried out by the General Directorate for National Roads and Motorways (GDDKiA) and PKP PLK, but also investments in the energy construction sector (lines/gas pipelines) as well as maritime construction (mainly as part of port modernisation).

**Table 1.7.5: Gross margin on sales of companies listed on the Warsaw Stock Exchange from 30 June 2024 to 30 June 2023**

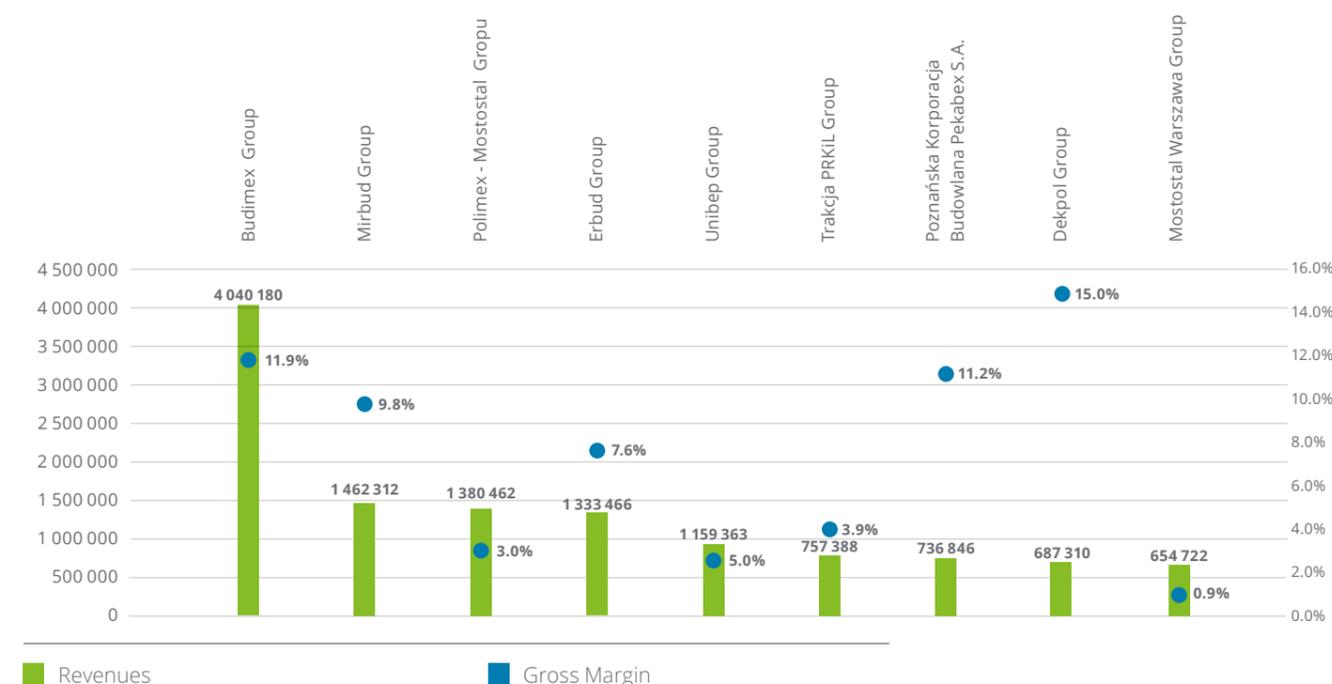
No.	Company name	Sales profit/loss 06.2024	Sales profit/loss June 2023	Nominal change Sales profit/loss	Change in percentage terms Sales profit/loss
1	Budimex Group	478 933	401 393	77 540	19,3%
2	Mirbud Group	143 689	100 112	43 577	43,5%
3	Dekpol Group	102 783	90 440	12 343	13,6%
4	Erbud Group	101 588	120 480	-18 892	-15,7%
5	Poznańska Korporacja Budowlana Pekabex S.A.	139 542	-57 248	-41,0%	-2,7%
6	Unibep	57 986	59 256	-1 270	-2,1%
7	Polimex - Mostostal Group	41 259	124 315	-83 056	-66,8%
8	Trakcja PRKiL Group	29 876	29 060	816	2,8%
9	Mostostal Warszawa Group	5 918	42 507	-36 589	-86,1%
<b>Total</b>		<b>1 044 325</b>	<b>1 107 105</b>	<b>-62 780</b>	<b>-6%</b>

**Table 1.7.6: Net profit/loss of the companies listed on the Warsaw Stock Exchange from 30 June 2024 to 30 June 2023**

No.	Company name	Net profit/loss 30 Jun 2024	Net profit/loss 30 June 2023	Nominal change Net profit/loss	Percentage change Net profit/loss
1	Budimex Group	280 752	280 781	-29	0,0%
2	Unibep	86 529	9 071	77 458	853,9%
3	Mirbud Group	54 317	28 796	25 521	88,6%
4	Dekpol Group	43 136	26 166	16 970	64,9%
5	Poznańska Korporacja Budowlana Pekabex S.A.	46 082	-30 034	-65,2%	-76,4%
6	Erbud Group	581	-4 659	5 240	112,5%
7	Trakcja PRKiL Group	-10 862	-17 577	6 715	38,2%
8	Mostostal Warszawa Group	-27 025	4 859	-31 884	-656,2%
9	Polimex - Mostostal Group	-28 795	34 386	-63 181	-183,7%
<b>Total</b>		<b>414 681</b>	<b>407 905</b>	<b>6 776</b>	<b>2%</b>

Source: Deloitte's analysis based on data available on the website of the Warsaw Stock Exchange.

**Chart 1.7.6: Revenue to gross margin at companies listed on the Warsaw Stock Exchange as at 30 June 2023**



Source: Deloitte's analysis based on data available on the website of the Warsaw Stock Exchange.

**1.8. Summary of the twelve editions of the report**

This is the twelfth edition of the Largest Construction Companies in Poland report. Over the years we have presented you with the most relevant data and financial analysis of the construction companies with the highest revenues in recent years. The history shows how the biggest players in the market have developed and how the size of their revenues has changed.

The table below shows the companies that have been among the TOP 15 construction companies in recent years and their positions in the ranking. We can conclude that the most significant companies in terms of turnover in recent years have always been the Budimex Group and the Strabag Group.

Several players failed to maintain a permanent position in the top 15,

sometimes returning to our rankings after several years. Some companies left the ranking permanently to be replaced by new players.

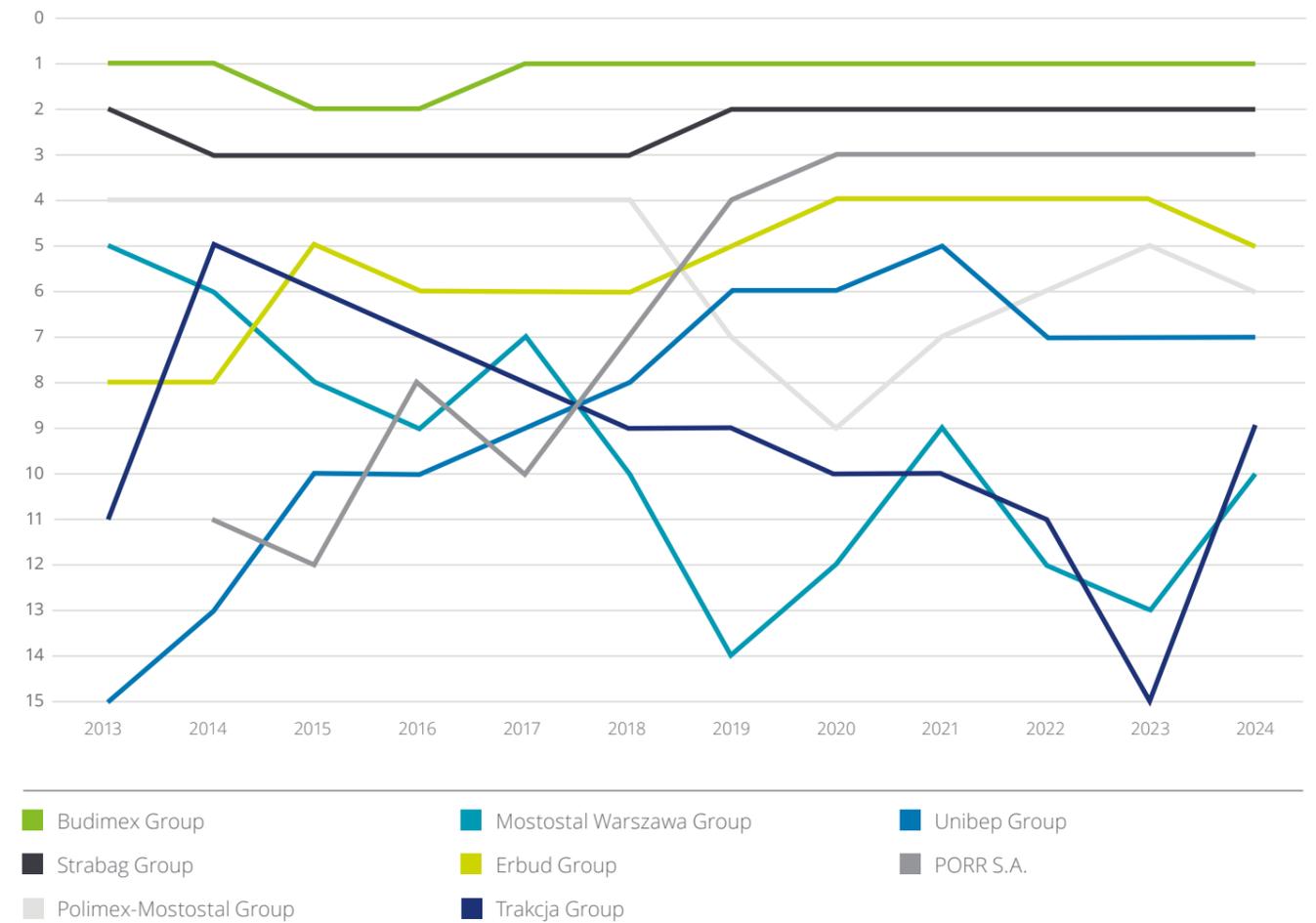
VINCI Construction Polska - WARBUD S.A. and EUROVIA S.A. made their debut this year, while Dekpol Group, which was not in the top 15 in the 2023 report, returned to the ranking.

**Table 1.8.1: Ranking of the largest construction companies in Poland in terms of revenue in 2013-2024 (PLN'000)**

No.	Company name / Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	Budimex Group	1	1	2	2	1	1	1	1	1	1	1	1
2	Strabag Group	2	3	3	3	3	3	2	2	2	2	2	2
3	Skanska	3	2	1	1	2	2	3	5	14	13	-	-
4	Polimex-Mostostal Group	4	4	4	4	4	4	7	9	7	6	5	6
5	Mostostal Warszawa Group	5	6	8	9	7	10	14	12	9	12	13	10
6	PBG Group	6	7	7	5	5	5	11	11	12	-	-	-
7	Mota-Engil Central Europe	7	9	-	14	14	15	-	-	13	-	-	-
8	Erbud Group	8	8	5	6	6	6	5	4	4	4	4	5
9	Eurovia	9	15	-	-	-	-	15	-	-	-	-	-
10	Warbud	10	10	11	13	12	11	8	7	6	10	-	-
11	Trakcja Group	11	5	6	7	8	9	9	10	10	11	15	9
12	Elektrobudowa Group	12	14	9	11	11	12	-	-	-	-	-	-
13	Bilfinger Infrastructure	13	-	-	-	-	-	-	-	-	-	-	-
14	Hochtief Polska	14	-	-	15	-	13	-	-	-	-	-	-
15	Unibep Group	15	13	10	10	9	8	6	6	5	7	7	7
16	PORR S.A.	-	11	12	8	10	7	4	3	3	3	3	3
17	Mirbud Group	-	12	13	-	15	14	13	-	11	5	6	4
18	Mostostal Zabrze Group	-	-	14	-	13	-	-	-	-	-	-	-
19	Torpol Group	-	-	15	12	-	-	10	8	8	-	-	-
20	PUT Intercor	-	-	-	-	-	-	12	14	-	15	10	11
21	Goldbeck Group	-	-	-	-	-	-	-	13	-	8	8	13
22	ZUE Group	-	-	-	-	-	-	-	15	-	-	-	-
23	Dekpol Group	-	-	-	-	-	-	-	-	15	14	-	14
24	Poznańska Korporacja Budowlana Pekabex	-	-	-	-	-	-	-	-	-	9	11	-
25	Kajima	-	-	-	-	-	-	-	-	-	-	9	15
26	Atlas Ward	-	-	-	-	-	-	-	-	-	-	12	-
27	Adamietz	-	-	-	-	-	-	-	-	-	-	14	12
28	Warbud/Eurovia	-	-	-	-	-	-	-	-	-	-	-	8

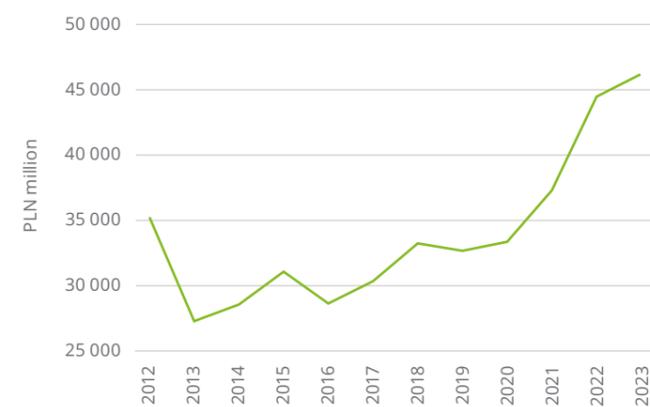
Source: Deloitte's own analysis

**Chart 1.8.1: Changes in the ranking of the largest construction companies in Poland in terms of revenue in recent years. 2013-2024 edition (PLN'000)**



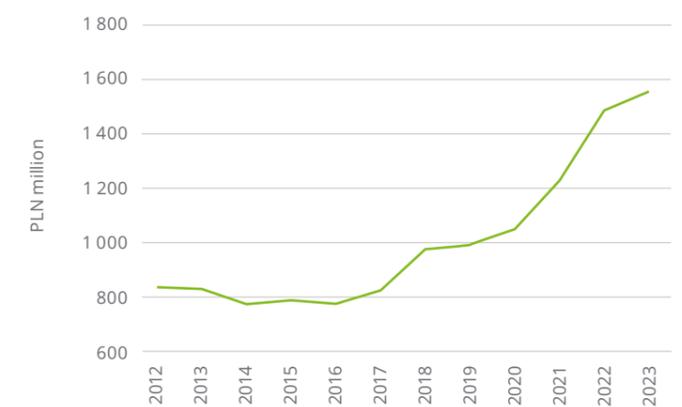
Source: Deloitte's own analysis

**Chart 1.8.2: Total revenues of the largest construction companies in Poland in 2012-2023 (PLN million)**



Source: Deloitte's own analysis

**Chart 1.8.3: Entry barrier to TOP15 of the largest construction companies in Poland in 2012-2023 (PLN million)**



Source: Deloitte's own analysis



Chapter 2.

Development prospects of construction companies in Poland

**2.1. Introduction – Key factors driving construction market growth in Poland**

The value of the construction market in 2023 was PLN 338.8 billion, an increase of 16.1% in current prices compared to 2022. As in previous years, the increase in construction and installation output was significantly impacted by the implementation of infrastructure investments financed by EU funds. Nevertheless, the economic situation in the various segments of the construction market varied.

In 2023, a key driver of construction output growth was the specialised construction sector (up 24.3% year on year).

The civil engineering sector grew by 18.9% year-on-year. The building construction sector grew by 0.9% year-on-year, which represents a significant decrease in growth compared to the previous year (19.9% YoY in 2022). In the eight months of 2024,

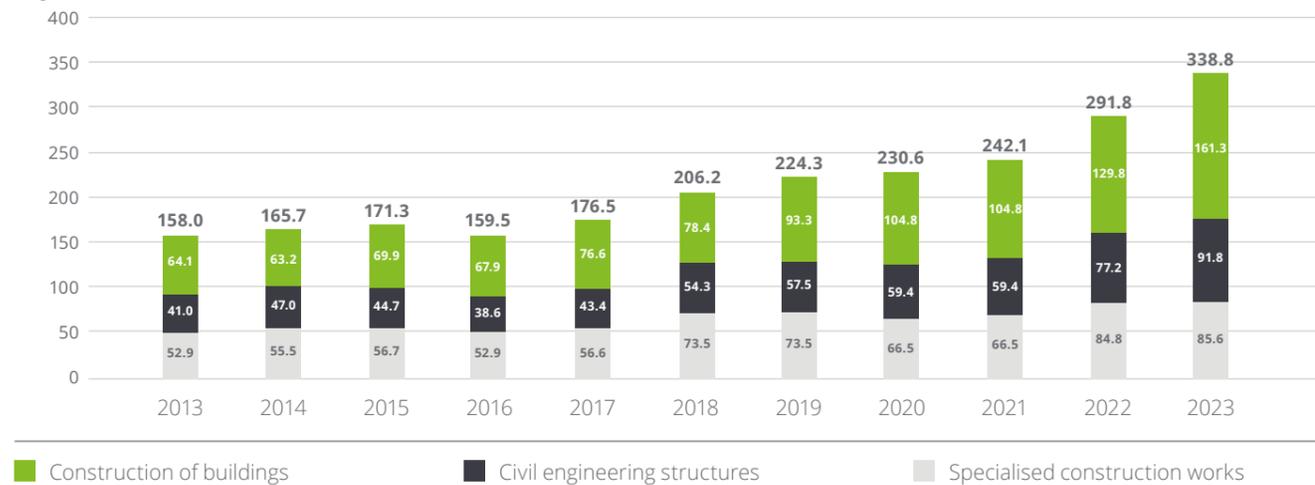
there was a downward trend in the year-on-year dynamics of construction output in all construction sectors. In August 2024, construction and installation output fell by 9.6% (at constant prices) compared with the same period in 2023. In January to August 2024, there was a decline in growth compared with the corresponding months of the previous year. The largest fall was recorded in March (down by 13.3% YoY at constant prices), of which the civil engineering sector recorded a fall of -17.8% year-on-year.

In the period January to August 2024, compared with the same period in the previous year, construction and installation output fell in specialised construction, civil engineering and building construction by 8.3%, 6.8% and 4.2% respectively. In 2023, the structure of the construction market has changed compared with the previous year. Transport infrastructure accounted for the largest share of the market (32.8%), having been the second largest segment of

the construction market in 2022. Non-residential buildings (29.0%) and pipelines, telecommunications and power lines (16.1%) were the second and third largest market segments. Residential buildings accounted for 15.0% of the construction market in 2023. The remainder includes industrial buildings and other civil engineering structures.

The Polish construction market is confronted with many difficulties. Since the beginning of the current year, the dynamics of construction and installation output has been declining in comparison with the same months of the previous year (in the period January-August, it declined by approx. 6.5% YoY). This can be seen, for instance, in the infrastructure segment, where there is a clear investment gap caused, among others, by the delayed arrival of EU funds and the revision of infrastructure programmes by the new authority. The market is expected to recover in the second half of 2025.

**Construction and installation market by segment in Poland 2013-2023 [PLN billion]**



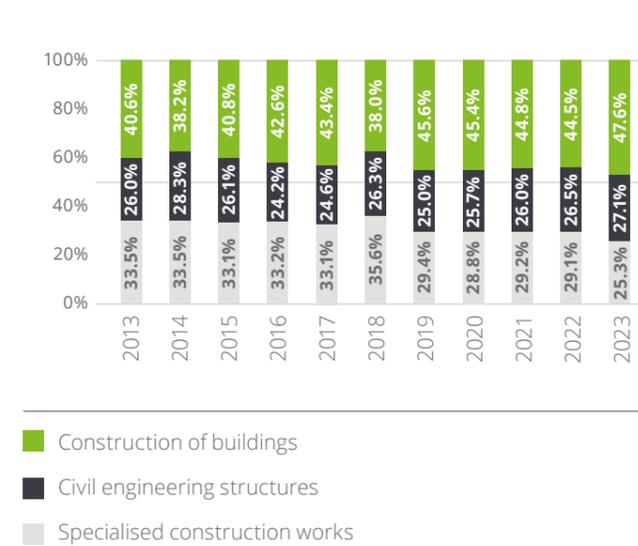
Source: Statistics Poland

**Dynamics of construction and installation output during 8 months of 2024 YoY (%)**



Source: Statistics Poland

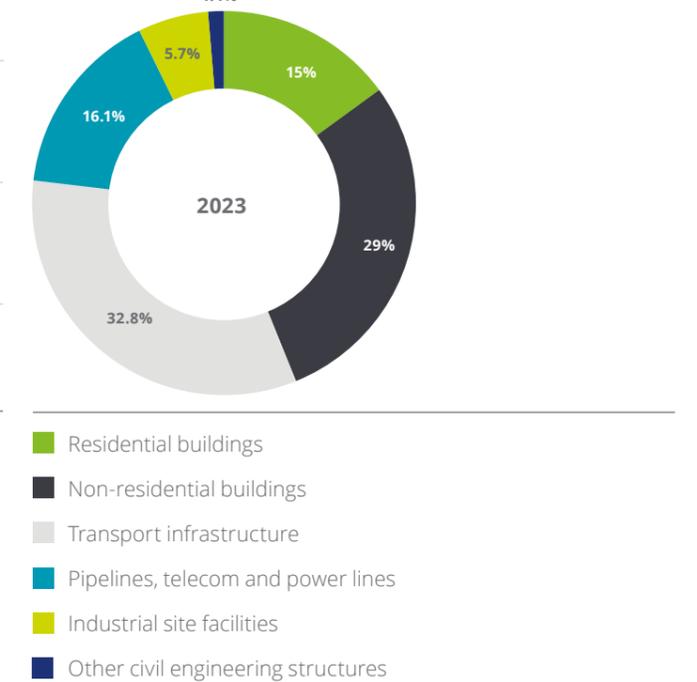
**Structure of the construction and installation market in Poland in 2013-2023**



- Construction of buildings
- Civil engineering structures
- Specialised construction works

Source: Statistics Poland

**Structure of the construction and installation market in Poland in 2023**



Source: Statistics Poland

EU funding has played a special role in the Polish construction sector for many years. According to the Cohesion Policy budget in the financial perspectives for 2021-2027, Poland will be the largest beneficiary, receiving a total of EUR 76 billion for investment in social and economic development, a significant part of which will be allocated to the further development of railway infrastructure, to name just one example.

The General Directorate for National Roads and Motorways [Generalna Dyrekcja Dróg Krajowych i Autostrad – GDDKiA] is responsible for coordinating the implementation of investments in the construction and modernisation of road infrastructure in Poland. In 2023, 103 projects with a total length of over 1,298.6 km were underway. In addition, 267 km of new roads were made available, tenders

were launched for the construction of 42 sections with a total length of 530.6 km and 16 contracts were signed for works with a total length of 216 km and a value of PLN 8.6 billion.

Road investments in Poland are mainly implemented based on the Governmental Programme for the Construction of National Roads up to 2030 (extendable to 2033), [Rządowy Program Budowy Dróg Krajowych do 2030 r. (z perspektywą do 2033 r.) - RPBDK2030], which aims to ensure the efficient operation of road passenger and freight transport. The main source of funding for the programme is the National Road Fund [Krajowy Fundusz Drogowy], which is mainly financed by EU funds. According to the latest amendment to the resolution of October 2023, the financial ceiling of the Fund has been increased to PLN 302.1 billion. In the

field of road construction, investments are also being made under the 100 Ring Roads Construction Programme for 2020-2030 [Program Budowy 100 Obwodnic na lata 2020-2030 - PB100]. As its name suggests, the programme provides for the construction of 100 ring roads on national roads with a total length of approximately 820 km. The government will allocate PLN 28.0 billion to the programme. In the field of road maintenance, the Programme for Strengthening the National Road Network until 2030 [Program Wzmacnienia Krajowej Sieci Drogowej do 2030 roku – PWKSD] is also being implemented. The cost of implementing the tasks included in the programme is PLN 58.3 billion. In 2023, the GDDKiA announced tenders for 33 tasks of the RPBDK2030 with a total length of 458.6 km, nine ring roads under the PB100 with a total length of 72 km.

The strategic document for railway investment in Poland remains the National Railway Programme until 2030 (extendable to 2032) [Krajowy Program Kolejowy – KPK], last updated in November 2023. The KPK provides for the allocation of a total of PLN 166.4 billion for the entire period of the railway investment programme, i.e. 2014-2032. Planned expenditure under the programme amounts to PLN 17.6 billion in 2023, which is PLN 8.3 billion (+89.2%) more than in 2022. From the beginning of the KPK until the end of December 2023, expenditure will amount to PLN 71.6 billion, i.e. 43.1% of the value of the updated programme.

Investment in railway construction are also carried out within the framework of the Local and Regional Rail Infrastructure Supplement Programme - Rail+ to 2029 [Program Uzupelnienia Lokalnej i Regionalnej Infrastruktury Kolejowej – Kolej+ do 2029 roku], the aim of which is to eliminate transport exclusion. The current budget provides for PLN 13.2 billion to be allocated to the programme. The development of railway construction is also influenced by the planned initiative to transfer 30% of road freight transport to other environmentally friendly modes of transport by 2030, as committed by the Member States of the European Union. The implementation of the above-mentioned objective will be directly reflected in new railway projects in the coming years. From the point of view of the construction market, an important issue is the legislative changes regarding the updating of the valorisation indices for contractors'

remuneration in public contracts. Initially, the valorisation mechanism was introduced in 2019, allowing for a maximum 5% revision of settlements. This was then updated to +/-10% in 2021 due to increasing cost pressures. In November 2022, a law came into force that amends the provisions of the Public Procurement Act and introduces additional regulations aimed at ensuring continuity in the execution of contracts. The most important point concerns the creation of a legal basis for amending the provisions of contracts regarding the amount of contractors' remuneration, including the introduction of new or the modification of existing valorisation clauses. No restrictions have been imposed on the way in which valorisation is to be carried out or on the procedure to be followed by the parties. Contracts in progress at the time of the entry into force of the Act, as well as contracts concluded based on the repealed Public Procurement Act, are covered by the amendments.

However, according to construction companies, the changes introduced are not satisfactory. According to the Polish Association of Construction Employers [Polski Związek Pracodawców Budownictwa – PZPB], a significant proportion of projects acquired prior to the Russian aggression against Ukraine are making large losses due to ineffective valorisation mechanisms for construction contracts, especially in the public procurement market. According to the PZPB, the valorisation mechanism should be reviewed, as failure to act could lead to the collapse of the construction industry.

The residential market has seen an upturn in 2023. According to JLL's "Residential Market in Poland" report, the number of flats sold increased by 65% year-on-year. The improvement in the residential segment was influenced by the launch of the "2% Safe Loan" programme [Bezpieczny kredyt 2%] in July. In the second half of the year, 14.1% more flats were sold than in the first half. However, 189,100 flats were started in 2023, 5.6% less than in 2022, and 220,400 flats were completed (-7.6% YoY) as a result of investments started in previous years. The first half of 2024 shows a decline in demand on the housing market. Sales in the primary market fell by 22.7% compared with the same period last year, even before the introduction of the subsidy programme. The number of completed flats amounted to 95,500 (-14.6% YoY), but the number of building permits and building notifications increased by 28.9% compared to the first half of 2023.

According to the Deputy Minister of Development and Technology, a "naStart housing loan" is to be launched in 2025, which could shape the outlook for residential construction. At the moment, some potential buyers are holding back on their decision to buy a property pending final decisions on the approval of the programme.

During the seven months of 2023, the WIG broad index and the WIG Construction index were on an upward trend, continuing the trend from autumn 2022. From August to mid-October 2023, there was a change in the WIG index to a downward trend compared to the previous months. However, during this period, the WIG Construction index recorded significant increases (maximum +60.0% compared to the beginning of 2023). Despite the many challenges facing the construction industry, including high construction costs, a continuation of the upward trend of the WIG Construction index and rebound of the WIG index was evident at the end of 2023. At the end of 2023, the WIG Construction index was 88.3% above its base value (beginning of 2023), significantly outperforming the WIG index, which rose 37.4% over the same period. In the first

quarter of 2024, both the WIG and the WIG Construction indices are relatively stable. From the second quarter of 2024, the value of the indices increased, with the WIG Construction recording higher increases (maximum at the end of May - +23.0% compared to the beginning of the year). During this period, Budimex S.A., the largest player on the Polish construction market, recorded a maximum increase in its share price of +27.6% compared to the beginning of the year.

In the second half of 2024, the growth momentum of construction companies slowed. At the beginning of August, both indices were close to their levels at the start of the year, before rising slightly in September.

WIG Construction and WIG indices during 30.12.2020-30.09.2024 with a reference point at 01.01.2023



Source: Stock exchange quotations

**2.2. Macroeconomic factors: economic growth, public debt**

**Economic growth**

In 2023, Polish GDP grew by 0.2% (vs. 5.3% in 2022), which was below market expectations. A significant factor in the low economic growth was the decline in inventories (-5.2% YoY), mainly due to the reduction of excess buffer stocks accumulated in industrial processing during the pandemic and after the outbreak of the war in Ukraine. GDP in 2023 was also affected by negative private consumption (-0.5% YoY) and low investment (+2.1% YoY).

The first two quarters of 2023 were characterised by a decline in GDP (by 0.4% and 0.6% YoY). The second half of the year saw a turnaround, with GDP growing by 0.5% in the third quarter and 1.0% in the

fourth quarter of 2023. The following two quarters of 2024 saw growth of 2.0% and 3.2% respectively. In the first quarter of 2024, the economic recovery was driven by an increase in household consumption (2.7%), mainly as a result of high real wage growth. GDP growth was also boosted by positive government spending (1.9%) and net exports (0.4%). A dampening factor was a decline in inventories (2.8%) and a decline in investment (0.2%), related to the end of the disbursement of funds from the EU perspective 2014-2020. In the second quarter of 2024, the economy was mainly driven by continued high growth in private consumption (2.7%) and government spending (2.0%). There were also positive developments in investment (0.4%). The growth rate was negatively affected by a decline in inventories (1.1%) and net exports (0.8%).

The Economist Intelligence Unit (EIU) forecasts that GDP growth will accelerate in 2024 to 2.9% year-on-year. In contrast, the International Monetary Fund forecasts GDP growth of 3.1% for Poland. Forecasts point to an economic acceleration in 2024, driven mainly by private consumption on the back of strong real income dynamics, influenced by an increase in the minimum wage, a significant rise in public sector wages, the valorisation of pensions and an increase in social benefits, with inflation lower than in previous quarters. GDP growth is expected to be held back by a decline in construction and installation output, weaker investment and the negative impact of inventories.

In the following years, the EIU forecasts moderate GDP growth, fluctuating between 3.5% and 3.8% between 2025 and 2028. A country's GDP growth is one of the factors that determine the credit rating of the local economy. In 2023, the main rating

agencies (Standard&Poors, Fitch, Moody's) maintained their ratings for Poland unchanged. Moody's, which according to its September 2024 announcement rates Poland's creditworthiness the highest of the three major rating agencies, kept

its A2 rating unchanged, pointing to the strong dynamism of the Polish economy and improving relations with the European Union.



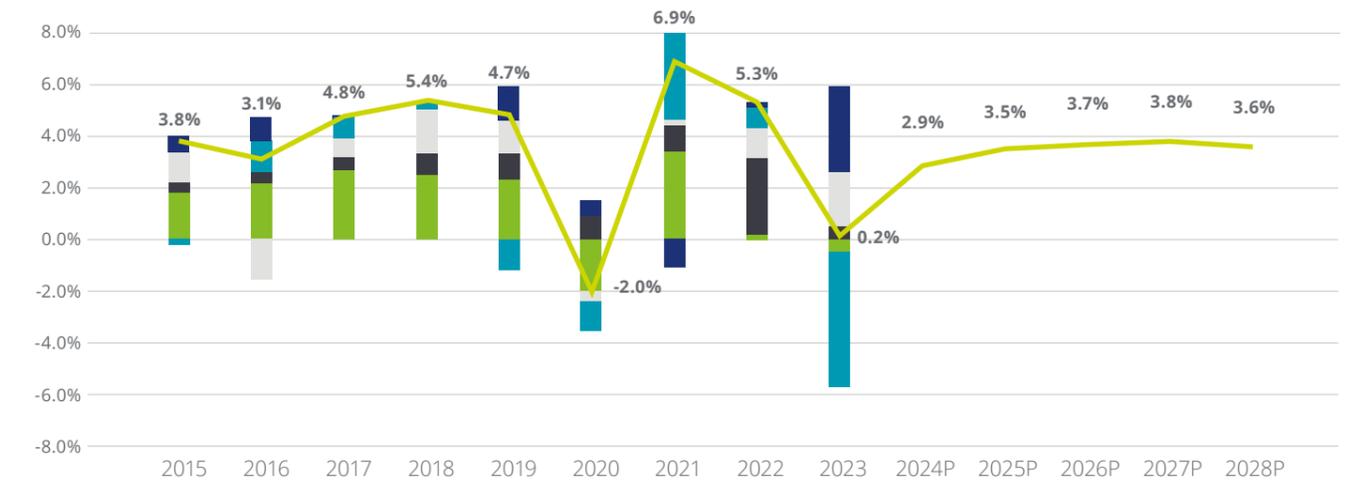
**Wojciech Trojanowski**  
Member of the Management Board of STRABAG Sp. z o.o.



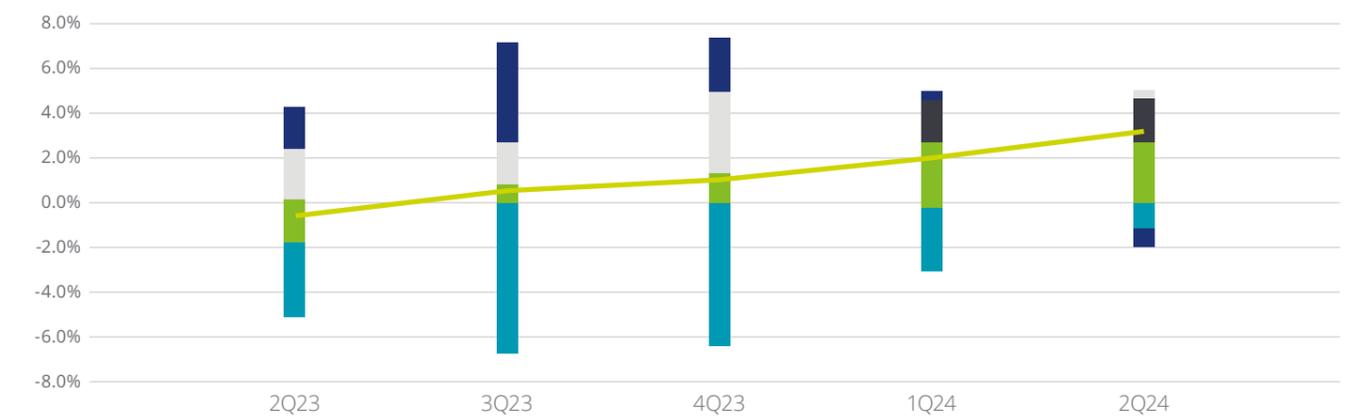
"STRABAG can regard the year that is coming to an end, like 2023, as a very successful one, and this applies to all areas of construction in which we are present. We have achieved a record order backlog for regional road contracts. We also have reason to be satisfied in building construction, including industrial and public utility construction. We have achieved good results despite the complex situation in the construction sector, which has been affected by, among others, the slowdown in railway construction, the halt in major new road tenders and the weakening of demand for private investment. Looking ahead to the coming months and years, we expect the increase of sector inflation with the launch of large public investments such as CPK, nuclear power plants and port infrastructure. At the same time, we see great potential in local government and healthcare infrastructure projects. The data centre sector, where collaboration between technology partners and contractors will be key, is also important to us. We already have the know-how and are implementing projects. In the coming years, we also expect private investors to return to the market and become more active.

Challenges remain - from the state of public finances and the state of local authorities to the lack of centrally coordinated programmes, for example in the field of housing, to issues of contract valorisation, or the unresolved issue of certification and market access, which distorts competitiveness, and here I see the recent ECJ ruling as positive. The future depends on strategic choices that can respond to these needs and ensure the long-term stability of the sector".

**Decomposition of GDP growth 2015-2023 and forecast for 2024 - 2028**



Private consumption, Public spending, Investments, Inventory, Net export, Total GDP growth



Private consumption, Public spending, Investments, Inventory, Net export, Total GDP growth

Source: Statistics Poland

The unemployment rate in Poland was 5.1% at the end of 2023, down by 0.1 percentage points on the previous year. The Statistics Poland's data show that the situation on the labour market in Poland is stable, which is also influenced by the presence of migrants. However, it should be noted that the unemployment rate has been on a downward trend since 2013, mainly due to Poland's continued stable economic growth. The exception was 2020, when the outbreak of the COVID-19 pandemic resulted in higher unemployment. According to estimates by the Ministry of Family and Social Policy, the registered unemployment rate at the end of August 2024 was 5.0%, the same as in the previous month and at the end of August 2023. Due to the intensification of seasonal work during the summer months, unemployment is lower during this period; however, throughout the first half of 2024, the unemployment rate fluctuated between 4.9% and 5.4%. Despite the stable situation on the labour market, the Polish Agency for Enterprise Development (PARP) points out that the market will face difficulties such as a low inflow of new job offers or a decrease in the effectiveness of the intermediation of employment offices in the recruitment process.

The projected registered unemployment rate at the end of 2024 will be 5.1%, a level close to the rate at the end of last year, demonstrating the stability of the Polish labour market. The EIU projections indicate a decline in the level of registered unemployment (4.5%-4.9%) in the following years. In contrast, the NBP projection sees the unemployment rate at 3.1% at the end of the fourth quarter of 2024 (+0.1 p.p. YoY), followed by 3.2% in 2025 and 3.3% in 2026.

Factors contributing to lower inflation in 2023 were weaker consumer demand and the unwinding of cost pressures resulting, among others, from supply shocks in commodity markets. Lower price dynamics indicators were also influenced by the strengthening of the zloty and lower inflation enjoyed by Poland's economic partners, as well as base effects. In 2023, inflation peaked in February (18.4% YoY), after which it started a gradual decline and stood at 6.2% at the end of the year. The average annual inflation rate in 2023 was 11.4%, 3.0 p.p. lower than in the previous year. This level is well above the inflation target set by monetary policy (2.5% ± 1 p.p.).

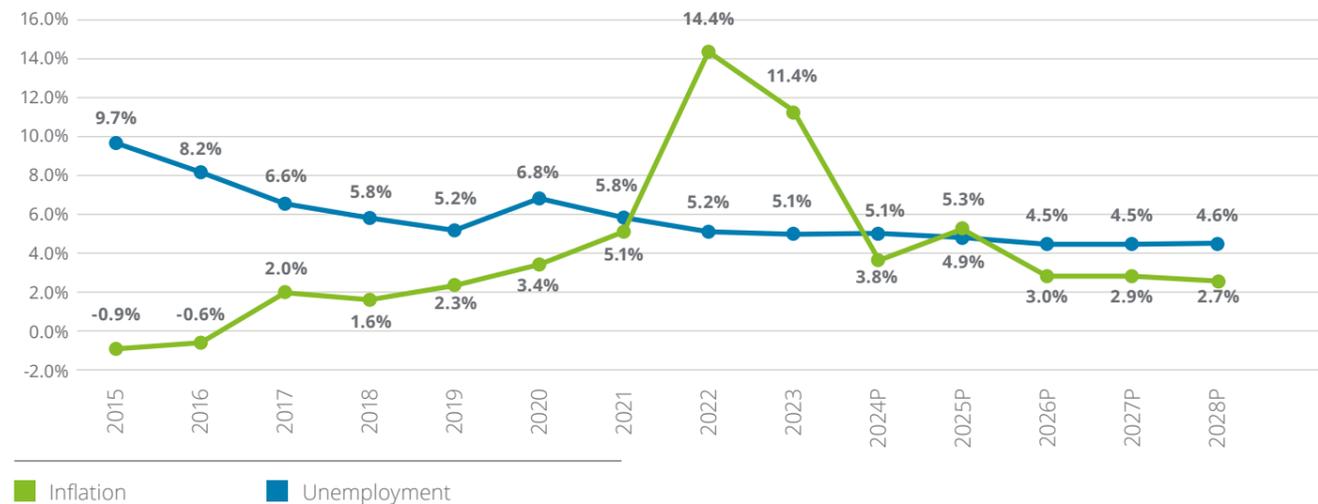
In December 2023, prices for services (8.2% YoY) grew faster than prices for goods

(5.5% YoY). The highest price dynamics were observed in the category 'education' (+10.3%). The second highest increase was seen in the category 'hotels and restaurants' (+9.9%). The category 'housing' rose by 8.4%, while the category 'food' increased by 5.5%.

In the first half of 2024, price dynamics were significantly lower than in the previous year. In March, inflation stood at 2.0% year-on-year, the lowest level in five years (1.7% in March 2019). In the following months, inflation increased and in June it exceeded the inflation target (2.6%). Due to the expiry of the anti-inflation shields and the adoption of the law on temporary price caps for electricity, natural gas and system heat for the second half of 2024, inflation is expected to rise to 5% during this period.

According to preliminary data from the Statistics Poland (GUS), inflation in September 2024 was 4.9% year-on-year, exceeding the inflation target and the fluctuation corridor set by the National Bank of Poland. According to EIU forecasts, the average annual inflation level this year should be 3.8%, could rise to 5.3% in 2025 and fall to 2.8% by 2028. NBP projections show inflation at 3.7% in 2024, 5.2% in 2025 and 2.7% in 2026.

Unemployment and inflation rates from 2015-2023 and their forecast for 2024-2028



Source: Statistics Poland; EIU

**Public debt**

The public debt in nominal terms increased by PLN 118.6 billion to PLN 1,328.1 billion, equivalent to 38.9% of GDP (down by 0.4 p.p. YoY).

The dominant share in the structure of the public debt in 2023 was held by the State Treasury debt of PLN 1 346.2 billion. The value exceeds the public debt as it takes into account, in accordance with the financial plan of the Solidarity Fund, the liabilities of that fund within the public finance sector, which do not affect the public debt due to the elimination of mutual liabilities of entities belonging to the sector.

The increase in the State Treasury debt was influenced, among others, by the financing of the state budget's borrowing needs with the state budget deficit (PLN 137.6 billion) and the transfer of bonds based on laws other than the Public Finance Act (PLN 21.6 billion). The change in debt on an annual basis was also influenced,

among others, by the balance of funds in budgetary accounts (PLN -17.7 billion), exchange rate differences resulting from the strengthening of the zloty against other currencies (PLN -24.5 billion), as well as changes in other State Treasury debt (PLN -14.8 billion).

At the end of June 2024, the public debt, according to preliminary estimates, amounted to PLN 1,456.3 billion, an increase of PLN 128.3 billion (+9.7%) compared to the end of 2023.

The EU methodology uses the category of general government debt, according to which Poland's debt at the end of 2023 was PLN 1,691.2 billion, representing 49.6% of GDP (compared to PLN 1,512.8 billion and 49.2% of GDP at the end of 2022).

General government debt at the end of the second quarter of 2024 amounted to PLN 1,824.5 billion, an increase of PLN 133.3 billion (+7.9%) compared with the end of 2023.

The difference between public debt and general government debt is due, among others, to the inclusion of the COVID-19 Countermeasures Fund, the Assistance Fund and the Armed Forces Support Fund in the latter.

**Public debt as a % of GDP**

Poland's public debt is managed by the Ministry of Finance, which, as part of its duties, has developed and follows the guidelines set out in the "Public Finance Sector Debt Management Strategy 2025-2028" of September 2024.

Pursuant to Article 74 of the Public Finance Act of 27 August 2009, the Minister of Finance supervises the public finance sector with regard to compliance with the principle that public debt may not exceed 60% of annual GDP.

Public debt as % of GDP 2014-2023 and forecast for 2024-2027



Source: Ministry of Finance

### 2.3. EU funds

EU funding is an important instrument for supporting the development of the construction industry, particularly road and rail infrastructure.

In the current EU perspective for 2021-2027, Poland will again be the largest beneficiary of EU funds. According to the budget plans, a total of EUR 76.5 billion has been earmarked for Poland under the Cohesion Policy. The largest share of EU funds will be allocated to the European Fund for

Infrastructure, Climate and Environment programme (EUR 24.4 billion), which will support areas such as Poland's energy security, the development of renewable energy sources, environmental protection and safe and environmentally friendly transport. Poland will invest a significant part of the funds from this programme in transport infrastructure (roads and railways), which will have a positive impact on the construction sector.

Another major EU-funded development programme is the European Fund for a Modern Economy, which is dedicated to research and development projects. Around EUR 8.0 billion has been earmarked for this programme.

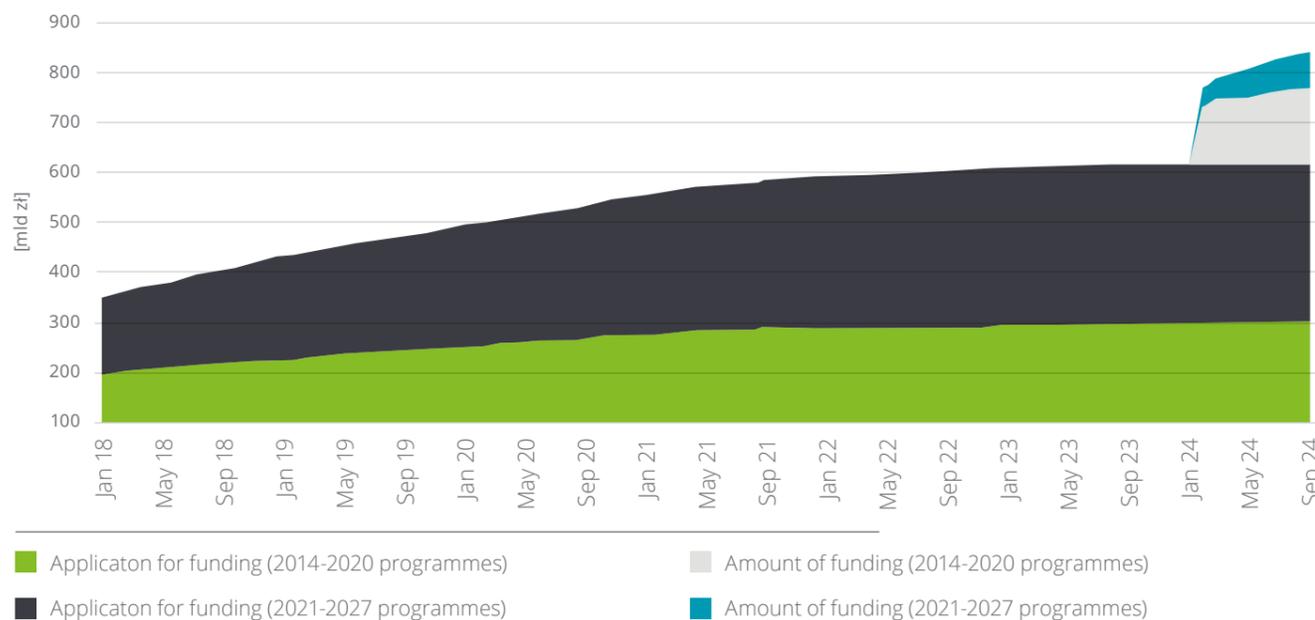
The third largest programme is the European Fund for Social Development (EUR 4.0 billion), which includes support for higher education.

#### The state of EU fund implementation in Poland. Comparison of the situation at the end of 2021-2023 and September 2024\*

	Qty (pcs.)				Value (PLN billion)			
	Dec 2021	Dec 2022	Dec 2023	Sep 2024	Dec 2021	Dec 2022	Dec 2023	Sep 2024
<b>Applications for fundings</b>	192 295	198 471	200 479	240 156	554,7	575,6	583,1	833,7
<b>Agreements</b>	97 046	101 972	103 281	110 754	336,3	349,1	355,0	431,6
<b>Share of beneficiaries</b>	50,5%	51,4%	51,5%	46,1%	60,6%	60,6%	60,9%	51,8%

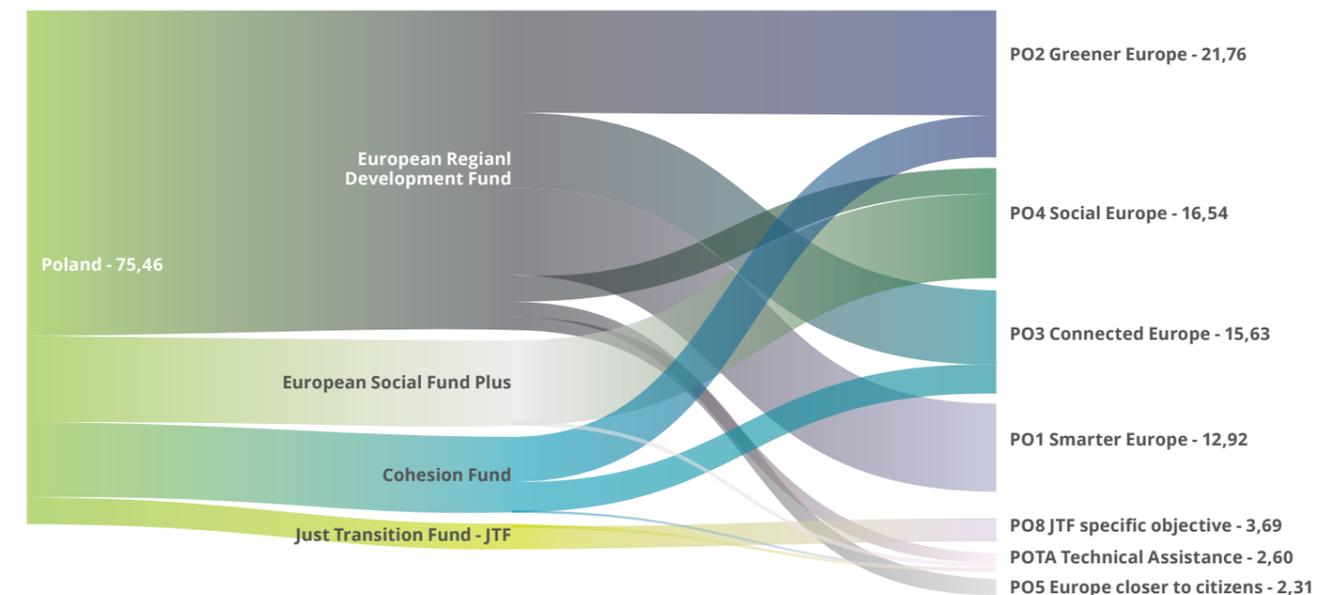
Source: Ministry of Investment and Development

#### Project funding agreements for the EU part of the funding amount



Source: Ministry of Investment and Development

#### Planned funding for Poland under the Cohesion Policy for the 2021-2027 period, broken down by individual funds [billion euros]



PO - Policy Objectives - 5 cohesion policy goals for ERDF, ESF+, and CF  
Source: European Commission

An important part of the support will be the Reconstruction Fund, which will help member countries to return to pre-crisis growth, with EUR 390 billion in grants and EUR 360 billion in loans, bringing the total to EUR 750 billion.

According to the revised plan, Poland may receive EUR 25.3 billion in grants and EUR 34.5 billion in loans from the Reconstruction and Resilience Fund. Most of the funds are to be earmarked for climate objectives (46.6%), as well as digital transformation (21.3%). By the end of September 2024, Poland has received PLN 27.0 billion under this fund.

The basis for benefiting from the funds is the National Recovery and Resilience Plan (NERP), consisting of a of 57 investments

and 54 reforms, following the revision approved on 1 July 2024 by the European Commission.

The basis for receiving the funds is the National Economic Recovery and Resilience Plan [Krajowy Plan Odbudowy i Zwiększania Odporności - KPO], which consists of 57 investments and 54 reforms, following the revision approved by the European Commission on 1 July 2024.

#### EU funds allocated to the Polish construction industry

The European Union's financial perspective for 2021-2027 is a key time for the implementation of cohesion policy, green transformation, digitalisation and support for regional development. The European

Union has allocated significant funds for various areas that can be used by member states, including Poland. Here is a detailed breakdown of EU funding for 2021-2027, including funds available to Poland and sectors, including construction.

During 2021-2027 perspective, Poland can expect to receive around EUR 76 billion under the Cohesion Policy and additional funding from central EU programmes. A significant part of these funds is earmarked for investment in infrastructure, energy and the transformation of coal regions, which creates significant opportunities for the construction sector, especially in terms of infrastructure projects, building modernisation and sustainable construction.

Overview of EU funds for 2021-2027, including funds available for Poland and sectors

	Cohesion Fund	European Regional Development Fund (ERDF)	(Just Transition Fund - JTF)	Social Fund Plus (ESF+)	InvestEU Programme	Horizon Europe	LIFE Programme
<b>Total</b>	€42.6 billion	€226 billion	€17.5 billion	€87.9 billion	€26.2 billion	€95.5 billion	€5.4 billion
<b>Amount for Poland</b>	€11.3 billion	€47.4 billion	€3.9 billion	€12.9 billion	-	-	-
<b>Areas of support</b>	Transport, infrastructure, environment (including green energy and water and wastewater management), as well as improving transport links.	Economic development, innovation, infrastructure, digitalisation, energy transition, investment in small and medium-sized enterprises (SMEs), research.	Helping regions and workers most affected by the transition to a low-carbon economy (e.g. energy transition, coal phase-out).	Promoting employment, social inclusion, education, combating poverty and social exclusion.	Investments in sustainable development, innovation, digital transformation, social investment, supporting the private sector, including SMEs.	Research, innovation, technologies, including sustainable development, climate change, digitalisation.	Environmental protection, climate action, sustainable development.
<b>Construction</b>	Construction projects in the field of transport (roads, railways) and water and sewage infrastructure.	Infrastructure investments in the construction and modernization of roads, industrial facilities, technology centers and sustainable construction projects.	Construction of infrastructure related to renewable energy and transformation of post-mining areas, revitalization of cities.	Financing infrastructure projects, such as the construction of schools, training centres or public facilities.	Supporting infrastructure investments, modernization of buildings for energy efficiency, renewable energy projects.	Innovative construction projects, such as technologies related to smart cities, sustainable construction, energy efficiency.	Projects in the field of ecological construction, renewable energy sources, circular economy.

Source: Deloitte

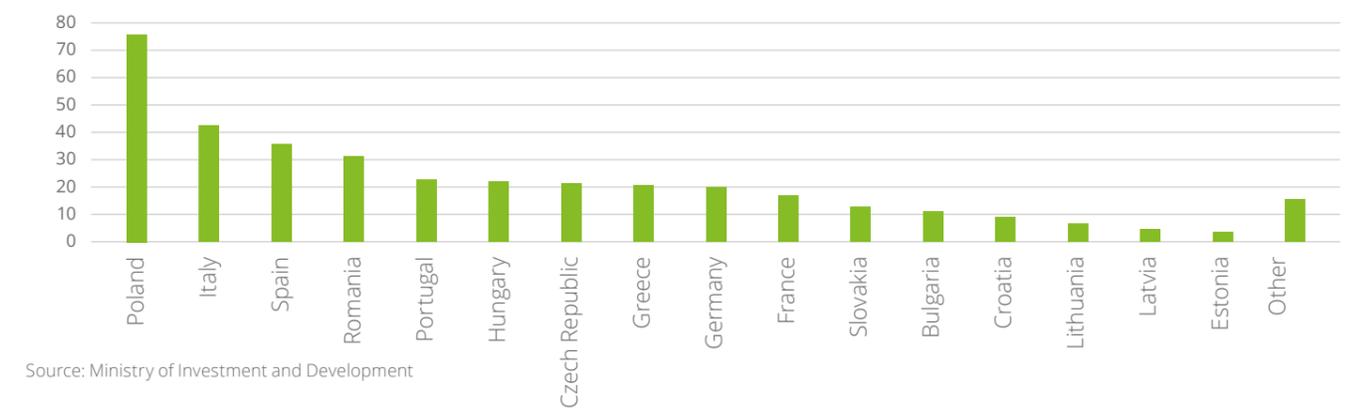
Cohesion policy objectives

Between 2021 and 2027, cohesion policy has five objectives for the EFRR, ESF+ and the Cohesion Fund:

- Objective 1 - a more competitive and smarter Europe - innovative and smart economic transformation;
- Objective 2 - a greener, low carbon transitioning towards a net zero carbon economy;
- Objective 3 - a more connected Europe by enhancing mobility;
- Objective 4 - a more social and inclusive Europe - implementing the European pillar of social rights;
- Objective 5 - Europe closer to citizens by fostering the sustainable and integrated development of all types of territories

The development of the construction sector in Poland may be influenced in particular by the implementation of two of the above objectives. Objective 3 covers the development of a sustainable, safe and intermodal TEN-T (Trans-European Transport Network) and the development and strengthening of national, regional and local transport, including the construction and modernisation of, among others, roads and railways. Objective 5 supports social, economic and environmental development, sustainable tourism and safety in urban and rural areas.

Budget for the allocation of European funds for the Cohesion Fund under the 2021-2027 perspective (current prices) [EUR billion].



Source: Ministry of Investment and Development

2.4. Public-private partnerships

A public-private partnership (PPP) is a cooperation between public authorities and private companies in which both parties aim to achieve greater investment efficiency in infrastructure projects or other projects with public objectives. The benefits for the public party are mainly the diversification of risks associated with the process of implementation and management of the investment and the use of the experience of professional entities. Private investors can obtain a long-term contract within the framework of such cooperation, which allows them to achieve a stable income stream, while having the option of terminating the cooperation after the contract period.

A private entity involved in a PPP project is mainly remunerated through availability fees paid by the public partner from the budget. This allows the budgetary burden of infrastructure investment to be spread over a number of years. Another type of PPP contract is a concession. In this case, the private entity is remunerated through fees paid by the users of the infrastructure. The final form of fee in the PPP format is the availability fee, which transfers the demand risk and therefore the long-term

business risk to the public party. Currently, the vast majority of PPP contracts are in the concession mode (77%). The remaining 23% of active PPP contracts are based on public procurement law.

Ten new contracts were signed in Poland in the first half of 2024, compared with two in the same period of 2023. The contract with the highest value concluded in the PPP mode in the first half of this year was for the design, construction and operation of the Sports and Recreation Centre in Olechów-Janów (PLN 111.2 million). Another PPP contract involves an investment in energy efficiency. In addition, 8 concession contracts were concluded for services in the fields of telecommunications, water and wastewater, waste management, sports and tourism.

In 2023, 21 new proceedings were initiated, an increase of three proceedings compared to 2022. In the first half of 2024, 12 proceedings were opened. At the end of June this year, the most frequently implemented projects were in the energy efficiency and water and waste management, with 30 PPP contracts in each case. The next two groups are transport

infrastructure and sports and tourism (26 each). Transport infrastructure remains the dominant sector in terms of project value (27% of the value of PPP contracts concluded in Poland).

During the implementation of the PPP programme, by the end of the first half of 2024, a total of 676 PPP proceedings had been initiated, of which 193 contracts had been concluded (completed and ongoing). Since the start of the programme, an average of 12 new contracts have been concluded each year. On 26 July 2017, a resolution of the Council of Ministers was passed on the adoption of the document "Government Policy for the Development of Public-Private Partnerships", which was the first government document of a strategic nature related to the implementation of public projects in the public-private partnership formula. Its main objective was to "increase the volume and efficiency of investment in the PPP formula, with the assumption that the choice of this formula for the performance of public tasks and services should lead to the maximum economic and social benefits".

On 25 September 2023, the "Government Policy for the Development of Public-Private Partnerships until 2030" (PPP Policy 2030) was adopted by a resolution of the Council of Ministers, replacing the document adopted in 2017. The main strategic objective of the PPP Policy 2030 is "to promote the PPP formula for ensuring the efficiency, quality and sustainability of public investments, assuming the long-term maximisation of socio-economic benefits".

Since the introduction of the possibility of cooperation in the PPP formula until 2017, the ratio of signed PPP contracts to initiated procedures was over 23%. Looking at the period from 2017 to the end of the second quarter of 2024, the efficiency of PPP proceedings measured in the same way is at the level of 42%, which is an increase of 3 p.p. in relation to the period 2017-1H 2023.

The PPP cooperation formula acts as a shock absorber for public institutions in relation to investments financed from the state budget and EU funds. After the period of the collapse of the PPP market and the decrease in the number and value of concluded contracts, the unfavourable trend of the previous years is currently being reversed and the domestic PPP market is being revived.

When considering the involvement of public entities in the PPP form, municipalities [gmina] most often opt for cooperation. The procedures for selecting a private partner were most frequently initiated by urban municipalities (32%), rural municipalities (20%) and urban-rural municipalities (15%).

In terms of signed contracts that have entered the implementation phase 57 contracts were signed by rural municipalities, 56 contracts by urban municipalities and 27 contracts by urban-rural municipalities, 11 contracts by marshals' offices [urząd marszałkowski], 10 contracts by budgetary units, 9 contracts by municipal companies and 8 contracts by the state administration. The remaining 15 contracts were signed by entities such as starostwo powiatowe, health care units, universities, associations of municipalities, local cultural institutions and other entities.

The increase in market activity is confirmed by statistics for the current year - a total of 10 contracts were concluded between January and June 2024, which means a higher volume of transactions compared to the whole of 2023 (8 contracts). Contracts worth more than PLN 1 million concluded in the first half of 2024 include:

- Design, construction and operation of the Sports and Leisure Centre at Olechów-Janów (PLN 111.2 million, Łódzkie region);
- Selection of a company to provide collective sewage disposal services in the Banie municipality and operation of collective sewage disposal facilities and equipment (PLN 18.5 million, Zachodniopomorskie region);
- Development of the Bulwar Filadelfijski with a view to developing tourist and recreational infrastructure to serve river-based tourism (PLN 7.7 million,

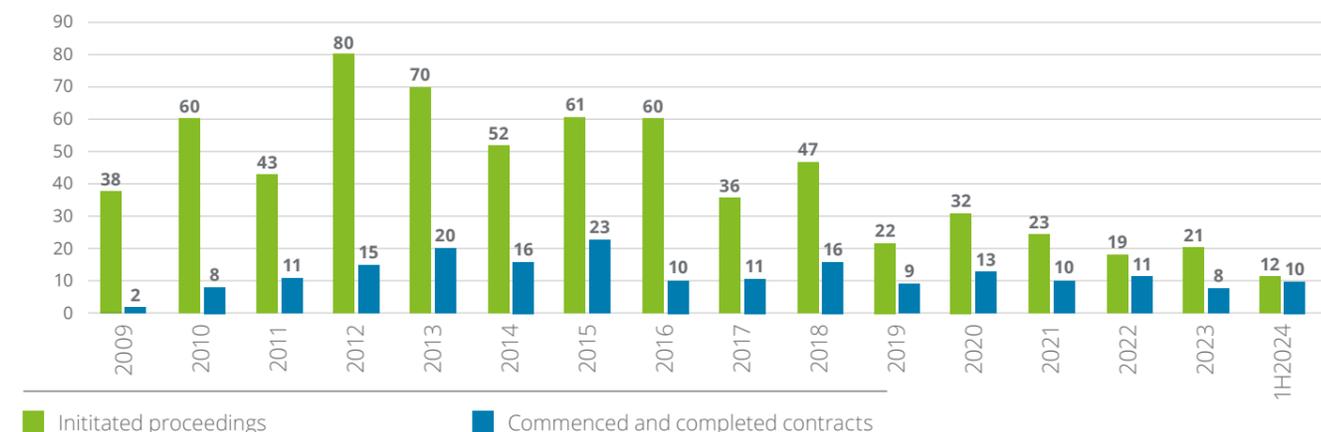
- Kujawsko-Pomorskie region);
- Comprehensive energy efficiency improvement in the Krzywda municipality (PLN 5.4 million, Lubuskie region);
- Management, maintenance and operation of networks, structures, water and sewage facilities and district heating in Bisztynek (PLN 4.0 million, Warmińsko-Mazurskie region);
- Services to acquire, manage and convert biogas into useful forms of electricity, in Sobuczyn (PLN 3.3 million, Śląskie region, contract concluded on 22 April this year).
- Collective water supply services in the Tuchomie municipality for the period from 1 July 2024 to 30 June 2027 (PLN 1.5 million, Pomorskie region).

**List of proceedings of projects in the form of PPP with expenditures exceeding PLN 300 million as of 30 June 2024**

Project	Location	Proceedings commencement date	Status	Net value of capital expenditure or services [PLN million].
Construction of Outer Port in the Port of Gdynia	Gdynia	2020-11-05	Negotiations	4 382,0
New Port 2030+	Gdańsk	2023-09-06	Negotiations	1 204,0
New development of Plac Społeczny in Wrocław	Wrocław	2022-02-02	Selection of advisors	674,4
Modernisation, extension and development of the Polonia Centre at ul. Konwiktorska 6 in Warsaw.	Warszawa	2022-06-15	Negotiations	644,4
Construction and maintenance of state archives in a public-private partnership formula	whole country	2022-02-02	Negotiations	586,2
Development of real estate in the regeneration area in Praga Północ district with the urban part of the Bazar Różycyiego	Warszawa	Q2 2024	Selection of advisors	450,0

Source:Public and Private Partnership Platform, PPP project bases

**PPP proceedings and implementation in 2009-1H2024**



Source: Ministry of Funds and Regional Policy

### 2.5. Employment and remuneration in the construction sector

In the first half of 2024, average employment was 415,200, down by 1.2% compared to the first half of the previous year (420,400 employees).

The average remuneration level in the construction sector in the first half of 2024 was PLN 7,772.05, an increase of 14.0% compared to PLN 6,783.82 at the end of June 2023. The increase was influenced, among other things, by the double increase in the minimum wage (July 2023 and January 2024). There is a shortage of

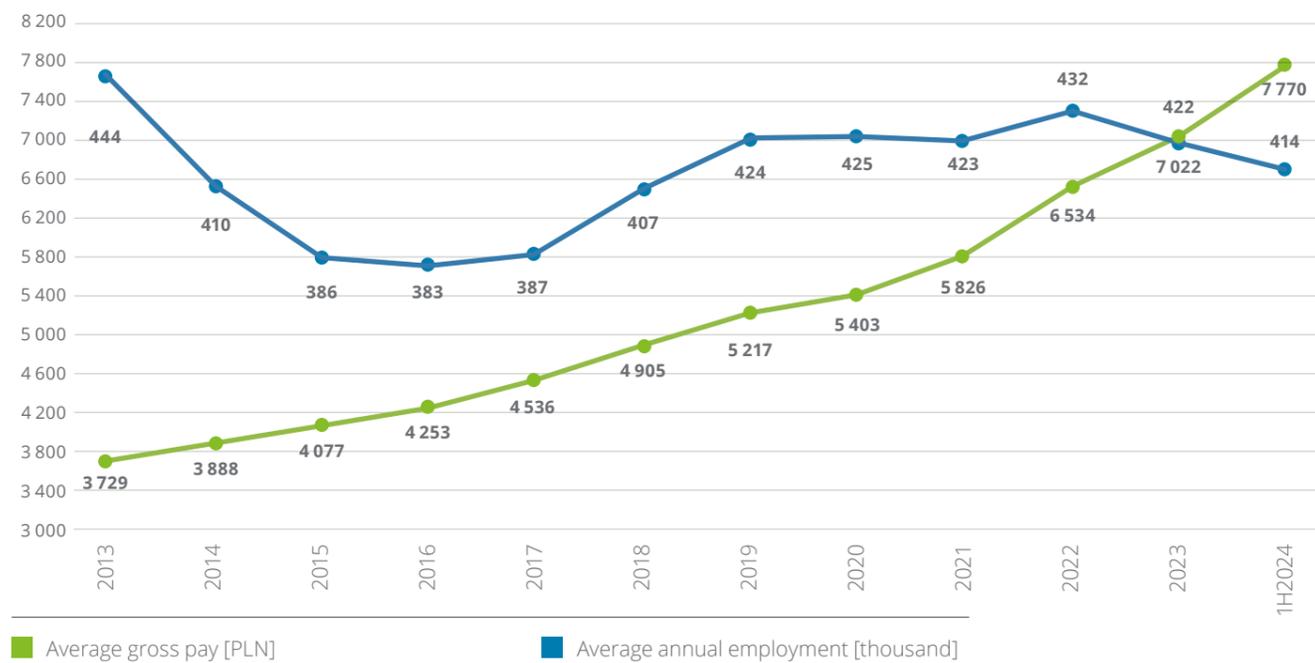
workforce in the construction sector, which has been exacerbated by the outbreak of war in Ukraine. This has also led to high remuneration pressure, which is affecting remuneration dynamics in the construction industry.

The structure of remuneration in the construction sector in the first half of 2024 is the same as in 2023.

The highest average remunerations were received by employees in the construction

of civil engineering structures and facilities, which amounted to PLN 8,581.17, an increase of 11.5% compared to the same period last year. Employees working in specialised construction received an average remuneration of PLN 7,464.85 (+11.0% compared to the same period last year). The highest increase in remunerations was recorded for workers in building construction, which rose by 21.9% to an average remuneration of PLN 7,336.85.

#### Average employment and average gross pay in the construction industry from 2013 to 1H 2024



Source: Statistics Poland - Bank of Local Data Bank Danych Lokalnych

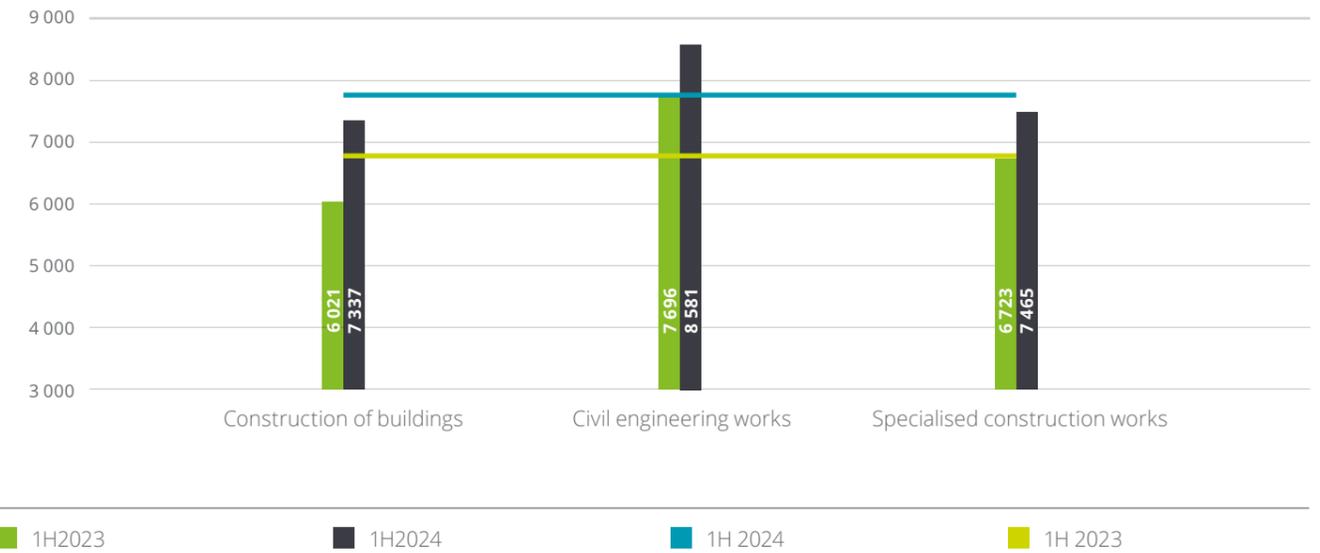
According to the GUS survey, the biggest barrier for companies operating in the construction sector is still the cost of labour, as indicated by 72.8% of respondents in September 2024 (72.9% in September 2023). The cost of materials is also a significant obstacle, cited by half of the respondents, but compared to the results of the survey a year ago, the percentage of entrepreneurs citing this as an obstacle

has decreased by 12.1 p.p., indicating an improvement in the situation regarding the price of raw materials.

On a yearly basis, difficulties caused by too much competition in the market have increased the most (24.4 %, +1.4 p.p.), while difficulties caused by the uncertain general economic situation have decreased the most (41.8 %, -12.6 p.p.). A shortage

of skilled workers was reported by 34.5% of construction firms, 0.5 p.p. more than in September. In addition, 19.1% of respondents cited insufficient demand in the sector as an obstacle, a decrease of 4.4 p.p. These changes indicate that the conditions for doing construction business in Poland have stabilised to some extent, but the market still faces many difficulties.

#### Average gross pay in 1H 2023 - 1H 2024 by construction segment [PLN]



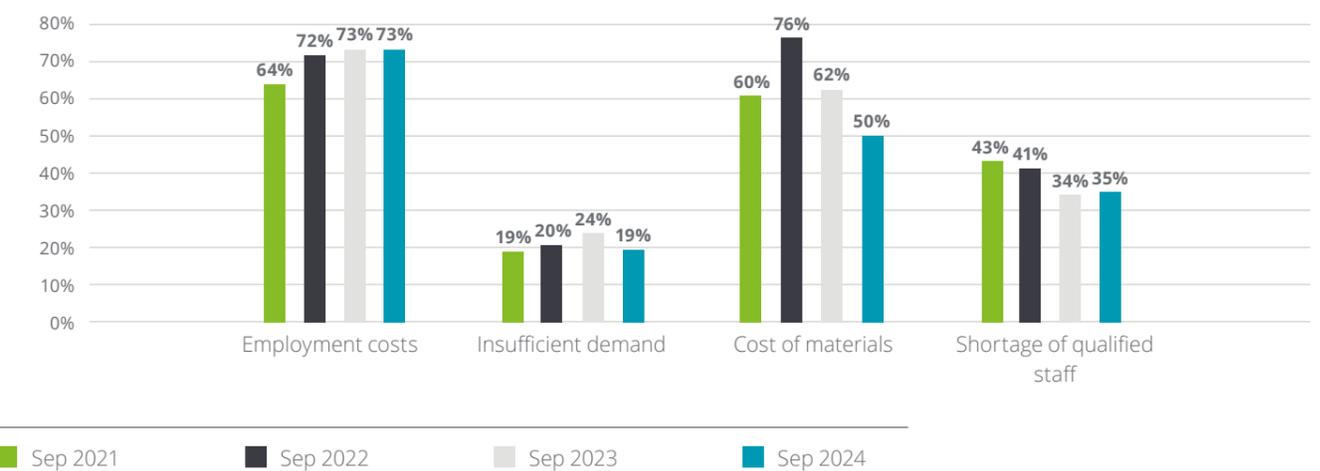
Source: Statistics Poland

In recent years, enterprises in the construction sector have most often reported difficulties related to labour costs, including the hiring of workers from abroad. The current reduction in the scale of the

inflow of foreigners, largely linked to the outbreak of war in Ukraine in 2022, is leading to increased wage pressure. The construction sector, which is currently in a downturn, is not strongly affected

by the labour shortage, but the infrastructure investments planned for 2025-2026 could significantly increase labour costs and pose a challenge for construction companies.

#### Barriers to doing business for construction companies



Source: Statistics Poland

**2.6. Bankruptcies in the construction industry**

Polish businesses faced many challenges in 2023. A total of 4,701 bankruptcy and restructuring proceedings were conducted during the year, an increase of as much as 70% on the previous year (2,752 proceedings in 2022).

Almost a third of the insolvent firms were in the services sector, with 1 401 proceedings (+69%). The second most insolvent sector was trade, with 1 023 proceedings (+80%).

The highest increase in the number of insolvent companies was recorded in construction (+128%). Among construction companies, there were 638 insolvency and restructuring proceedings in 2023, almost as many as in 2020-2022 (622). It should be noted that the significant increase compared to previous years was also influenced by changes in bankruptcy law.

Among construction companies, 496 proceedings were pending in the first half of 2024, an increase of 50% compared to the previous year. At the same time, the total number of pending proceedings was 3,181, an increase of 26% year-on-year. This means that the growth rate of insolvencies

among construction companies is almost double that of Polish companies in total.

The increasing number of insolvencies in the construction sector means that small companies, which are the most vulnerable to adverse market conditions, are facing the most difficult situation. According to the MGBI report, the largest proportion of construction companies that will file for bankruptcy in 2023 will be those that have been in business for more than 20 years.

The sharp increase in the number of ongoing restructuring and insolvency proceedings in the construction industry in 2023 and the continuation of the trend in the first half of 2024 are directly correlated with rising labour costs, high material prices, low investment demand leading to increased competition in the market and a shortage of labour.

In the following quarters, the recovery in the private sector could be linked to a reduction in interest rates and a general improvement in the macroeconomic situation. On the other hand, the public segment is expected to recover between 2025 and 2026 with the expected development of numerous infrastructure investments.

**2.7. Threats to the construction sector**

The construction market faced a number of challenges in 2022-2023, such as general economic uncertainty, a persistently high inflation environment and cost pressures, mainly due to the sharp price increase in 2022, as well as weak investment demand. For the sector, 2024 will continue to be a period of risk factors. These will affect all segments of the construction industry. After eight months of this year, construction output is down by more than 6.0% compared to the same period in 2023.

**Gap in investment projects.**

From the end of 2023, the infrastructure sector, in particular, is experiencing a slowdown in the launch of new tenders due to the revision of programmes led by the new government, creating uncertainty among construction companies about the continuity of investment. As a result, the market is witnessing increased competition between companies to secure order books, which is having a negative impact on the profitability of current contracts and thus on the quality of contractors' order books. A recovery in construction investment is expected in 2025, with the market peaking between 2026 and 2028.

**Delaying the transfer of EU funds to Poland.**

Major infrastructure programmes in Poland are primarily financed by public funds, including EU funds. Last year, disbursements from the National Reconstruction Plan (KPO) were halted due to the Polish government's failure to meet milestones agreed with the European Commission. Following the change of government, EU funds are disbursed with delay. The lack of funds is reflected in the observed stagnation of tenders, changes to the original investment plans and the creation of an investment gap. In addition, EU funds have to be disbursed within a specific timeframe, which creates a risk of accumulation of numerous investment tasks in different segments of the construction sector in a relatively short period of time.

**Labour shortages.**

The construction sector is facing a shortage of skilled labour, which is driving the recruitment of foreign workers. For many years, the construction industry was a major employer of workers from Ukraine. Due to the ongoing armed conflict in their country, the number of workers from Ukraine has fallen by 246,100 to 126,900 in 2022. To fill the gap, construction companies are recruiting workers from other regions, such as Central and South Asia, and Southeast Asia. The shortage of labour in the construction industry will be felt particularly when the private investment market improves, and large infrastructure investments begin. It is estimated that such a situation will happen in 2026, when there could be a short supply of up to 200,000 construction workers.

**Continued cost and wage pressures.**

With inflation falling, the rate of year-on-year price increases in 2024 has slowed compared with the levels in 2022-2023. However, the high price base of 2022 shapes the current high level of material costs. At the same time, high financing costs, mainly due to high interest rates, contribute to a reduction in the ability of borrowers to service their financial

obligations, which affects the health of the residential construction segment. One of the most significant costs is wages, which are well above the national average in the construction industry. The growth rate of remunerations in the sector exceeds that of the general economy. A worrying sign is the record number of insolvencies in the construction sector in 2023. In the first half of 2024, 496 construction companies were insolvent, accounting for 77.7% of the insolvencies in the whole of 2023, reflecting the difficult situation in the Polish construction market.

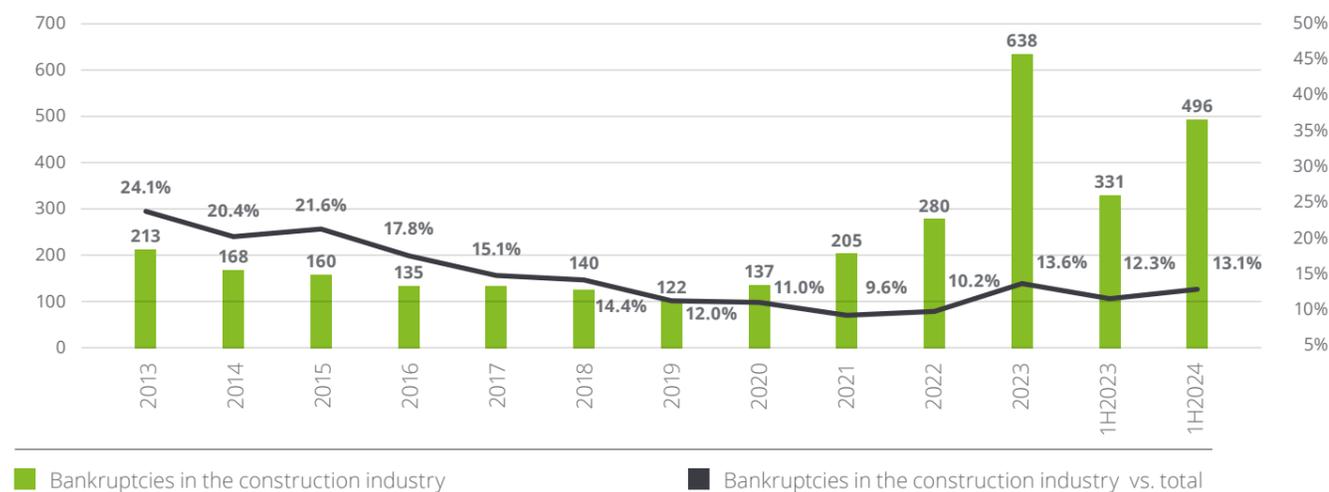
**Failure to protect the competitiveness of local entities.**

Nowadays, it is a common practice in public tenders to select contractors based on three criteria: price, time of completion of a contract and warranty period, with price being the decisive criterion in the selection of a contractor. The issue of market protection is often overlooked due to the significant size of construction investments, especially in recent years. The PZPB draws attention to the key aspects that should guide Polish decision-makers, i.e. the protection of strategic investments, the creation of a stable market, the protection of Polish construction firms, the building of partnerships, the maintenance of standards and best practices, and equal competition in the public procurement market.

**Sustainability trends.**

With new European regulations and initiatives in the field of green building, companies (including those in the construction sector) will be required to implement additional reporting standards (ESG). Due to the time-consuming and capital-intensive nature of implementing, among others, advanced technologies, internal procedures to reduce carbon footprints or the use of biodegradable materials, the cost of implementing ESG-compliant investments will increase. At the same time, the growing popularity of sustainable construction may increase competition in the sector, leading to the exclusion from the market of companies that do not comply with current trends and standards.

**Bankruptcies of construction contractors in 2013 - H1 2024 [number of companies]**



Source: Coface

**2.8. Development prospects of specific construction segments in Poland**

**2.8.1. Road construction**

The General Directorate for National Roads and Motorways (GDDKiA), established within the Ministry of Infrastructure to manage national roads, motorways and expressways, is responsible for managing road investment in Poland. The GDDKiA therefore executes its investments in accordance with the planning assumptions laid down in the state budget. In order to realise investments in the field of road construction in Poland, the Ministry of Infrastructure has developed a programme regulating the directions of development of the national road network.

On 13 December 2002, the Council of Ministers adopted a new road programme, i.e. the Governmental Programme for the Construction of National Roads until 2030 (extendable to 2033) - "RPBDK2030", which contains a list of investments in national roads and defines the objectives of transport policy with regard to the construction of the TEN-T road network in Poland and complementary road links. The aim of the programme is to create a coherent network of national roads, ensuring the efficient operation of road passenger and freight transport and improving road capacity. According to the programme adopted in December 2022, the amount earmarked for investment was PLN 294.4 billion. The financial limit included new tasks worth about PLN 187 billion, tasks continued from the previous National Roads Construction Programme 2014-2023 (extendable to 2025) worth PLN 104.5 billion and a reserve of PLN 3 billion.

In 2023, the RPBDK2030 was amended twice. On 5 September, the resolution included an additional investment related to the construction of the S8 expressway between Knyszyn and Raczki, which together increased the financial limit to PLN 299.5 billion. On 30 October, the resolution establishing the RPBDK2030 programme was again amended, increasing the programme's financial ceiling to PLN 302.1 billion. The amount for the implementation of new tasks was increased to PLN 192 billion and the contingency reserve

(including contract valorisation) to PLN 5.6 billion. The renewed increase in the value of RPBDK2030 is related to the valorisation of GDDKiA contracts concluded before the war in Ukraine. The programme budget provides for expenditure of PLN 225.2 billion until 2030 and PLN 76.8 billion after 2030.

The investments covered by the RPBDK2030 are mainly financed by the National Road Fund. The Fund's main sources of funding include revenues from the fuel surcharge, electronic tolling (the so-called eToll) and EU funds determined under the 2021-2027 perspective.

Another ongoing government programme is the 100 Ring Roads Construction Programme for 2020-2030 (PB100), adopted in 2021, under which the Ministry of Infrastructure has planned the implementation of 100 tasks with a total length of more than 820 km. The main objectives of the programme are to improve road safety and increase the capacity of the road network. The cost of implementing the programme is estimated at over PLN 28 billion.

The planned investments will be financed by the National Road Fund. According to the General Directorate for National Roads and Motorways (GDDKiA), as of September 2024, 21 tasks with a length of 167.1 km are currently ongoing under the programme, while 67 other investments with an estimated length of 644.7 km are in the preparation phase.

The Ministry of Infrastructure has also developed the Programme for Strengthening the National Road Network to 2030, adopted by the Council of Ministers in October 2022, which is the first medium-term document on the comprehensive maintenance of the national road network. The amount earmarked for the implementation of the tasks covered by the programme is PLN 58.3 billion.

In September 2024, the GDDKiA managed a network of motorways with a total length of 5,173.4 km (an increase of 1.1% compared to the end of 2023), including 1,864.8 km of motorways and 3,308.6 km of expressways.

The GDDKiA ended the year 2023 with 103 tasks in progress, with a total length of 1,298.6 km, thanks to which more than 266.5 km of new roads were put into service in the same year.

Among the largest investments completed in 2023 was the provision of:

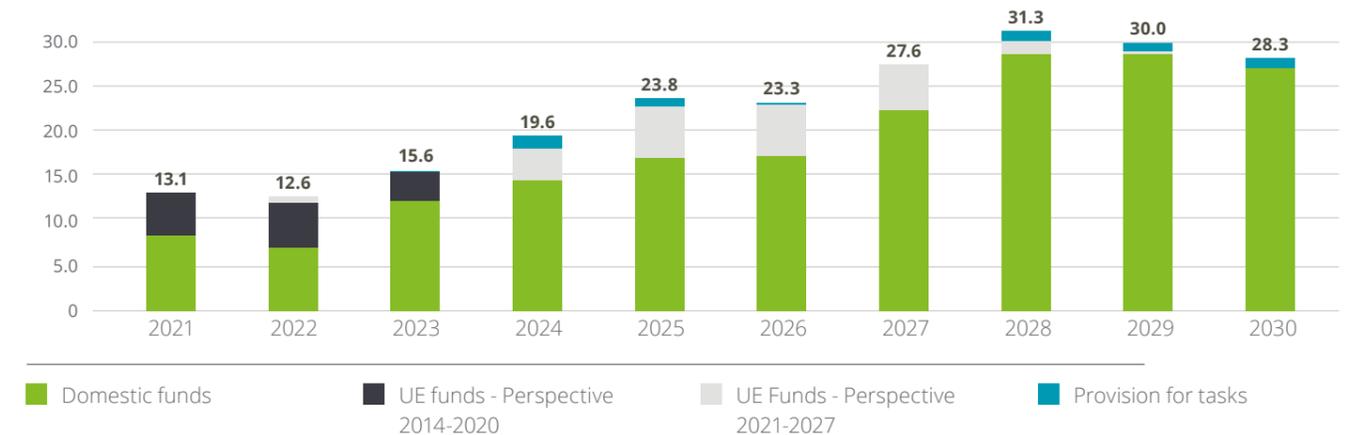
- 24.8 km of the S11 route: Olesno ring road;
- 22.9 km of the S61 route: Elk Południe - Kalinowo;
- 21.5 km of the A18 route: boundary of the Lubuskie and Dolnośląskie regions - Golnice;
- 19.5 km of the S61 route: Podborze - Śniadowo;
- 19.3 km of the S11 route: Zegrze Pomorskie - Klanino;
- 18.7 km of the S7 route: Moczydło - Miechów;
- 16.9 km of the S11 route: Koszalin Zachód - Zegrze Pomorskie;
- 16.2 km of the A18 route: Iłowa - border of the Lubuskie and Dolnośląskie regions;
- 15.3 km of the S3 route: Kamienna Góra Północ - Lubawka.

In 2023, the General Directorate for National Roads and Motorways announced tenders for the implementation of 42 sections with a length of 530.6 km and signed 16 contracts for tasks with a total length of 216 km and a value of PLN 8.6 billion.

Technical data on the condition of the road surface, contained in a report produced annually by the General Directorate for National Roads and Motorways, are used to determine the level of funding required to carry out repairs to the road network.

According to the report on the technical condition of the surface of the national road network at the end of 2023, the technical condition of the surface of roads managed by the General Directorate for National Roads and Motorways (GDDKiA) was defined as poor for 3,430.7 km of road length in Poland, which means that 15.0% of the total road length was classified in this category (an increase of 0.3p.p. compared to the previous year).

**Funding for national roads under RPBDK2030 in 2021-2030 (PLN billion)**

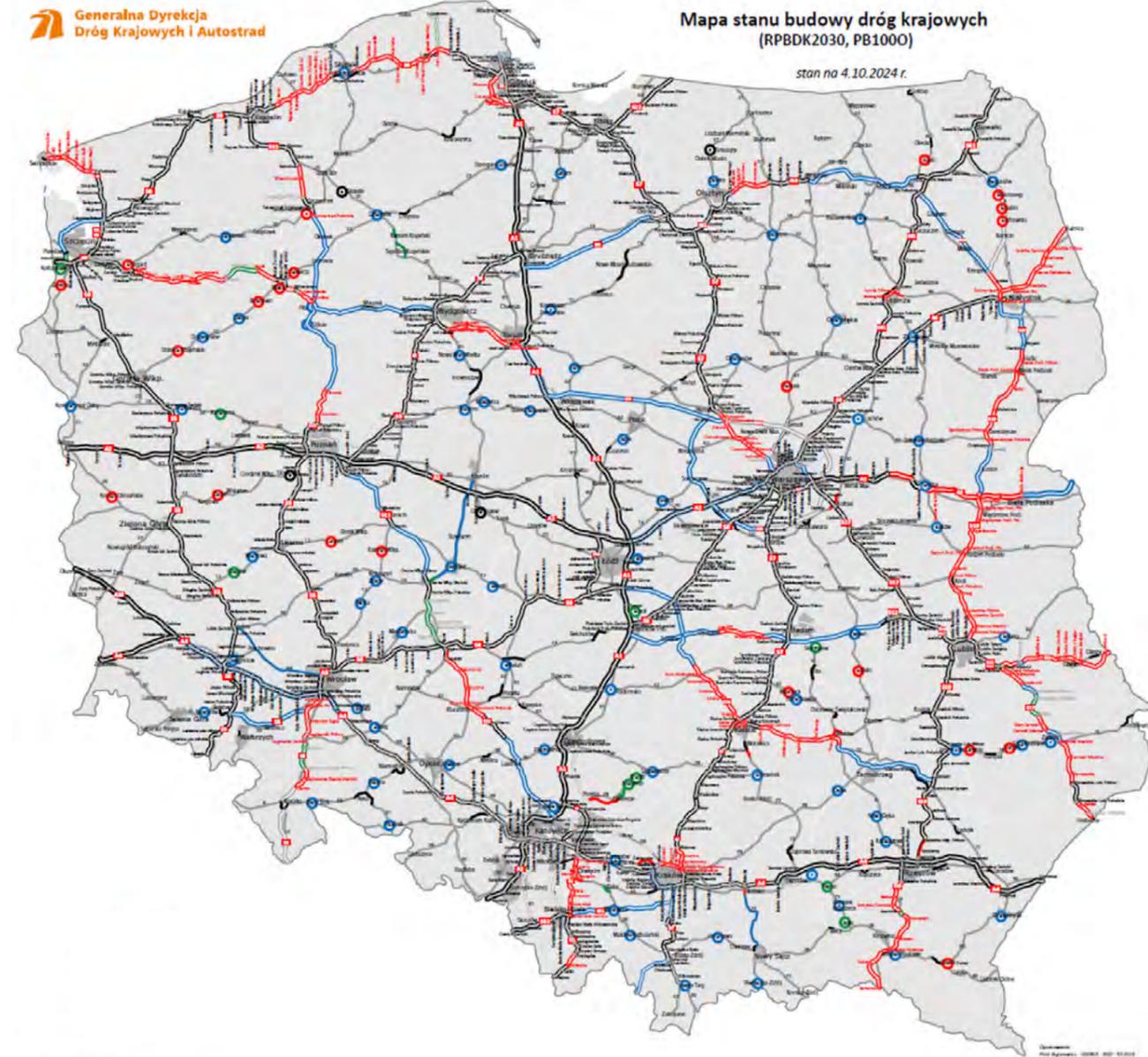


Source: Ministry of Infrastructure



ADAMIETZ: Construction of a part of the town square including a service building with catering facilities for PKL Gubałowska

Status of national road construction as at 04 Oct 2024



■ existing     ■ under tendering process     — existing national roads  
■ under construction     ■ under preparation

Source: GDDKiA

Surface condition

One of the elementary problems of road infrastructure in Poland for both road managers at the national level (GDDKiA) and local level (municipalities, districts) has been the technical condition of roads for years. At the national level, the technical condition of national road surfaces is checked during the assessment of each of the 8 parameters, i.e. cracking condition, surface deflection index, deflection curvature index, remaining surface life, rut depth, subgrade evenness, friction coefficient, surface condition, macro-texture. Each of these parameters is qualified by class on a four-level scale.

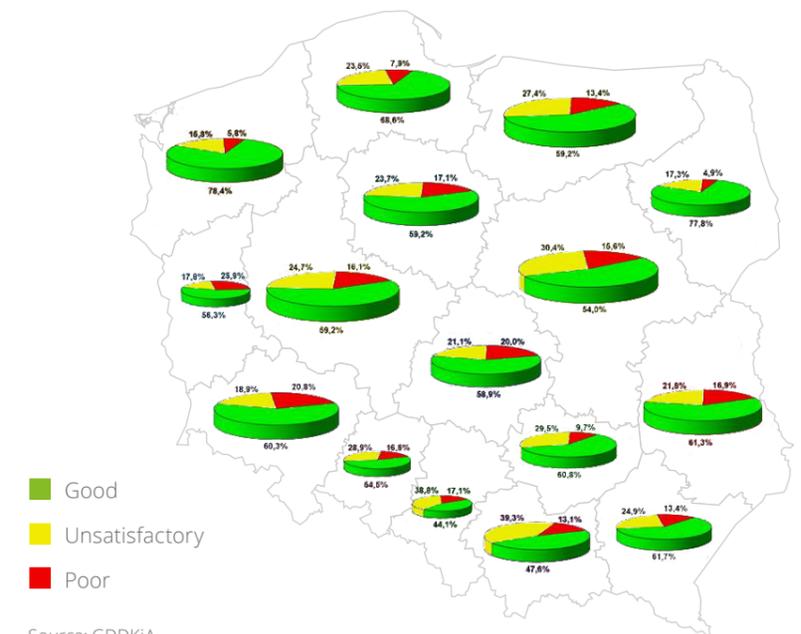
After aggregating the technical condition of all parameters at the end of 2023, 13,495.3 km of roads (58.8%) are classified as desirable or good, a decrease of 0.6 p.p. compared to the previous year. There are 5,764.7 km of roads in unsatisfactory condition (25.1%), 0.4 p.p. more than a year ago, and 3,430.7 km of roads (15.0%) are in critical condition, 0.3 p.p. more than at the end of 2022. Sections under repair accounted for 1.1% of the total (242.2 km), so the technical condition was not broken down by category. The condition of Poland's roads has changed significantly in recent times.

The condition of the national road surfaces in the individual regions varies considerably. In 2023, as in 2022, the regions of Lubuskie, Dolnośląskie and Łódzkie had the greatest immediate need for road surface repairs. On the other hand, as in previous years, the best roads in Poland are found in Podlaskie and Zachodniopomorskie. One of the reasons for the differences in the quality of roads is that the load on the national road network varies greatly from regions to regions.

Surface condition of national roads in individual regions at the end of 2022 and 2023

GDDKiA's branch	Good [%]		Unsatisfactory [%]		Poor [%]	
	2023	2022	2023	2022	2023	2022
Podlaskie	77.8	77.5	17.2	17.1	4.9	5.3
Kujawsko-pomorskie	59.2	61.7	23.6	22.1	17.1	16.2
Pomorskie	68.6	69.9	23.4	21.7	7.9	8.4
Śląskie	44.0	48.2	38.8	35.6	17.1	16.2
Świętokrzyskie	60.8	58.3	29.5	32.3	9.7	9.4
Małopolskie	47.6	44.9	39.3	41.2	13.1	13.9
Lubelskie	61.3	61.1	21.8	22.0	16.9	16.9
Łódzkie	58.9	59.6	21.1	20.6	20	19.8
Warmińsko-mazurskie	59.2	59.1	27.4	26.6	13.4	14.3
Opolskie	54.5	53.8	28.9	27.6	16.6	18.6
Wielkopolskie	59.2	61.3	24.7	23.9	16.1	14.8
Podkarpackie	61.7	63.2	24.9	25	13.4	11.8
Zachodniopomorskie	78.4	79.4	15.8	15.2	5.8	5.4
Mazowieckie	54	54.8	30.4	29.2	15.6	16.0
Dolnośląskie	60.3	60.2	18.9	20.2	20.8	19.6
Lubuskie	56.3	55.7	17.8	18.5	25.9	25.8
<b>Total</b>	<b>60.1</b>	<b>60.5</b>	<b>25.2</b>	<b>24.9</b>	<b>14.6</b>	<b>14.5</b>

Surface condition of national roads in individual regions at the end of 2022 and 2023



Source: GDDKiA

### 2.8.2. Rail construction

In addition to roads, railway construction, which includes the modernisation and construction of railway and tram infrastructure, plays a strategic role in the transport sector. According to the Railway Transport Office, the length of railway lines in Poland at the end of 2023 was 19,576 km, which represents an increase of 183 km compared to 2022.

According to the Railway Transport Act, the main railway infrastructure manager in Poland is PKP PLK S.A., which at the end of 2023 managed a network of 18,807 km of railway lines, representing 96.1% of the total railway lines in Poland. The remaining 769 km of lines, or 3.1% of the total, are managed by 13 companies.

In addition to managing the national railway network, PKP PLK is also responsible for managing and synchronising passenger and freight train traffic. The company carries out investment activities financed by national and EU funds based on a multi-annual railway investment programme, the key concept of which is based on strengthening the function and attractiveness of rail transport.

#### National Railway Programme

Modernisation and investment tasks in railway construction infrastructure in Poland are carried out based on the National Railway Programme (KPK), which defines the conditions for carrying out investments in railway lines using funds of the Minister of Transport. The first version of the KPK, which replaces the long-term railway investment programme, was adopted by the Council of Ministers on

15 September 2015. The KPK currently in force until 2030 (extendable to 2032), adopted by decision of 16 August 2023, has a time horizon that coincides with the European Union's financial perspective 2021-2027.

The KPK's financing includes financial support from the EU as well as funds from the state budget, the Railway Fund and the PKP PLK's own resources. Financing of the KPK from the state budget is granted within the limit of expenditure for a given year, while financing from the Railway Fund is granted within the limit for a given year specified in the Fund's financial plan.

On 14 November 2023, an amendment was made to the resolution on the establishment of the KPK, which reduced the expenditure limit from the state budget for the implementation of the programme between 2015 and 2032 from PLN 61.1 billion to PLN 52.7 billion.

The main objective of the KPK is to strengthen the role of rail transport in the country's integrated transport system by creating a coherent and modern network of railway lines. The specific objectives, which complement the main objective, include:

- strengthening the efficiency of rail transport;
- -increasing the operational safety of rail transport;
- -improving quality in passenger and freight transport.

According to the November 2023 update of the KPK, total expenditure in the period 2014-2030 will amount to PLN 166.4 billion. According to the new EU financial perspective for 2021-2027, the allocated

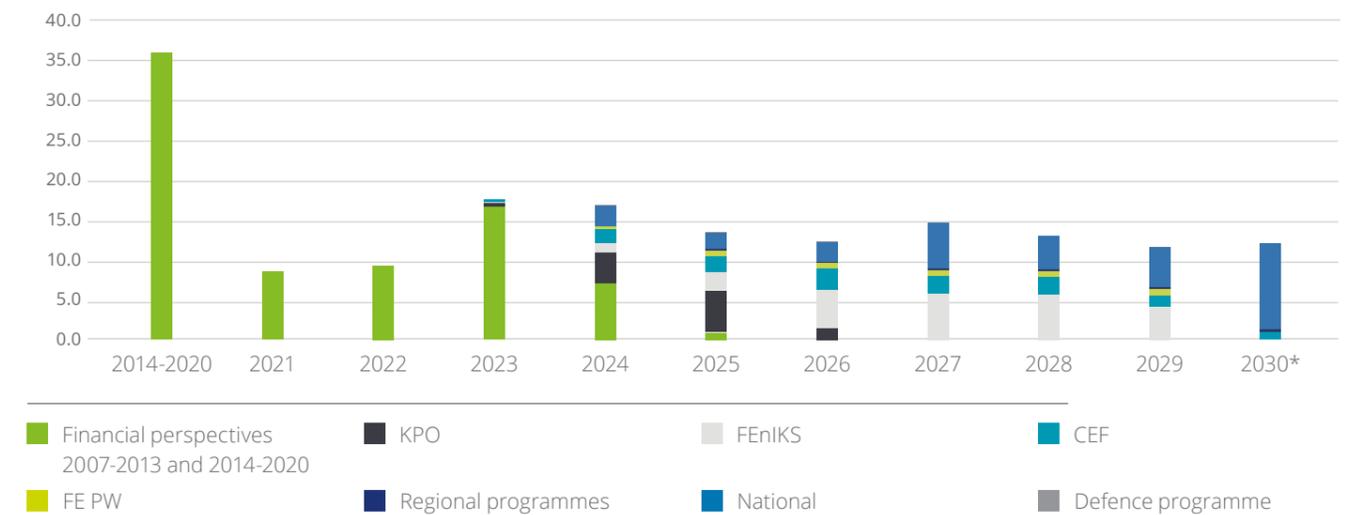
funds for railway projects amount to PLN 76.2 billion. The KPK budget also assumes the allocation of PLN 11.1 billion from the National Reconstruction Plan. The remaining PLN 79.0 billion comes from the previous EU financial perspective, whose allocation ends in 2025.

The amendment to the KPK also provides for the recapitalisation of PKP PLK with government securities in 2024. This is due to the decision of the Council of Ministers to transfer PLN 1.3 billion of state budget funds from the KPK to the Maintenance Programme and to replace this amount in the KPK with the recapitalisation of PKP PLK with state securities of the same value.

According to the KPK implementation report, the financial execution of the programme in 2023 amounts to PLN 12.9 billion, which is 75.2% of the planned expenditure (PLN 17.2 billion). Expenditure execution in 2023 reached the highest level since the beginning of the programme. However, the lower execution of the expenditure plan was influenced by the lower than planned execution of capital expenditure due, among others, to problems encountered in the implementation of projects during the year, including organisational and financial problems of contractors related to the increase in the prices of construction materials, the armed conflict in Ukraine, procurement problems and the need to introduce changes in the scope of works during the implementation of projects.

Overall, from the start of the KPK until 31 December 2023, expenditure amounted to PLN 66.9 billion, or 43.1% of the programme value.

Railway investment expenditure of PKP PLK in 2014-2022 and the spending plan of KPK in 2023-2030 in PLN billion



Source: Resolution No. 218/2023 of the Council of Ministers of 14 November 2023 amending the resolution on the establishment of the National Railway Programme until 2030



**Agnieszka Głowacka**  
Vice-President, ERBUD GROUP



We expect an investment boom, sparked by the huge budgets announced for major infrastructure programmes, including the energy transition on an unprecedented scale. For the time being, the situation is challenging - we have a still high cost of money, delayed programmes to support the housing market, wage pressures related to the systemic increase in the minimum wage. We see price wars in the market, which history tells us always end badly for the participants, so we stay away from these types of tenders.

But there are also positive aspects. The KPO's first spending prospect strengthens our promising modular construction business. This is why we've started selling in Poland this year and are already implementing the first contract. This solution, popular in the West, is not only environmentally friendly but also faster to implement - it reduces construction time by up to 70% compared to traditional construction. This explains its popularity in the public sector, especially in segments such as education and social housing. Given recent trends and the demand we are seeing from investors abroad, particularly in Germany, but also locally, our flagship MOD21 project has excellent prospects.

In addition, operationally, we are completing the transformation of the business to meet the requirements of ESG reporting according to the new indicators, in order to fully exploit the potential of monitoring non-financial objectives. Einstein said: "Not everything that can be counted counts and not everything that counts can be counted". As it turns out, he was not quite right. Social indicators, business integrity and an environmental approach have taken on a quantifiable form that will allow companies to be ranked. We are very happy about that.

In 2024, the implementation of the planned railway investments should lead to the achievement of 53.5% of the implementation of the current programme until 2030 (a total of PLN 88.6 billion since the beginning of the programme). The main risks to the implementation of the KPK include the risk of exceeding the estimated value of contracts in the tendering procedures and the need to valorise the contracts that have already been concluded. This is due to the significant increase in the price of materials and the cost of executing works. In addition, due to the entry into force of the amendment to the provisions of the Public Procurement Act concerning the increase in the contractor's remuneration, a change in the contractual provisions has been introduced, which, among other things, consists in increasing the limit of the contractual valorisation from the level of 5% to 10% of the contract value.

It should be noted that 2023 was the last year of eligibility of expenditure under investments made in the 2014-2020 perspective. As a result, requests were made to change the phasing of projects that were not expected to be completed by the end of 2023.

Railway construction in Poland is largely dependent on the investment activity of a single contracting authority - PKP PLK. By the end of December 2023, under the previous EU perspective (2014-2020), PKP PLK had completed investments worth PLN 43.3 billion, investments in progress at various stages of development amounted to PLN 35.5 billion, while investments worth PLN 0.2 billion were still under tender. In relation to the new European Union perspective (2021-2027), investments in progress reached PLN 5.9 billion, while PLN 12.1 billion of railway investments were in tenders. In addition, under the National Reconstruction Plan (KPO) funds, investments in progress amounted to PLN 3.3 billion, while PLN 6.8 billion of investments were at the tender process.

Between January and December 2023, PKP PLK signed contracts under the current KPO for a total net value of around PLN 8.3 billion, including PLN 0.7 billion of funds from the 2014-2020 perspective; PLN 4.3 billion under the 2021-2027 perspective and PLN 3.3 billion from the KPO.

Some of the largest contracts concluded in 2023 include:

- Construction works on the Lębork - Słupsk section (PLN 1,283.7 million);
- Execution of construction works and detailed design and execution of construction works for installation of railway traffic control equipment on the Tychy – podg. Most Wisła (PLN 909.5 million);
- Execution of construction works for the project "Works on railway line no. 38 on the Giżycko - Korsze section, including electrification" (PLN 876.7 million);
- Detailed design and construction works for the installation of railway traffic control equipment on the Będzin - Katowice Szopienice Południowe section (PLN 785.1 million);
- Design and execution of construction works on railway line 104, section E, Klęczany - Nowy Sącz siding (PLN 783.7 million).

#### Local and Regional Rail Infrastructure Supplement Programme - Rail+ to 2029

The main objective of the programme is to eliminate transport exclusion by completing the rail network of towns with more than 10,000 inhabitants that do not have access to passenger or freight rail transport. In its original form, the decision to implement the programme was based on a budget of around PLN 5.6 billion. In 2022, the budget has been increased and it is expected that a total of PLN 13.2 billion will be allocated to the programme, of which PLN 11.2 billion will come from the recapitalisation of PKP PLK and around PLN 2 billion from the local authorities' own contribution.

By the end of 2023, 44 projects have been positively evaluated under the programme, of which 35 rail infrastructure projects in 11 regions have been shortlisted for implementation:

- 12 projects to revitalise a railway line of about 372 km;
- 13 projects for the reconstruction or extension of a railway line of about 482 km;
- 7 projects for the construction of new railway lines covering about 189 km;
- 3 documentation projects.

There are nine projects on the reserve list, the implementation of which will depend on the availability of funds under the programme.

According to the report on the implementation of the Rail+ programme for 2023, PKP PLK signed 17 implementation contracts in 2023, which means that contracts were concluded for the implementation of all 35 projects qualified for the basic list.

#### Centralny Port Komunikacyjny (CPK)

The prospects for the development of railway construction in Poland also depend on the realisation of the so-called railway component of the CPK. Investments in the development of rail infrastructure as part of the CPK include the construction of a rail hub integrated with the new CPK central airport, the construction of the national high-speed rail network (KDP) and the development of long-distance and regional connections. In September 2024, a contract worth approximately PLN 84.8 million was signed for the design of the first stage of the CPK rail hub. The contract will be executed by a consortium of Elkol and Mosty Katowice. The scope of works includes the design of the central section of the high-speed railway line between Warsaw and Łódź within the new airport, a section of railway line no. 88 connecting the CPK railway station to the existing Warsaw-Poznań line no. 3, and a freight station on the western side of the airport.

In September this year, a contract was also signed with the Spanish engineering company INECO for technical advice on the design and construction of the high-speed railway (KDP). The four-year contract is worth approximately PLN 2.0 million.

Completion of 'Y', the 480-kilometre-long KDP line connecting Warsaw, Łódź, Poznań and Wrocław, is planned until 2035. The planned cost of the entire 'Y' line is estimated at approximately PLN 80.0 billion.

#### Maintenance of infrastructure

The implementation of investment projects for the construction and expansion of the railway network increases the need for maintenance of the railway infrastructure.

The current second strategic programme in the railway market after the KPK is the "Government programme to support the tasks of railway infrastructure managers, including maintenance and repairs, until 2028" (Maintenance Programme), approved on 7 November 2023. It is a continuation of the 5-year programme of 2018, which was the "Government programme to support the tasks of railway infrastructure managers, including maintenance and repairs, until 2023". The main objective of the programme is to strengthen the role of rail transport in the country's integrated transport system by halting and then reversing the downward trend in the share of railway in transport, focusing on the implementation of projects for the maintenance and repairs of the existing, modernised and newly built railway network.

A total of PLN 49.2 billion has been earmarked for the implementation of the maintenance programme between 2024 and 2028 (in 2019-2023 the financial limit was PLN 28.3 billion). The programme will be financed by PLN 44.0 billion from the state budget and PLN 5.2 billion from the Railway Fund. The main beneficiary of the programme is PKP PLK. The other beneficiaries are PKP Szybka Kolej Miejska w Trójmieście Sp. z o.o. (manager of 32.7 km of line); Dolnośląska Służba Dróg i Kolei (manager of 61.5 km of line); "Euroterminal Sławków" Sp. z o.o. (manager of 8.3 km of line).



ADAMIETZ: TKH fibre optic cable production plant

### 2.8.3. Energy construction

There are three main segments in the energy construction market:

- electricity generation;
- -transmission and distribution of electricity;
- -transmission and distribution of gas.

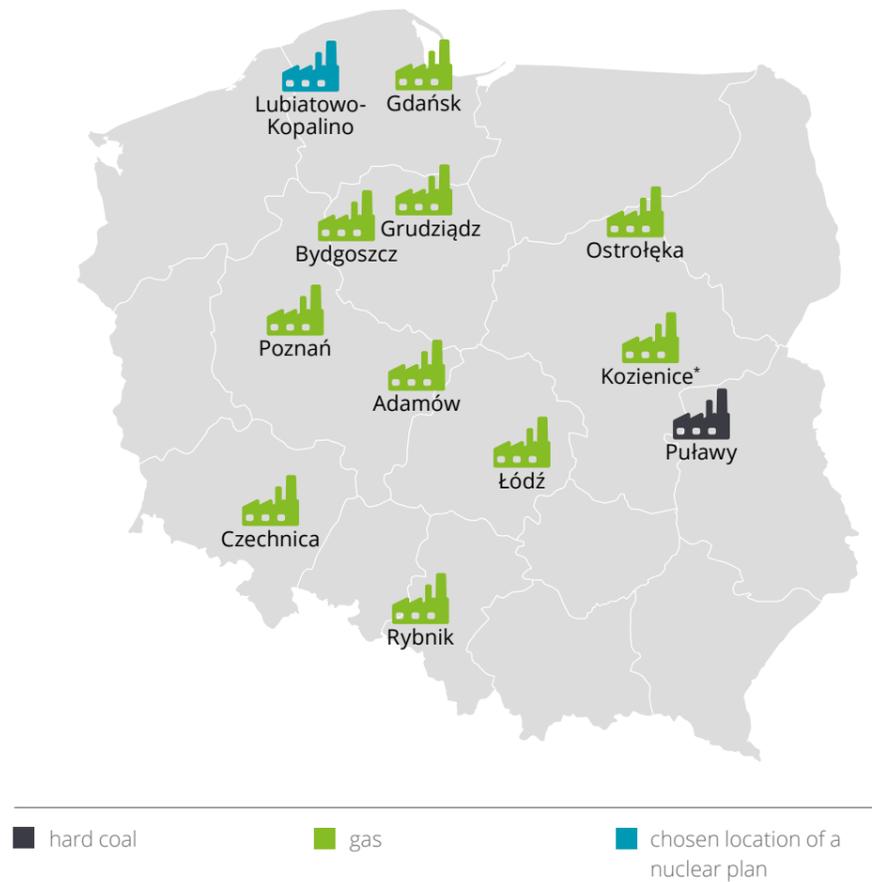
#### Electricity generation

PTPIREE's report "Power Distribution Transmission" for 2023 shows that the total investments made by power companies in Poland, i.e. Energa Operator, Enea Operator, PGE Dystrybucja, Tauron Dystrybucja, PSE, Stoen Operator, amounted to PLN 13,549.7 million (+46.4% YoY). Total expenditure on connecting new customers and replacing assets accounted for 87.4% of the investment value. As in the previous year, the leading investor in energy construction in 2023 was PGE Dystrybucja, which allocated PLN 4.2 billion (+64.0% YoY) to investments in energy infrastructure, more than half of which was spent on the modernisation and development of the medium and low voltage electricity network. Tauron Dystrybucja ranked second in terms of investment value, with PLN 2.8 billion (+30.0% YoY), most of which was spent on connecting new customers and new energy sources and the related network construction.

At present, most of the conventionally fuelled power plants under construction and planned in Poland are based on natural gas technologies.

The most recent coal-fuelled investment is a power unit at Zakłady Azotowe "Puławy", which will provide the Azoty Group with its own supply of electricity and process heat. However, the main investors in the construction of new gas-fuelled units are PGE Polska Grupa Energetyczna S.A.

#### Information on ongoing and planned construction and expansion of conventional fuel power plants/CHPs in Poland



\*CCGT in Kozienice at the tender stage at the report date  
Source: Deloitte's own analysis based on data presented in the financial statements of energy companies.

(responsible for the construction of EC Czechnica and steam-gas units at EC Bydgoszcz II and Elektrownia Rybnik) and Energa S.A., which plans to complete the construction of steam-gas units in Grudziądz, Gdańsk and Ostrołęka in 2025-2026.

#### Major conventional fuel power units under construction in Poland

Project	Capacity	Fuel	Gross amount (PLN billion)	Investor	Actual/planned date of completion
1 Power unit in Puławy	100 MWe + 300 MWt	hard coal	1.6	Grupa Azoty	Q4 2024
2 EC Czechnica	179 MWe + 315 MWt	gas	1.2	PGE	Q4 2024
3 GCCT in EC Bydgoszcz II	53 MWe + 70 MWt	gas	n/d	PGE	Q3 2025
4 CCGT in Grudziądz	563 MW	gas	2.0	Energa	2025
5 CCGT Ostrołęka	745 MW	gas	2.5	Energa	2025
6 CCGT in EC Karolin	200 MWe + 320 MWt	gas	n/d	Veolia	2025
7 CCGT in Łódź	350 MWe + 200 MWt	gas	n/d	Veolia	2025
8 CCGT in Gdańsk	450 MW	gas	2.5	Energa	2026
9 CCGT in Adamów	600 MWe	gas	2.5	ZE PAK	2026
10 CCGT in Rybnik	882 MWe	gas	4.6	PGE	2026

Source: Deloitte's own analysis



**Marcin Węglowski**  
Member of the Management Board,  
Head of Economic and Finance  
Department, Budimex S.A..



Given the challenging situation in the construction market, we are focusing our activities on growth in the most promising construction sectors, namely rail and energy. We are also working intensively in the road construction sector, which we believe will continue to have very high tender potential in the coming years. Despite medium-term challenges in the domestic market, we continue to see opportunities, particularly in hydraulic engineering, military projects and renewable energy. We are also constantly taking steps to further expand geographically, particularly in the German, Czech, Slovakian and Latvian markets. In 2023, we signed our first construction contract on the Czech market, worth PLN 102 million. Looking ahead to the next few years, the above markets could be a source of additional orders, which will enable us to maintain a stable order book in the long term. We plan to strengthen our position in the building construction and to win new contracts in the industrial, energy, railway and hydraulic engineering segments. We are also looking at public-private partnerships and data centres. At the same time, we are active in the renewable energy sector, not only as a contractor but also as an investor. We are currently

looking at renewable energy projects with a total capacity of around 800 MW, which underlines our ambitions in terms of sustainable development.

The construction sector in Poland has been facing a significant slowdown for several months due to investment restrictions. In the first nine months of the year, construction and installation output fell by 7% year-on-year, and in September the decline was even more severe at 9%. Particularly negative production dynamics are observed in railway construction, which is finalising the 2019-2021 tender perspective, while companies are experiencing production bottlenecks for new contracts due to delays in EU funding and the transition period. The general construction segment remains under pressure, with the private sector in particular dependent on financing costs and local market demand. As a result of last year's elections, major clients have focused on organisational changes in the early months, which has also affected delays in tendering. However, more than a dozen new tenders are expected to be announced by the end of 2024 (including PKP PLK in particular), leading to contracts being signed in the second half of 2025.

### Value of planned capital expenditure by energy companies

Company	Total estimated expenditures (PLN billion)	Investment in generation segment (PLN billion)	Investment in distribution segment (PLN billion)	Other investment (PLN billion)	Projects in progress	Source
Energa	47.9	22.8	23.4	1.7	<ul style="list-style-type: none"> <li>Development of new renewable energy capacity</li> <li>Expansion of the distribution network</li> <li>Continued construction of gas-steam power plants (CCGT) in Grudziądz and Ostrołęka"</li> </ul>	Strategy for 2024-2030
Enea	69.3	20.6	42.5	6.2	<ul style="list-style-type: none"> <li>Modernisation of units in Kozienice Power Plant</li> <li>Development of renewable source of energy based on modern technologies"</li> </ul>	Strategy until 2030 (extendable to 2040)
PGE	75.0	n/d	n/d	n/d	<ul style="list-style-type: none"> <li>Modernisation of network infrastructure</li> <li>Construction of low-emission cogeneration sources</li> <li>Construction of units 9 and 10 in Dolna Odra Power Plant"</li> </ul>	Strategy until 2030 (extendable to 2040)
Tauron	48.0	20.6	23.5	3.8	<ul style="list-style-type: none"> <li>Modernisation of network infrastructure</li> <li>Development of renewable sources of energy"</li> </ul>	Strategia for 2022-2030 extendable to 2050
<b>Total</b>	<b>240.2</b>	<b>64.0</b>	<b>89.4</b>	<b>11.7</b>		

Source: Deloitte's own analysis

### Nuclear energy

The pillars of nuclear power development in Poland include strengthening energy security, reducing environmental costs, including supporting the achievement of the European Union's climate goals due to the absence of CO2 emissions, and halting the rise in energy costs. At the same time, nuclear power units will fill the gap in the electricity system that will be created when the old coal-fired units are shut down.

In 2020, a resolution was adopted to update the multiannual programme entitled "Polish Nuclear Power Programme", which aims to build between 6 and 9 GWe of

installed nuclear capacity in Poland based on proven large-scale pressurised water nuclear reactors. The schedule foresees the construction and commissioning of two nuclear power plants with 3 reactors each. However, given the unrealistic schedule assumed, the above document is planned to update.

According to the Government Representative for Strategic Energy Infrastructure, construction of the first reactor is expected to begin in 2028 and be completed in 2035. A contract for the design of Poland's first nuclear power plant was signed on 27 September 2023. The design and preparatory work will be

carried out by Polskie Elektrownie Jądrowe in close cooperation with a consortium of American companies: Westinghouse Electric Company and Bechtel. The planned nuclear power plant, with a capacity of up to 3,750 MWe, is to be built in the Pomorskie region in the municipality of Choczewo. In September 2024, Poland submitted a formal request to notify of the state aid for the construction of a nuclear power plant in Pomorze. The assumed financing structure is 70% debt and 30% equity, up to PLN 60.0 billion. The own contribution includes a capital injection by the State Treasury into Polskie Elektrownie Jądrowe.

### Electricity transmission and distribution

The national electricity system enables the supply of electricity through transmission and distribution networks, which require further high-cost investment due to the country's energy security issues and climate and energy targets. In 2023, electricity consumption was 167.5 TWh, 3.4% less than in the previous year. At the same time, energy production amounts to 163.6 TWh, 6.6% less than in the previous year.

Coal-fired power plants (46.8%) and lignite-fired power plants (21.1%) accounted for the largest share of the electricity generation structure in 2023. In contrast, wind and other renewables increased their share from 15.8% in 2022 to 21.5% in 2023 (27.6 TWh and 35.2 TWh respectively). The share of gas-fired and hydroelectric power plants in 2023 was 8.3% and 2.2% respectively. In 2023, power companies will carry out investments worth PLN 13.5 billion. They mainly related to the connection of new consumers and the modernisation and

replacement of equipment, accounting for 90.2% of total investments. Polskie Sieci Elektroenergetyczne S.A. (PSE), which acts as the Energy Market Information Operator, is implementing its largest ever investment programme related to the expansion of the power grid, which will, among others, serve to take power from offshore wind farms. PSE plans to spend more than PLN 61.8 billion on the construction and modernisation of the electricity infrastructure up to 2036.

### Amount of investments made by energy operators in 2023 [million PLN].

Operator	Amount of investment spent on connection of new customers and new sources and related construction of new networks	Amount of investment spent on asset replacement	Other investment on. IT systems	Total
Enea Operator	864.2	869.7	109.2	1 843.1
Energa Operator	1 239.5	840.4	222.7	2 302.6
PGE Dystrybucja	1 734.3	2 309.7	176.8	4 220.8
STOEN Operator	196.1	236.8	111.6	544.5
Tauron Dystrybucja	1 426.4	1 180.4	182.9	2 789.7
PSE	n/d*	n/d	519.0	1 849.0
<b>Total</b>	<b>5 460.5</b>	<b>5 437.0</b>	<b>1 322.2</b>	<b>13 549.7</b>

Source: Polish Association of Transmission and Distribution of Electric Power

### Gas transmission and distribution

Current legislation requires the separation of distribution and transmission services from gas trading. The gas system consists of industrial and distribution pipelines with connections, gas stations (pressure regulators, gas assemblies and connection points, metering systems, gas treatment facilities), gas compressor stations (located on pipelines) and gas storage facilities. The gas infrastructure supplies gas to both domestic and industrial customers.

The operator GAZ-SYSTEM S.A., appointed by the President of the Energy Regulatory Office [Urząd Regulacji Energetyki URE], is responsible for natural gas transmission in Poland and manages assets worth over PLN 30.2 billion. It consists mainly of transmission system components, i.e. 12.1 thousand km of high-pressure gas pipelines, 14 compressor stations, 36 hubs and 828 gas stations. The longest linear investment completed in 2023 was the Gustorzyn - Wronów gas pipeline with a total length of 308 km. The company also completed investments in the extension of the Kędzierzyn gas compressor station, the construction of a gas connection pipeline to supply the PGE Dolna Odra power plant and the construction of a gas connection pipeline to supply the new Czechnica CHP plant.

The company's most important completed investment was the commissioning of the Baltic Pipe two-way gas pipeline in 2022, which consisted of the construction of a two-way offshore pipeline connecting Poland and Denmark, the expansion of the local transmission network and three gas compressor stations. The full capacity of 10 billion cubic metres of gas was reached in January 2023.

Gas distribution in Poland is carried out by Polska Spółka Gazownictwa sp. z o.o. (PSG), which is part of the PGNiG Capital Group. The company is also the national gas distribution system operator. It operates throughout Poland with over 210,000 km of gas pipelines and manages assets worth PLN 17.6 billion, including 174 gas stations.

### Development of Gaz-System infrastructure – key and strategic investment planned for 2024-2033



Source: Gaz-System, National Ten-Year Development Plan of Industrial System 2024-2033

It is also the largest gas distribution system operator in Europe. PSG's main tasks include operating the network, developing, maintaining and repairing the network and equipment, and measuring the quality and quantity of gas transported.

It is also worth mentioning the directions of transformation of the transmission system. The GAZ-SYSTEM development plan foresees the implementation of 30 projects by the end of this decade, which will result in the extension of the transmission network to 13,000 km and the doubling of the capacity of the compressor stations operating within the transmission system. At present, the company is in the process of implementing other investment activities, such as the construction of a floating LNG terminal (FSRU), the construction of the Wronów - Rozwadów - Strachocina gas pipeline with a length of approximately 280 km.

### 2.8.4. Environmental protection

The largest national programme in the EU in terms of value and number of support areas is the European Funds for Infrastructure, Climate and Environment (FEnIKS) programme for 2021-2027, which replaces the previous editions of the Operational Programme Infrastructure and Environment (OPI&E) under the EU Perspectives 2007-2013 and 2014-2020. The programme envisages support for activities related to the construction, reconstruction and renovation of infrastructure necessary to meet the obligations resulting from Council Directive 91/271/EEC of 21 May 1991 concerning urban wastewater treatment (Official Journal of the EC L 135/40 of 30.05.1991) – “The EU Urban Wastewater Directive”.

### Water and wastewater management

Water and wastewater management policies include measures for the efficient management of water resources, i.e. the protection of water from pollution caused by inadequately treated wastewater. The legal framework for the collection, treatment and discharge of urban wastewater is set by the Urban Wastewater Directive mentioned above.

In Poland, the level of implementation of the Urban Wastewater Directive is documented by the National Urban Wastewater Treatment Programme [Krajowy program oczyszczania ścieków komunalnych -KPOŚK] and its updates (AKPOŚK). Since the adoption of the KPOŚK, six successive updates have been prepared in 2005, 2009, 2010, 2015, 2017 and 2022, the last of which was adopted by the Council of

Ministers on 5 May 2022. It contains a list of tasks planned by the local authorities to be carried out between 2021 and 2027.

Under the VI AKPOŚK, the construction of 8,022 km of sewerage networks and the upgrading of 3,173 km of networks are planned. It also provides for the construction of 60 new treatment plants and the implementation of 978 other investments in existing treatment plants.

The cost of the investments planned by the agglomerations and submitted to the VI AKPOŚK amounts to PLN 28.7 billion. This amount includes the construction and modernisation of the sewerage network (PLN 15.4 billion), investments related to wastewater treatment plants (PLN 13.4 billion) and individual wastewater treatment systems (PLN 24.4 million).



**Jakub Chojnacki**  
Vice-President of the Management Board, PORR S.A.



As PORR, we are well diversified and as a result we have done relatively well in a period of reduced investment from both the public sector and private investors. I believe that tender volumes will be high in the coming years and that we will continue to be able to make many large, strategic investments. Key growth drivers include strong macroeconomic fundamentals, EU cohesion policy funding, national road and rail programmes, and environmental and energy transformation. Mega-investments - from nuclear power plants and offshore wind farms to Centralny Port Komunikacyjny- will of course be a major boost. But we will also strive to win and execute smaller contracts, as they are also important and help to improve the risk profile of our business. In addition to the Polish market, we will continue to implement projects in the neighbouring markets where our Group is active (Germany, Czech Republic), taking advantage of our rich know-how and the potential of these markets in the area of data centre construction and railway lines.

**Waste management**

Proper waste management is one of the environmental challenges. Given the importance of this issue and the need to meet the requirements of the European Union, measures are being taken to improve the situation in this sector. Planned investments related to waste management are included in the National Waste Management Plan 2028 [Krajowy plan gospodarki odpadami KPGO 2028], which was developed by the Ministry of Climate and Environment and adopted by resolution of the Council of Ministers on 12 July 2023. The goals and targets presented in the KPGO 2028 cover the years 2022-2028 with an outlook to 2035.

The document outlines investments that will require significant expenditure, including:

- construction of new and the modernisation of some of the existing selective collection points for municipal waste;
- construction of new facilities for automated sorting of selectively collected waste (paper, plastics, multi-material waste, metals);
- construction of new facilities for the treatment of bio-waste in aerobic and anaerobic processes (organic recycling).

The KPGO 2028 estimates that a total investment of PLN 17.4 billion will be required by 2028, while PLN 5.4 billion will be required between 2029 and 2034.

The regions [województwa] are responsible for drawing up waste management plans at regional level. Two new plans have recently been adopted - a new plan for Świętokrzyskie region was adopted in October 2023, while a new plan for Małopolskie region was adopted in March 2024. The current regional waste management plans cover different time frames, but the total amount of planned investment expenditure is PLN 43.9 billion.

**Investment expenditures of the regions planned under the adopted Regional Waste Management Plans in different time horizons (PLN million)**

Region	Amount
Dolnośląskie	3 700
Kujawsko-Pomorskie	482
Lubelskie	433
Lubuskie	1 463
Łódzkie	13 976
Małopolskie	5 448
Mazowieckie	3 866
Opolskie	276
Podkarpackie	3 030
Podlaskie	614
Pomorskie	1 624
Śląskie	3 245
Świętokrzyskie	2 305
Warmińsko-mazurskie	605
Wielkopolskie	2 376
Zachodniopomorskie	438
<b>Total</b>	<b>43 881</b>

\* Individual WPGO cover different time horizons  
**Source: Regional Waste Management Plans**

**2.8.5. Construction in the retail and service sector**

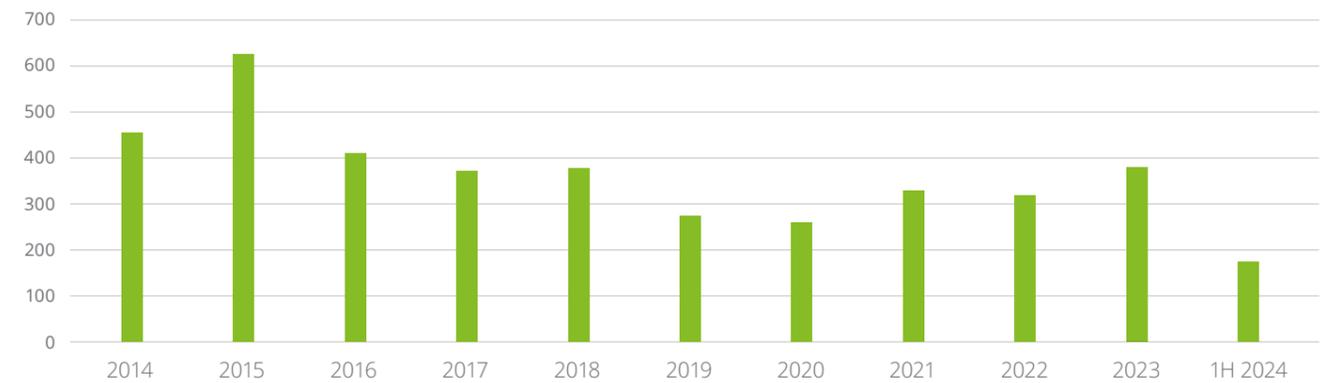
In 2023, the Polish retail and services property market saw an upturn. 380 sq. m of space was delivered (+19.1% YoY), the highest figure since 2016. New supply was dominated by new projects opening (around 89% of space), with the remaining being extensions to 11 existing projects.

With 175,000 sq. m of service and retail space delivered in the first half of 2024, a 19.0% increase on the same period last year, the market is clearly picking up. Retail parks accounted for 91.4% of the total (160,000 sq. m in 13 projects), with the remainder being a traditional shopping centre - Galeria Starówka in Leszno. At the end of June 2024, the total stock of modern retail space reached over 13.0 million sq. m. During the same period,

around 380,000 sq. m of space was under construction, of which almost 300,000 sq. m is expected to be delivered by the end of this year. The leading format of projects under construction is a retail park, which accounts for almost 75% of the total space under construction.

The largest market for retail space is the Warsaw agglomeration and the Metropolia Górnośląsko-Zagłębiowska.

**Annual supply\* of new commercial and retail space in Poland in 2014-1H2024 [thousand sq. m].**



Source: Colliers  
 \*Including the enlargement of existing space



ADAMIETZ: TKH fibre optic cable production plant

### 2.8.6. Housing construction

The housing market recovered in 2023. Compared with the particularly difficult year of 2022, which saw the lowest number of residential sales in a decade, 57,600 flats were sold in Poland's six largest agglomerations (Warsaw, Kraków, Wrocław, Trójmiasto, Poznań and Łódź) last year, an increase of 64.6% on the previous year.

The main factors supporting the housing market in 2023 were the reduction of the prudential buffer for fixed-rate loans from 5 p.p. to 2.5 p.p. and the adjustment of interest rates. In addition, the "2% Safe Loan" programme, which supports the purchase of a first property, came into force in July. The application period ended on 31 December 2023. By the end of December last year, 56,900 loan contracts had been signed under the programme.

The first half of 2024 saw a deterioration in the results of developers both compared to the second half of 2023, following the

introduction of the "2% Safe Loan", with a 32.2% drop in sales, and compared to the first half of the previous year, with a 22.7% lower result. The lower sales were also due to the announcement of the introduction of the #naStart Home Loan, which caused some potential buyers to delay their purchase decision.

In the second quarter, 9,800 flats were sold, 36.8% fewer than in the same period last year (15,500). This result is also 10.9% lower than in the first quarter of this year.

According to GUS/GUNB data, 95,500 flats were completed in Poland in the first half of 2024, 14.6% less than in the previous year. Developers handed over 58,500 flats, 9.3% less than a year earlier. Individual investors handed over 34,800 flats in the same period, 23.6% less than in the same period last year.

In the first half of 2024, 143,300 flats were approved or notified for construction, an increase of 28.0% compared to the first half

of 2023. Building permits for the largest number of flats were granted to property developers (101,200, up by 37.2% YoY) and individual investors (39,000, up by 12.5%).

In January-June 2024, 122,400 flats were started, an increase of 43.0% compared to the same period last year. Developers started construction of 80,600 flats (68.1% more) and private investors started construction of 39,900 flats (12.2% more).

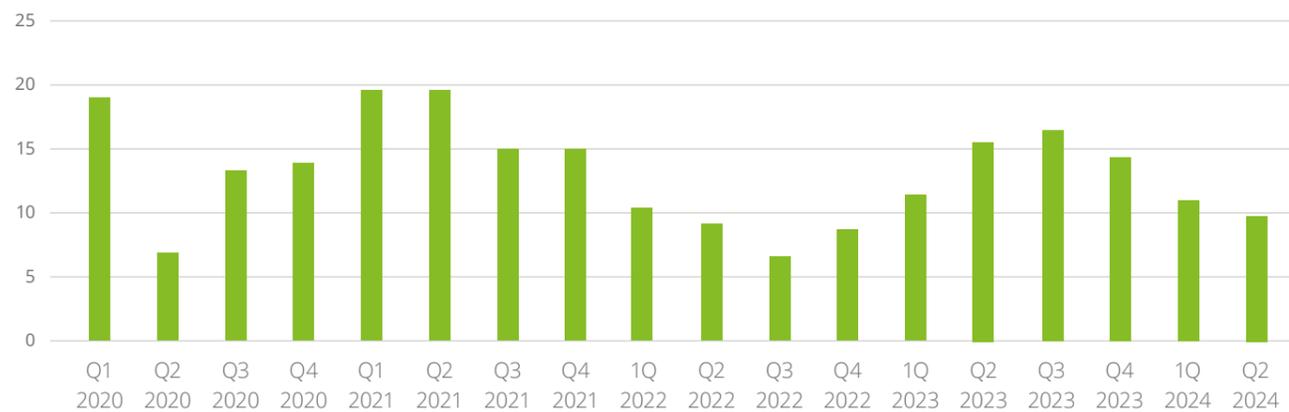
According to GUS estimates, 827,800 flats were under construction at the end of June this year, an increase of 2.5% year-on-year. The highest values for completed flats, flats under construction and flats for which building permits or notifications have been issued in the first half of 2024 were recorded in Mazowieckie region (17,300, 23,900 and 30,400 flats respectively). High values were also recorded in Wielkopolskie region (8,500, 11,600, 13,600) and Małopolskie (10,000, 10,700, 13,100).

The housing market has been characterised for years by an upward trend in the average price of flats offered on the primary market. According to the National Bank of Poland, the nominal average transaction price per square metre of new flats in the six largest Polish cities (Warsaw, Kraków, Poznań, Wrocław, Katowice, Gdańsk) amounted to PLN 14,303 at the end of the second quarter of 2024, which represents an increase of 28.3% compared to the same period of the previous year (PLN 11,146). As in previous years, the most expensive city was Warsaw, where the average price was PLN 16,515/sq. m.

In 2023, the level of residential sales prices was linked with the price cap under the "2% Safe Loan" programme. The expiry of the programme at the end of December had a dampening effect on housing demand. However, the significant increase in wages in the first half of this year, combined with the low supply of housing, contributed to an increase in the rate of growth of average house prices.

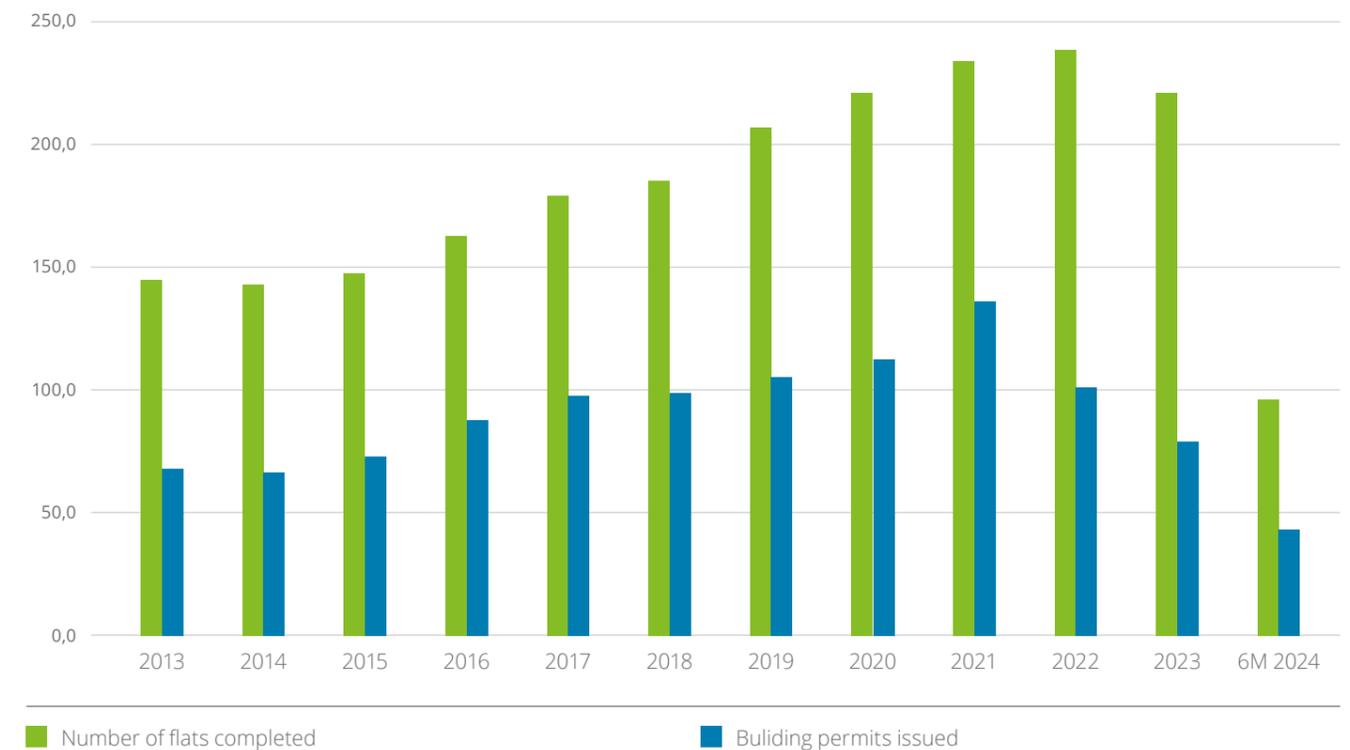
With 5.86 new flats per 1,000 inhabitants in 2023, the Polish housing market once again topped the European rankings for new residential construction. The highest figures in Europe were achieved by Ireland (6.19) and Israel (5.88). The majority of European countries recorded between 3 and 5 new flats per 1,000 inhabitants.

Number of flats sold in the six largest cities in Poland [thousands]



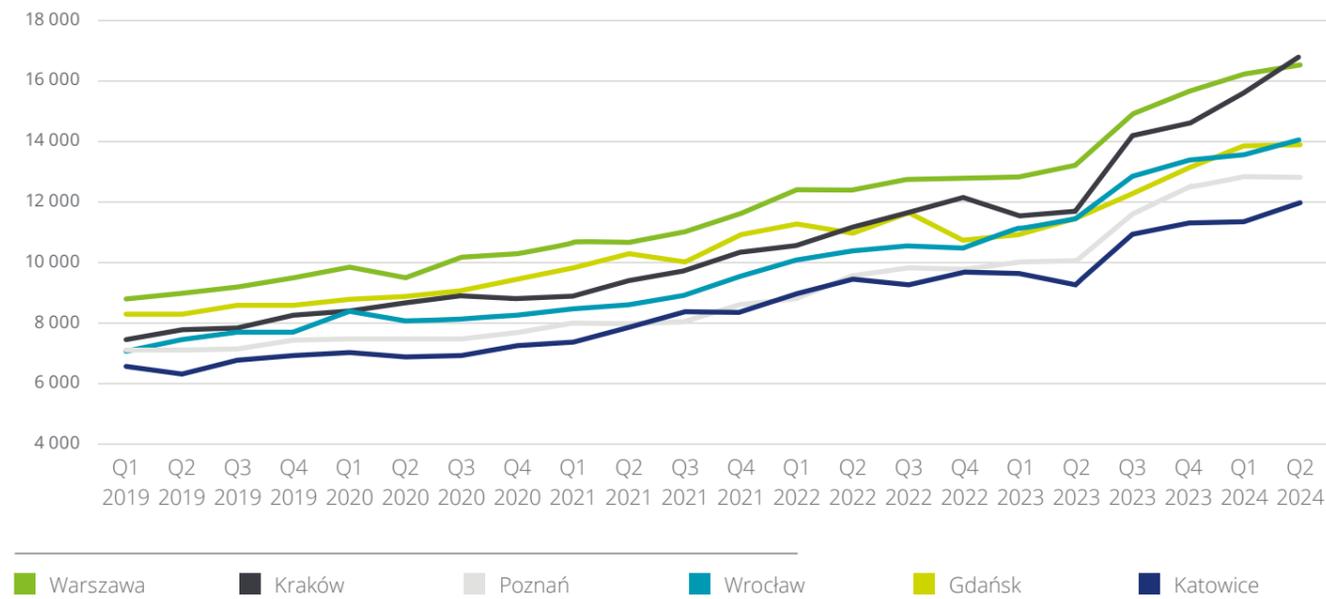
Source: JLL

Number of flats completed and building permits issued [thousands]



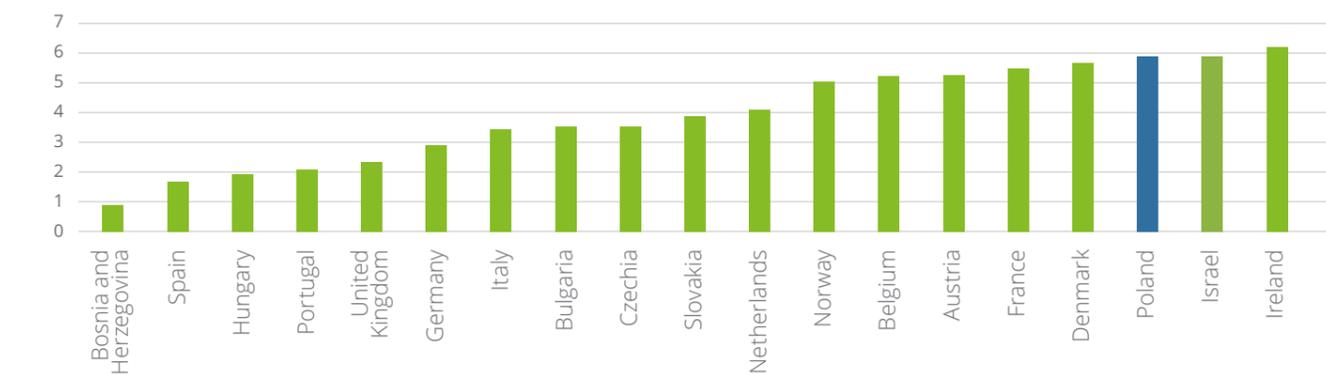
Source: General Inspector for Building Supervision, Statistics Poland

**Average price per sq m in primary market transactions [PLN]**



Source: NBP

**Number of flats built per 1,000 inhabitants in 2023 [units]**



Source: Deloitte

**Demand factors in the housing market**

A key factor supporting demand on the housing market in 2023 was the "2% Safe Loan" programme, the application period for which closed at the end of December last year. According to data from March 2024, 89,600 loan contracts were concluded under the programme for a total of PLN 36.1 billion.

With the availability of housing on the decline and demand on the rise, consumers fearing a sharp rise in prices also opted to buy flats, both for their own use and as an investment.

Currently, the prospects of the Polish housing market depend on the announced launch of the "Housing Loan #naStart" programme in 2025, which may shape the housing market in the following quarters.

**Supply and price factors in the housing market**

At present, potential buyers are postponing their purchase decisions while they await market developments - the introduction of the new housing loan subsidy programme or, alternatively, a fall in property prices if the programme is not introduced. This situation is reflected in a greater degree of price flexibility on the part of developers.

In the second quarter, 15,300 new flats were completed for sale in the six main markets, 8.5% fewer than in the previous quarter. The number of new offers continued to outstrip sales, resulting in a cumulative increase in offers.

**Other important determinants of the housing market**

In recent years, the high level of interest rates has acted as a brake on housing demand. For the first time in three years, the Monetary Policy Council decided to reduce the level of interest rates, cutting the reference rate by 0.75 p.p. in September 2023. The next decision of the Monetary Policy Council to cut interest rates was in

October 2023, when the key reference rate was reduced by 0.25 p.p. to 5.75%. The level of interest rates remained unchanged for the following 12 months.

According to the AMRON SARFIN report, at the end of Q2 2024, the number of active mortgage contracts amounted to 2,279 thousand (-0.5% compared to Q1), while the total outstanding amount reached PLN 488.3 billion (+0.9%).

In Q2 2010, the number of new contracts amounted to 45,434, 29.6% less than in the previous quarter. The value of these contracts amounted to PLN 19.1 billion, a decrease of 28.9% compared to the previous quarter.

It should be added that the decline in lending in Q2 2024 is due to the continued implementation of the "2% Safe Loan" programme, as the number of new loans granted in January-March this year includes more than 32,000 loans from this programme that were not implemented last year.

The outlook for the housing market in the coming quarters will be influenced by the

planned introduction of the Housing Loan #naStart in 2025, which will replace the existing housing programmes: "2% Secure Loan" and "Family Housing Loan".

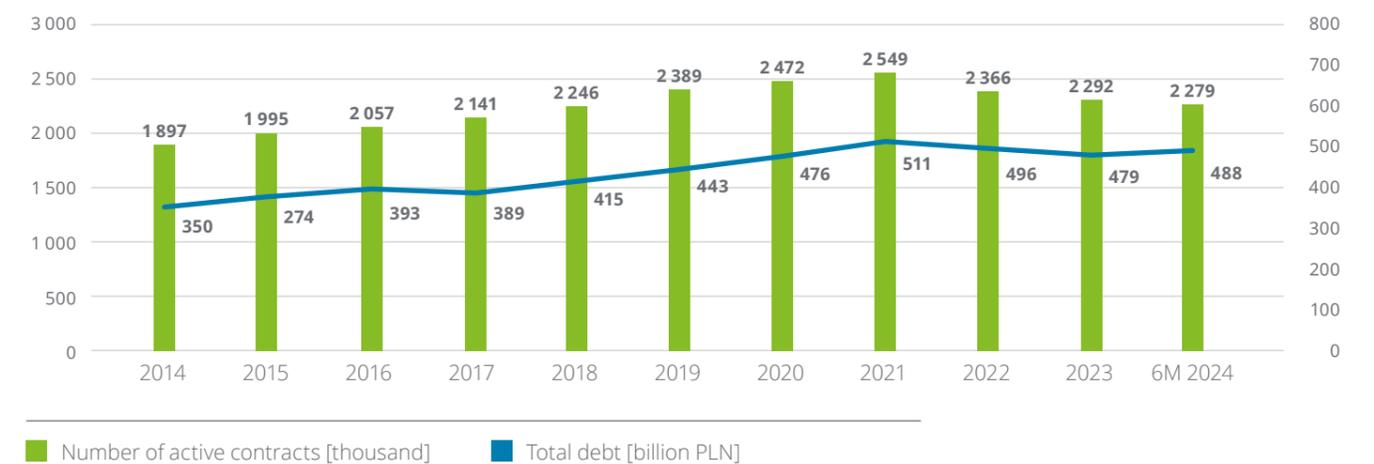
The level of inflation in Poland is one of the factors determining the situation on the housing market. In the first half of 2024, the price index for goods and services moved closer to the inflation target, but the second half of the year saw an increase in inflation, with readings since July exceeding the acceptable range.

The level of wages is also a determining factor. In 2024, the minimum wage will double again, public sector wages will rise significantly, and pensions will be revalued.

The housing sector is also affected by a lower rate of increase in construction material prices. At the end of the second quarter of this year, prices were 8.9% lower than at the same time in 2023.

The above factors combine to reduce uncertainty in the housing market. At the same time, potential buyers may be postponing their purchase decisions while waiting for the launch of the #naStart Housing Loan" programme.

**Mortgage loans in Poland 2014 - 6M 2024**



Source: Polish Bank Association

### 2.8.7. Office construction

The market has seen a clear slowdown in development activity in the office segment. At the end of the first half of 2024, approximately 618,000 sq. m was under construction. High financing costs

and reduced liquidity in the investment market are currently the main factors affecting the development of supply. There is increasing pressure on asking rents in the market, while vacancy rates have increased compared to the first half of 2023. It is also important to bear in mind that rising

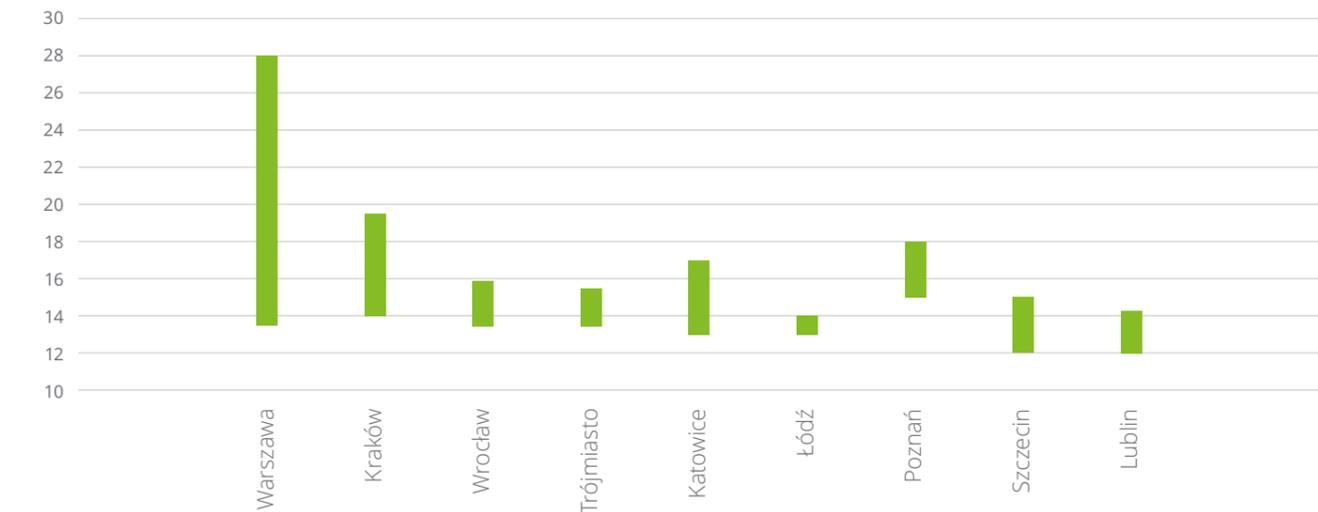
energy prices are reflected in service charges, which are borne by tenants. ESG regulations will also play an important role in the coming years, potentially forcing owners of older office buildings to undertake major refurbishments.

Average lease rates in H1 2024 [EUR/sq. m/month]



Source: Colliers Market Insights

Average lease rates in H1 2024 [EUR/sq. m/month]



Source: Colliers Market Insights

The supply of office space at the end of the first half of 2024 in Poland's nine largest cities amounted to 13.0 million sq. m, an increase of 2.0% compared with the corresponding period in 2023 (12.8 million sq. m at the end of the first half of 2023). In the first half of 2024, 125,000 sq. m of office space was delivered, 7% less than in the corresponding period of 2023. In the first half of 2024, 63,700 sq. m of office space was delivered in Warsaw, which is more than in the whole of 2023.

The total regional supply (the eight largest cities excluding Warsaw) in the first half of 2024 was 61,000 sq. m, half the figure for the same period last year.

Demand for office space in Warsaw totalled 316,400 sq. m in the first half of 2024, 5% less than in the first half of 2023. Demand in the regional markets totalled 286,000 sq. m in the first half of 2024, 17% less than in the same period of 2023. Among the regional cities, most office space was taken up in Kraków (93,000 sq. m), Trójmiasto (56,000 sq. m) and Wrocław (50,000 sq. m).

Warsaw has remained the leader in terms of rental prices for years, with rents ranging from EUR 13.0 to EUR 28.0 per square metre of office space per month. In regional cities, rents range from EUR 12.0 to EUR 19.5.

As of 30 June 2024, the average office vacancy rate in Poland's nine largest cities was 15.4% (up by 1.1 p.p. compared to the first half of 2023). In June 2024, similarly to 2023, the highest vacancy rate was recorded in Łódź (23.3%), while the lowest was in Szczecin (6.3%).

### Largest lease transactions in H1 2024

Lessee	Space (sq. m)	Building	City
Bank Gospodarstwa Krajowego	13 600	Varso Place 2	Warszawa
Confidential client	13 100	T-Mobile Office Park	Warszawa
APTIV Services Poland	10 300	Enterprise Park F	Kraków
Żabka Polska	10 300	Nowy Rynek	Poznań
Volvo Tech Hub	10 100	Brain Park	Kraków
Confidential client	7 900	Olivia Business Centre - Olivia Prime A	Trójmiasto
Mercer	7 300	myhive Nimbus	Warszawa
Makro	6 900	Makro Cash & Carry BTS	Warszawa
FMC Technologies	6 900	Podium Park B	Kraków
Confidential client	6 800	Gdański Business Center II C	Warszawa
Smyk	6 000	D48	Warszawa

Source: Colliers Market Insights

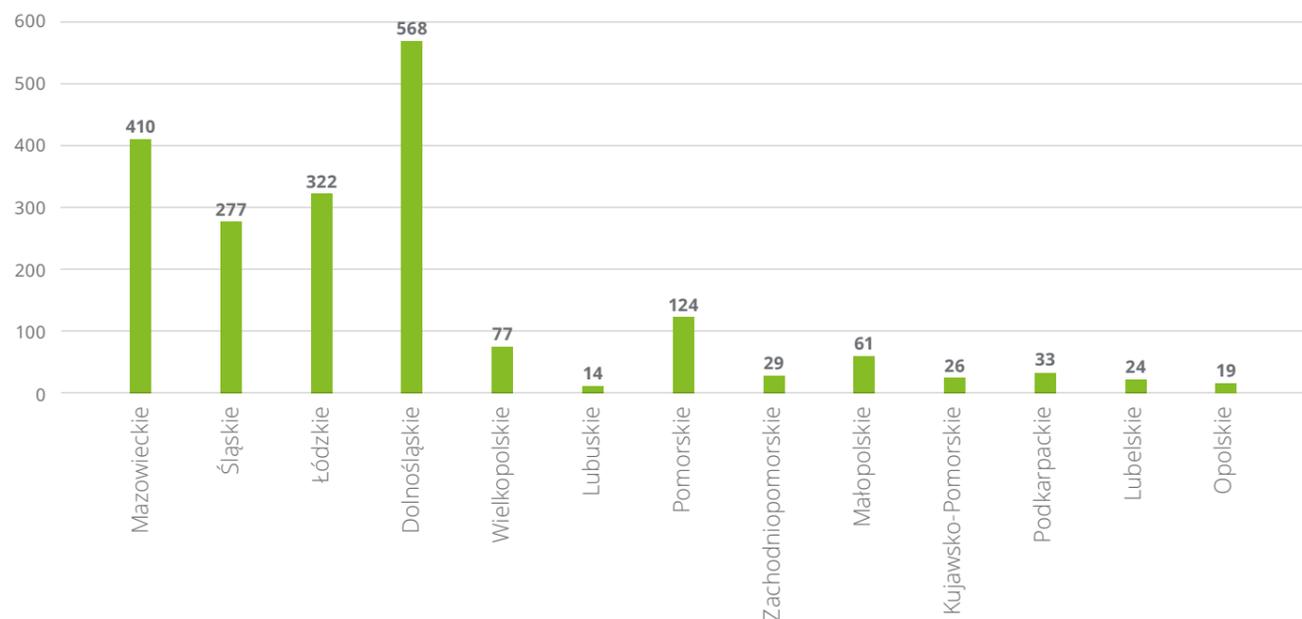
### 2.8.8. Warehouse construction

In the first half of 2024, the total supply of warehouse space in Poland was 2.7 million sq. m, an increase of 17% year-on-year, while the demand for warehouse space in the corresponding period of 2023 was 2.3 million sq. m. There was little change in the structure of leasing in the first half of 2024, with 54% of demand being new leases (50% in the first half of 2022). The leading sectors among warehouse lessees were third party logistics with 30%, retail with 21% and e-commerce with 12%.

At the end of June 2024, the stock of industrial and logistics space exceeded 33 million sq. m. The vacancy rate in Poland at the end of June 2024 was 8.2%, an increase of 1.6 p.p. compared to the same period in 2023 (the vacancy rate in the first half of 2023 was 6.6%). The high vacancy rate is related to the high volume of new supply from 2022, which itself has a relatively high vacancy rate. In the first half of 2024, the highest vacancy rates were recorded in Lubuskie (19.5%), Świętokrzyskie (16.1%) and Łódzkie (10.7%), and the lowest in Podlaskie (0.0%), Podkarpackie (1.6%) and Opolskie (2.6%).

As of June 2024, around 2.0 million sq. m of modern warehouse space is under construction, of which around 40% is purely speculative. From mid-2022, the volume of space under development started to decline, but recently seems to have stabilised in the range of 2.0-2.5 million sq. m.

Warehouse space under construction in 1H 2024 [thousand sq. m]



Source: Marketbeat Industrial

### 2.9 Summary

Volume of selected planned investments, broken down by construction market segment

	Years	Volume of planned investments	Source	Comment	
Road construction	Expressways and motorways	by 2030 extendable to 2033	PLN 302.1 billion	Governmental Programme for the Construction of National Roads (RPBDK) up to 2030 (extendable to 2033)	Update from 30 October 2023
	National road network	by 2030	PLN 58.3 billion	Programme for Strengthening the National Road Network until 2030	Programme adopted by the Council of Ministers in October 2022
	National ring roads	by 2030	PLN 28.0 billion	100 Ring Roads Construction Programme for 2020-2030	Programme adopted by the Council of Ministers in April 2021
Rail construction	Railway infrastructure	by 2030 extendable to 2033	PLN 166.4 billion	"National Railway Programme until 2030 (extendable to 2032)"	Update adopted by the Council of Ministers on 14 November 2023
	Local and regional railway infrastructure	by 2029	PLN 13.2 bn	Local and Regional Rail Infrastructure Supplement Programme - Rail+ to 2029	
Energy construction	Generation segment	2021-2030 extendable to 2050	PLN 64.0 billion	Energa, Enea, PGE, Tauron	Capital expenditure in the generation sector, excluding expenditure on the construction of a nuclear power plant
	Distribution segment	2021-2030 extendable to 2050	PLN 82.9 billion	Energa, Enea, PGE, Tauron	
	Upstream segment	2021-2030 extendable to 2050	PLN 11.7 bn	Energa, Enea, PGE, Tauron	
Environmental protection	Sewage Systems & Wastewater Treatment	2016-2032	PLN 43.9 bn	Regional Waste Management Plans	Taking into account new plans covering different time horizons

Source: Deloitte analysis



### Chapter 3.

## Profiles of Poland's largest construction companies

# Budimex Group

Budimex S.A. was established through the conversion of Centrala Handlu Zagranicznego Budownictwa Budimex, formed in 1968 to export construction services, mainly to developing markets in Asia and Africa, and to the Socialist block countries.

In the late 1980s and the early 1990s, Budimex became a leading contractor in the Polish market.

In 1992, it was privatised and two years later converted into a joint-stock company. Its shares have been listed on the Warsaw Stock Exchange since 1995. The shareholding structure at the end of May 2024 was as follows: Ferrovia Construction International SE - 50.14%, Allianz OFE - 8.17%, Nationale-Nederlanden OFE - 9.40%, and remaining shareholders - 32.30%.

The Budimex Group provides broadly defined construction and installation services acting as a general contractor, both in Poland and abroad. The company offers construction services encompassing the following sectors: road, railway, airport, building, energy, industry, and environment. Over the last few years, Budimex has been steadily diversifying its operations both through seeking and acquiring projects within specialised construction segments (hydraulic engineering and military projects) and through exploring new areas, such as public and private partnerships.

On 3 July 2019 Budimex S.A. acquired 100% of shares in FBSerwis, a firm providing waste management and facility management services. In the waste management sector, FBSerwis is focused on growing a broad chain of waste treatment services.

The Group's production capabilities and synergies are supported by another subsidiary company - Mostostal Kraków,

which specialises in the construction of steel structures. Mostostal Kraków has production capacity exceeding 18,000 tonnes per year, which supports not only Budimex's construction projects, but it is also the Groups' strong asset in the planned investments in the nuclear power stations in Poland.

The strategic plans of the company include the expansion of construction activities into the neighbouring countries, growth of the waste management segment through FBSerwis, and participation in energy transformation of Poland through investments in renewable energy sources. To that end, Budimex together with Ferrovia established a new joint-venture - BXF Energia with the aim of growing its business in the segment of renewable energy sources.

The Budimex Group revenue earned in 2023 increased by 13.7% compared with 2022. Poland is the Group's key market generating 95% of its revenue. Over 90% of its total sales revenue generated in 2023 came from construction activities. Compared with 2022, sales in this segment grew by 13.8% to exceed PLN 8.9 billion.

The Group's EBIT was PLN 781.1 million, up by 38.9% year-on-year. Net result increased by 36.1% from PLN 548.1 million in 2022 to almost PLN 746.1 million in 2023. As at the end of 2023, its net debt increased by 3.8% compared with the previous period. The capital expenditures on non-financial fixed assets in 2023 were higher than in a prior year and amounted to PLN 242 million.

In 2023, the Budimex Group companies entered into construction contracts totalling PLN 8,3 billion. As at 31 December 2023, the Group's contract portfolio totalled almost PLN 13.1 billion, which was similar to the level recorded at the end of 2022.

# budimex

The key contracts entered into by the Group in 2023 include:

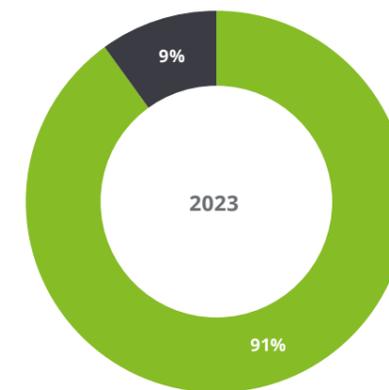
- execution of construction works and preparation of detailed design and execution of construction works for installation of railway traffic control equipment, railway telecommunication network equipment and provision of post-warranty service for this equipment on the section Tychy - Podg. Most Wisła;
- reconstruction of the motorway surface on the section between Rusocin and Czerniewice;
- continuation of the design and construction of the Zabierzów ring road along the national road no. 79;
- railway line no. 104 Chabówka - Nowy Sącz on the A1 section with technical infrastructure;
- design and construction of section 3 of the S8 Wrocław - Kłodzko expressway from the Jordanów Śląski junction (without the junction) to the Łagiewniki Zachód junction (with the junction), approximately 11.2 km.;
- construction of the Racibórz Pszczyna regional road - completion of the construction of the southern ring road of Rybnik within the DW935 in Rybnik;
- construction of DN700 MOP 8.4 MPa gas pipeline between Rembelszczyzna and Mory, together with the infrastructure necessary for its operation;
- extension of the national road no. 65 on the Gąski - Elk section;
- reconstruction of regional road no. 928 on the section from DK 44 to the junction with DK 1.



Budimex Group: The Warszawa Zachodnia rail station

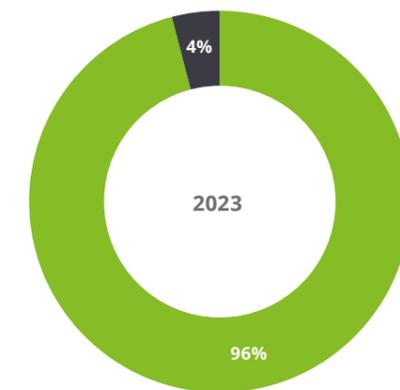
Basic data (PLN'000)	2023	2022	2021	% change '23 vs. '22
<b>Assets</b>				
Non-current assets	2 001 776	1 818 134	1 672 413	10,1%
Current assets	6 416 465	5 569 074	5 190 905	15,2%
Assets held for sale	0	0	0	0,0%
<b>Total assets</b>	<b>8 418 241</b>	<b>7 387 208</b>	<b>6 863 318</b>	<b>14,0%</b>
<b>Equity and liabilities</b>				
Equity	1 570 298	1 299 455	1 361 007	20,8%
Provisions for liabilities	1 985 726	1 767 395	1 433 759	12,4%
Long-term liabilities, including provision for deferred tax	439 823	402 695	407 343	9,2%
Short-term liabilities, including short-term accruals	4 422 394	3 917 663	3 661 209	12,9%
<b>Total equity and liabilities</b>	<b>8 418 241</b>	<b>7 387 208</b>	<b>6 863 318</b>	<b>14,0%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>9 801 515</b>	<b>8 619 054</b>	<b>7 911 192</b>	<b>13,7%</b>
Domestic sales	9 388 970	8 290 101	7 567 382	13,3%
Exports	412 545	328 953	343 810	25,4%
Construction operations	8 877 053	7 804 252	7 133 841	13,7%
Other operations	924 462	814 802	777 351	13,5%
EBITDA	938 442	714 814	733 692	31,3%
EBIT	781 127	562 427	587 085	38,9%
Net profit/loss	746 065	548 129	986 454	36,1%
<b>Other data</b>				
Net debt	2 947 653	2 838 384	2 786 516	3,8%
Debt/Balance sheet total	81,3%	82,4%	80,2%	-1,3%
Capital expenditure/ Revenue	2,47%	2,58%	2,00%	-4,0%
Market capitalisation	15 981 841	7 250 548	5 795 332	120,4%

Sales by type 2023



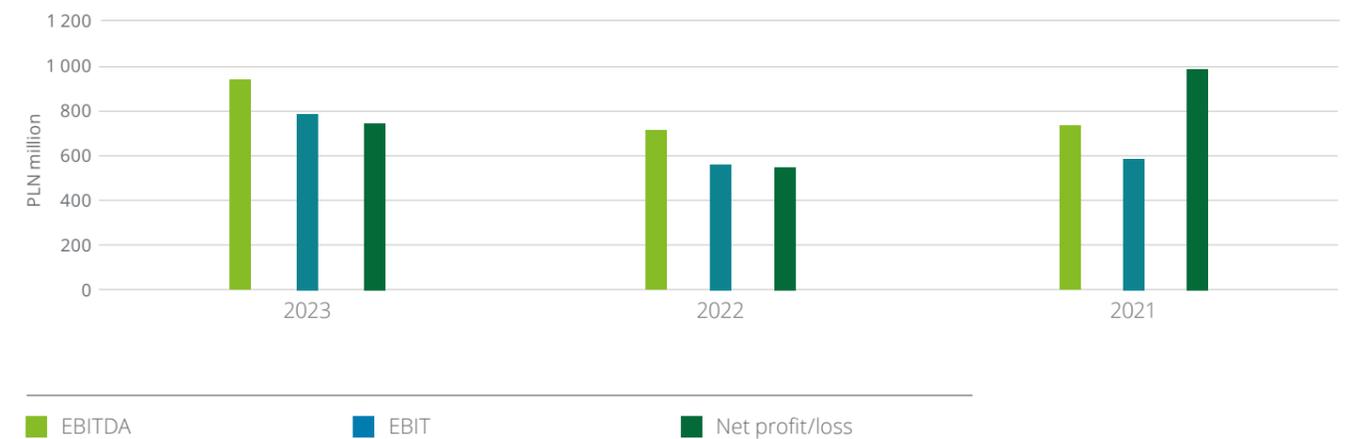
- Construction operations
- Other operations

Sales by geography 2023



- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



- EBITDA
- EBIT
- Net profit/loss

# STRABAG

STRABAG has been present on the Polish construction market since 1987 and is one of the leading construction companies on the Polish market. The Polish company is part of a European construction group that has been synonymous with quality in the construction industry for 180 years and carries out over 15,000 projects a year around the world. STRABAG's sustainable development strategy aims to achieve carbon neutrality by 2040.

STRABAG is a general contractor for investments in Poland in the areas of roads, railways, airport infrastructure, buildings, hydraulic engineering, energy, industry and environmental protection. The Group's laboratories ensure the highest quality standards, conduct research and implement innovative technologies. STRABAG implements almost 600 projects a year throughout the country, including not only the largest and most technologically advanced, but also smaller projects of great importance to regions and local government units.

The STRABAG Group is active in the field of property development and facility management services. The company has a well-developed network of asphalt mixing plants, concrete plants and aggregate quarries, as well as the latest generation of machinery. With over 6,800 employees, STRABAG is one of the largest employers in Poland.

STRABAG is the only construction company with branches in all regions, which is extensively involved in initiatives to support local communities and supports the most important regional cultural institutions. In 2023, STRABAG's patronage under the slogan #BudujemyKlimatKultury was present in 13 Polish cities, gathered over 350,000 spectators in 12 of the best concert halls in the country, and over

1,350,000 people participated in outdoor events.

The key role among the specialised entities operating under the STRABAG brand is played by two companies: STRABAG Sp. z o.o. and STRABAG Infrastruktura Południe Sp. z o.o. The financial statements of the Polish companies of the STRABAG Group are not consolidated at the local level.

## STRABAG Sp. z o.o.

STRABAG Sp. z o.o. focuses its operations mainly on road infrastructure investments. It also specialises in railway construction, modernisation and construction of hydrotechnical infrastructure, industrial, medical and power engineering construction.

STRABAG Sp. z o.o. is gradually adding new projects to its portfolio. In this respect, 2023 was another year of high acquisitions. The net value of the projects acquired by the company amounted to almost PLN 5.1 billion, which was higher than the average of the previous year. In 2023, the Company continued the implementation of many projects started in previous years.

The most important include:

- design and construction of the A2 Warsaw motorway, section Siedlce - Malinowiec;
- design and construction of the second lane of the Słupska ring road along the S6 road;
- design and construction of the Chełm ring road within the S12, Pułusk ring road within the DK61, Nałęczów ring roads;
- design and construction of five sections of the S19 expressway: Bielsk Podlaski - Boćki, Boćki - Malewice, from Międzyrzec Podlaski to the Lubelsko-Mazowieckie

# STRABAG

- border, Sokołów Małopolski Północ - Jasionka and Miejsce Piastowe - Dukla, with a total length of 66 km;
- construction of the S1 expressway on the Bieruń - Oświęcim section;
- construction of the Trasa Górna in Łódź;
- construction of Pucka Street with a viaduct of a new connection to the Port of Gdynia;
- reconstruction of Korfantego Street in Częstochowa with a railway viaduct along the Częstochowa - Kielce line;
- construction of a tram line along Kasprzaka and Wolska Streets in Warsaw;
- construction of the Embassy of the Republic of Poland in Berlin;
- Emergency Department of the Mazowiecki Specialist Hospital in Radom;
- Block R with laundry and kitchen of the Regional Hospital in Lublin;
- industrial heat pump for FORTUM in Wrocław;
- E59 railway line on the Wronki-Krzyż and Dobiegiew-Słonice sections 51 km long;
- completion of the E30 railway line with three bridges over the Vistula River.

The projects acquired and started in 2023 include:

- construction of a water treatment plant on the premises of the ORLEN plant in Płock;
- construction of the Police ring road, DW 527 on the Morąg - Łukta section (STAGE 3), DW 835 (extension of ul. Lubelskiego Lipca 980 in Lublin);
- the Sokoły ring road in the line of DW 678;
- reconstruction of Plac na Rozdrożu and ul. Jana Kazimierza in Warsaw;
- construction of the IPT FIBER Research and Development Center;
- construction of the COGNOR steel mill in Siemianowice;
- renovation and reconstruction of the NBP headquarters in Warsaw;

- BSH Research and Development Center in Rzeszów;
- Industrial Accelerator of the Industrial Development Agency in Stalowa Wola;
- expansion of the hospital of the Krapkowice Health Center.

## STRABAG Infrastruktura Południe

It is one of the key companies in the STRABAG Group in Poland. It is active in road construction, mainly in the south and south-west of the country, in the field of major infrastructure projects and medium and small regional projects. The company has been operating in the Polish market for more than 25 years. STRABAG Infrastruktura Południe ("SIP"), with its specialised equipment for the construction of bituminous and concrete surfaces, is involved in the design and construction of motorways, expressways, ring roads - urban and airport.

The average number of employees in 2023 was 540. The company generates 100% of its revenues in Poland. In 2023, the company's revenues amounted to PLN 857.2 million, i.e. they increased by 27.8% compared to the previous year. EBIT and net profit amounted to PLN 65 million and PLN 59.4 million respectively. As a result, the company generated a profit that was 85.5% higher than in the previous reporting period.

The order book for 2024 and subsequent years at the end of February 2024 exceeds PLN 1,236 million. Other significant orders acquired in 2023 and carried over to subsequent years include:

- extension of DK 46 on the section of the region's border - Kamienica Paczków ring road;
- extension of DK 94 Pyskowice - Zabrze;
- reconstruction of DW 913 - access road with a roundabout to the Pyrzowice airport;
- reconstruction of DW 925 Ruda Śląska - Rybnik;

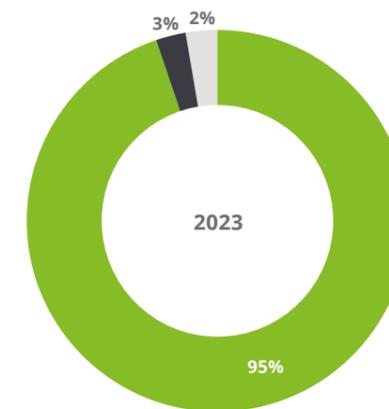
- reconstruction of DW934 Bieruń - Imielin;
- reconstruction of DW 948 Kobiernice - Żywiec - from DK 52 to DW 946;
- renovation of DW 946 Ślemień;
- construction of the western ring road of Zielonki near Kraków - design and execution of works;
- design and construction of al. 29 Listopada in Krakow;
- construction of the Southern Ring Road of Zielona Góra.

In 2023, STRABAG Infrastruktura Południe and STRABAG sp. z o.o. generated total revenues of PLN 5.8 billion, which represents an increase of 13.5% compared to the previous year. The total EBIT of the companies amounted to PLN 127.6 million. The net result for 2023 amounted to PLN 137.4 million, which is 31.3% lower than in 2022. The companies of the STRABAG Group cover their liquidity needs mainly through the Group's cash pooling system.

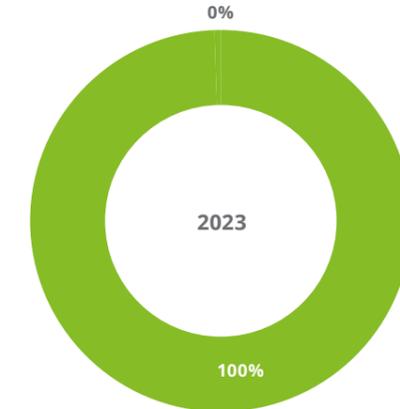


Basic data (PLN'000)	2023	2022	2021	% change '23 vs. '22
<b>Assets</b>				
Non-current assets	1 089 692	1 004 420	976 024	8,5%
Current assets	3 246 134	2 666 844	2 282 616	21,7%
<b>Total assets</b>	<b>4 335 827</b>	<b>3 671 264</b>	<b>3 258 640</b>	<b>18,1%</b>
<b>Equity and liabilities</b>				
Equity	876 928	906 799	707 530	-3,3%
Provisions for liabilities	633 437	463 019	542 418	36,8%
Long-term liabilities, including provision for deferred tax	0	0	0	0,0%
Short-term liabilities, including short-term accruals	2 825 462	2 301 446	2 008 691	22,8%
<b>Total equity and liabilities</b>	<b>4 335 827</b>	<b>3 671 264</b>	<b>3 258 640</b>	<b>18,1%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>5 752 985</b>	<b>5 068 281</b>	<b>5 082 750</b>	<b>13,5%</b>
Domestic sales	5 735 118	5 045 922	5 075 824	13,7%
Exports	17 867	22 359	6 926	-20,1%
Construction operations	5 450 497	4 702 201	4 862 511	15,9%
Other operations	302 488	366 080	220 239	-17,4%
EBITDA	257 611	329 673	298 093	-21,9%
EBIT	127 611	194 641	167 375	-34,4%
Net profit/loss	137 353	199 268	110 637	-31,1%
<b>Other data</b>				
Net debt	1 426 062	1 518 118	1 434 920	-6,1%
Debt/Balance sheet total	79,8%	75,3%	78,3%	5,9%
Capital expenditure/ Revenue	2,58%	1,64%	2,27%	57,6%

Sales by type 2023



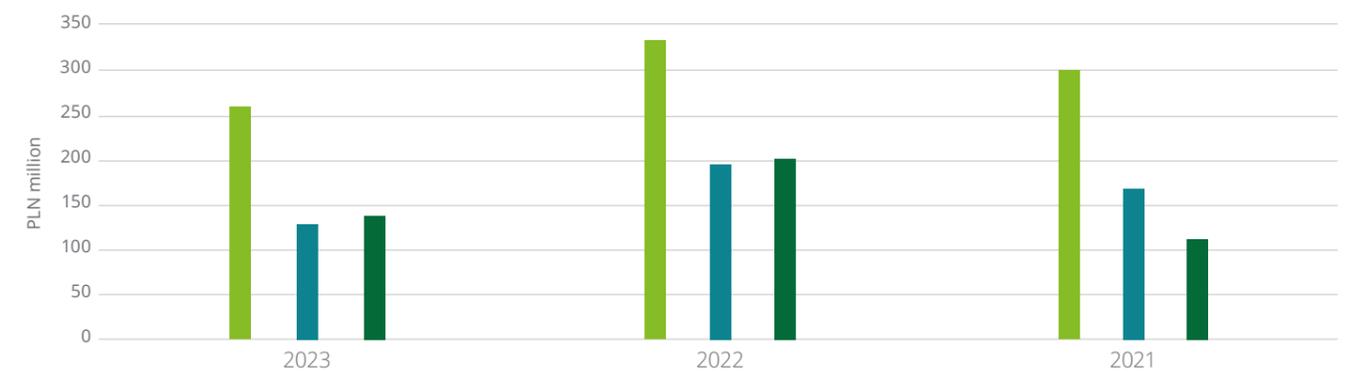
Sales by geography 2023



- Construction operations
- Sales of asphalt and grit mixtures
- Other operations

- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



- EBITDA
- EBIT
- Net profit/loss

# Grupa PORR



The PORR Group has been active in the construction market since 1869 and is one of the largest construction companies in Austria and a leading player in Europe. PORR focuses primarily on its core business, construction, through smart growth, digitalisation and increased innovation. The Group's goal is to create as broad a portfolio of services as possible.

In line with its smart growth strategy, the PORR Group concentrates on its stable home markets in Austria, Germany, Switzerland, Poland and the Czech Republic providing there all its services. In addition, the Group operates selectively in the tunnels and railway construction and civil engineering in Western, Central and Eastern Europe, as well as in Norway, the UK and Qatar.

The PORR Group has been operating in Poland since 1987. It is currently represented by PORR S.A. (in which it holds 100% of the shares) and its subsidiaries. PORR offers a wide range of services on the Polish market. The main areas of competence (business segments) are infrastructure construction (road and bridge construction, hydraulic engineering construction), railway construction, buildings and industrial construction.

## Green and Lean

As part of its "Green & Lean" strategy, the PORR Group is actively shaping the changes leading to decarbonisation. It strives to promote decarbonised construction projects, smart technologies and partnerships based on a model of comprehensive cooperation. It manages its business based on LEAN assumptions and implements projects according to the LEAN design and construction principle.

In 2023, the PORR Group embarked on the next stage of its transformation based on four strategic pillars - Company, People, LEAN and GREEN (ESG). The Efficient Site Workflow, iTWO, e-Procurement and GREEN programmes were successfully implemented and handed over for implementation within a year. Their effectiveness will continue to be measured to ensure that the measures and standards established are embedded in PORR for the long term.

## Results and financial position of PORR S.A.

The value of the Company's revenues increased by 15% compared to the previous year and amounted to PLN 4.5 billion, of which approximately 98% was generated in Poland. For the second year in a row, the planned process of diversifying the Company's revenues is progressing. Infrastructure construction (39%), i.e. mainly road and bridge construction, hydraulic engineering and tunnelling, continues to account for the largest share of sales. However, its share is declining in favour of other segments of construction activity, such as building construction (26%), railway construction (25%) and industrial construction (10%). The company's investments in fixed assets increased from PLN 47 million in 2022 to over PLN 52 million in 2023.

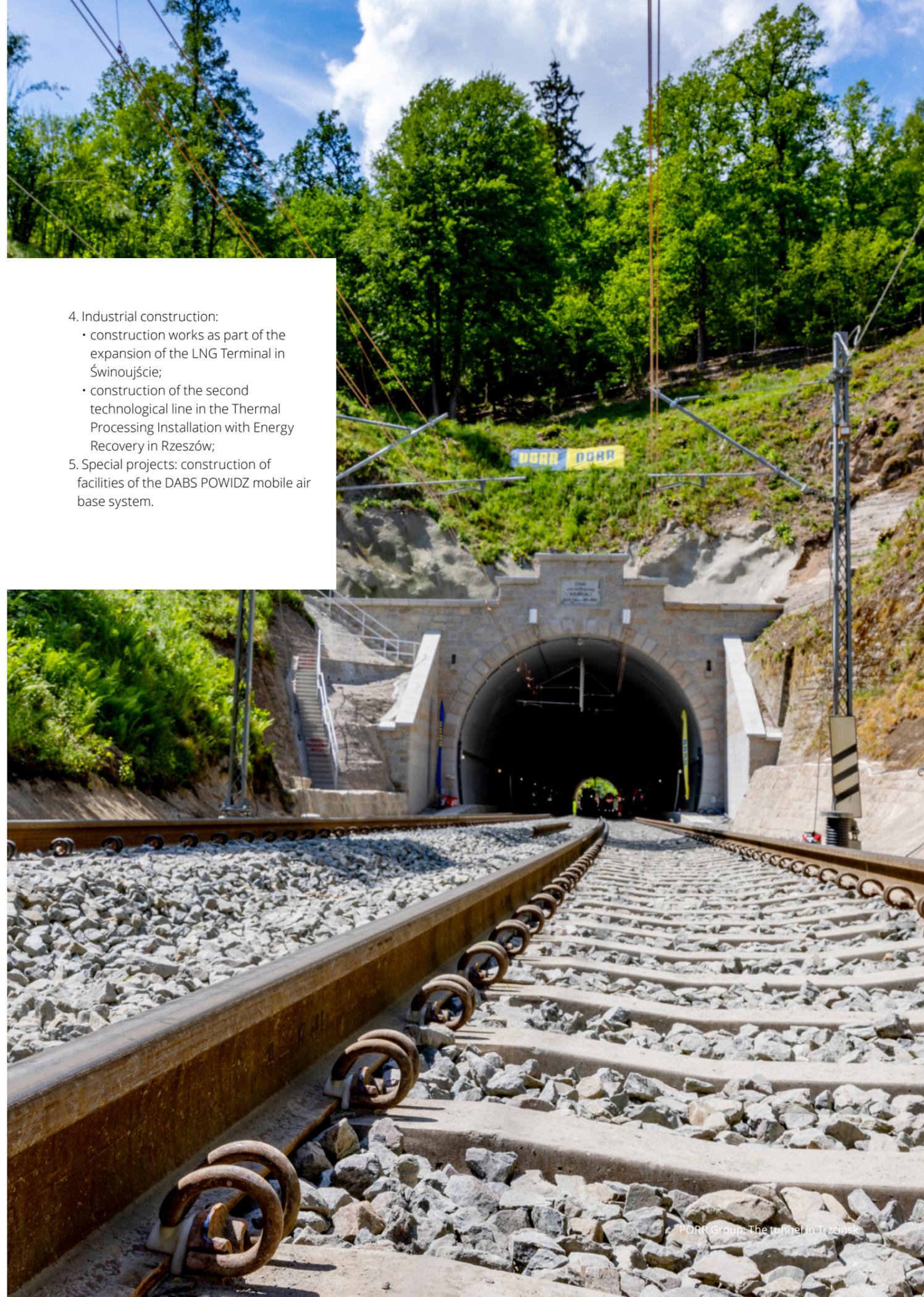
In 2023, the Company generated an operating profit of PLN 53 million (the deterioration compared to the previous year is mainly due to several building construction projects - mainly residential). The vast majority of contracts executed by the Company in 2023 had satisfactory, positive profitability. This is the result of successful bidding for profitable contracts, the achieved increase in the value of contracts (which significantly

compensates for the increase in the price of construction materials), as well as the properly organised and managed process of their implementation (including, among others, the management of the purchase of construction materials and labour).

Projects implemented by PORR S.A. in 2023 include among others:

1. Infrastructure construction:
  - construction works as part of expressways: S1, S3, S7, S16, S19 or S61;
  - extension of national roads 11 (including the extension of the bridge over the Noteć River along the national road no. 11) and 22;
  - expansion of the offshore part of the Liquefied Natural Gas Regasification Terminal in Świnoujście;
  - construction of flood gates along the left flood embankment in the area of water intakes for Sendzimir Steelworks.
2. Railway construction:
  - modernization of track systems with accompanying infrastructure on the E59 railway line on the Krzyż - Dobiegniew section;
  - modernization of railway lines no. 93 or 131 on selected sections.
3. Building construction:
  - office buildings: The FORM and Atenor in Warsaw, the headquarters of the TETOS Holding in Poznań;
  - hotel buildings: Infinity Zieleniec, apart hotel in Karpacz;
  - residential and service buildings: a complex of multi-family buildings for JWC in Chorzów, a complex of eight residential buildings at ul. Kolejowa 63 in Wrocław, HORIZON Gdańsk Letnica, SOLANO in Gdynia, Pastelowa Estate in Gdańsk;
  - construction of the Oncology Hospital in Wrocław;

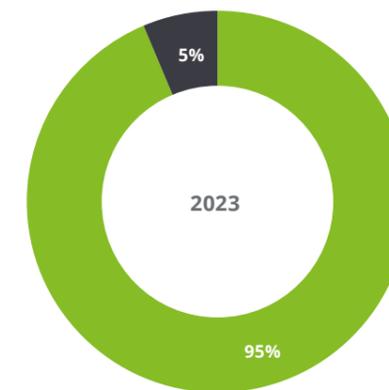
4. Industrial construction:
  - construction works as part of the expansion of the LNG Terminal in Świnoujście;
  - construction of the second technological line in the Thermal Processing Installation with Energy Recovery in Rzeszów;
5. Special projects: construction of facilities of the DABS POWIDZ mobile air base system.



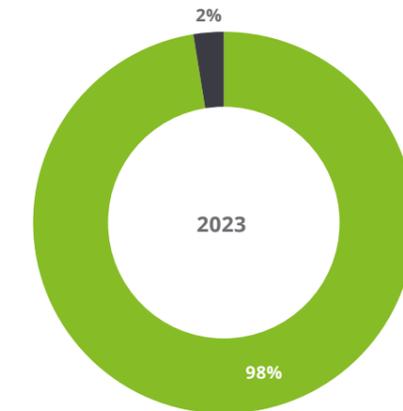
PORR Group: The tunnel in Trzebnica

Basic data (PLN'000)	2023	2022	2021	% change '23 vs. '22
<b>Assets</b>				
Non-current assets	422 557	411 166	371 687	3%
Current assets	1 529 192	1 666 105	1 516 261	-8%
<b>Total assets</b>	<b>1 951 749</b>	<b>2 077 271</b>	<b>1 887 948</b>	<b>-6%</b>
<b>Liabilities</b>				
Equity	500 939	485 576	389 414	3%
Provisions for liabilities	206 516	122 609	110 096	68%
Long-term liabilities, including deferred tax liabilities	68 044	109 727	112 684	-38%
Short-term liabilities	768 751	1 145 100	1 116 016	-33%
Accruals	407 500	214 258	159 738	90%
<b>Total equity and liabilities</b>	<b>1 951 749</b>	<b>2 077 271</b>	<b>1 887 948</b>	<b>-6%</b>
<b>Profit and loss account</b>				
<b>Revenue</b>	<b>4 504 707</b>	<b>3 918 733</b>	<b>3 497 545</b>	<b>15%</b>
Including the cost of manufacturing products for the entity's own needs:	30	43	22	-31%
<b>Revenue</b>	<b>4 504 677</b>	<b>3 918 690</b>	<b>3 497 523</b>	<b>15%</b>
Domestic sales	4 410 513	3 827 059	3 347 436	15%
Exports	94 165	91 630	150 087	3%
Construction operations	4 290 410	3 671 286	3 315 704	17%
Other operations	214 267	247 404	181 819	-13%
EBITDA	94 795	141 336	120 434	-33%
EBIT	53 355	102 445	84 630	-48%
Net profit/loss	69 367	96 841	79 298	-28%
<b>Other data</b>				
Net debt	1 102 985	1 197 414	1 205 016	-8%
Debt/Balance sheet total	74,3%	76,6%	79,4%	-3%
Capital expenditures/Revenues	1,16%	1,21%	1,20%	-4%

Sales by type 2023



Sales by geography 2023



- Construction operations
- Other operations

- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



# Erbud Group



The history of ERBUD began in 1990 in a small, detached house in Toruń. After thirty-four years, it has grown into the largest independent construction company in Poland, with its headquarters in the award-winning Royal Wilanów - an A+ class office building built by ERBUD itself. The group also has a dozen branches, technical offices and companies in Poland and Germany, and carries out contracts in Belgium, the Netherlands and Norway, to name but a few. Its flagship projects include Galeria Młociny - the largest shopping centre in Warsaw, the prestigious Hala Koszyki in Warsaw, the multi-award winning Neuca office building in Toruń and the tallest office building in Łódź - the Hi Piotrkowska complex.

ERBUD also provides maintenance services to industry. In Konin, ERBUD Industry built the first zero-emission waste incineration plant in Poland, and the electrode boilers in the HP plant in Gdańsk, which enable the adjustment of heat supply to an extent that has never been seen in Poland. Ecology and sustainable development is at the heart of company growth strategy. Its subsidiary - ONDE - specialises in the construction of wind and photovoltaic farms, and MOD21 - a start-up - in the construction of ecological wooden modules.

ERBUD has been listed on the Warsaw Stock Exchange since 2007 and is included in the WIG Construction index. It is also a member of the Porozumienie dla Bezpieczeństwa w Budownictwie (Construction Safety Alliance), which includes 19 of the largest general contractors in Poland. The company has established the ERBUD Foundation Wspólne Wyzwania, which helps young people from children's homes to start independent lives.

ERBUD organises the annual Young Tinkerers construction workshops for girls at the Copernicus Science Centre, which have been awarded the Golden Clip and ESG Innovator awards by the Polish ESG Association.

In 2023, the Group generated revenues of PLN 3.2 billion, a decrease of 16.1% compared to the previous year. Over 80% of these revenues were generated on the domestic market. The Group's main activities are building construction (47%), OZE (33%) and industrial construction (18%). In the analysed period, EBITDA increased compared to the previous year and reached PLN 57 million. However, EBIT decreased by approximately 3.7% compared to 2022, from PLN 21 million in 2022 to PLN 20 million in 2023.

In 2023, the Group completed the following projects:

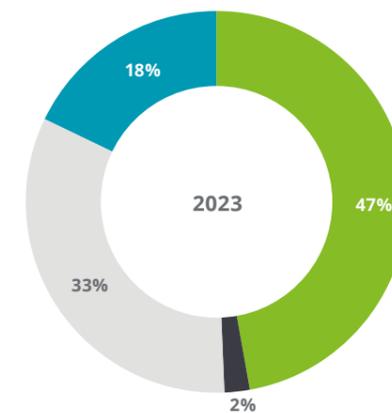
- construction of a building for the Katowice-Wschód District Court in Katowice;
- construction of a hospital building in Tomaszów Lubelski for the central operating theatre and treatment wards with reconstruction of existing buildings in the "design and build" formula;
- construction of a film studio building as the first stage of the planned CAMERIMAGE European Film Centre complex;
- implementation of Stage VIIA of the Port Popowice Investment;
- construction of a service base for an offshore wind farm (The Operation and Maintenance Base);
- Construction of a production and storage facility with a social part and necessary infrastructure in Biskupice Podgórne.



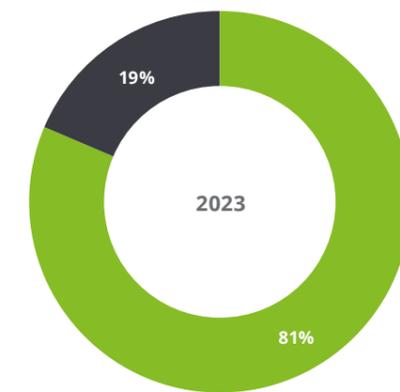
ERBUD Group: The City Vibe estate in Kraków Mysliwska 68

Basic data (PLN'000)	2023	2022	2021	% change '23 vs. '22
<b>Assets</b>				
Non-current assets	476 900	442 555	329 472	7,8%
Current assets	1 496 933	1 573 713	1 503 718	-4,9%
<b>Total assets</b>	<b>1 973 833</b>	<b>2 016 268</b>	<b>1 833 190</b>	<b>-2,1%</b>
<b>Equity and liabilities</b>				
Equity	674 946	665 478	684 733	1,4%
Provisions for liabilities	70 544	56 402	57 232	25,1%
Long-term liabilities, including provision for deferred tax	210 947	221 547	181 612	-4,8%
Short-term liabilities, including short-term accruals	1 017 396	1 072 841	909 613	-5,2%
<b>Total equity and liabilities</b>	<b>1 973 833</b>	<b>2 016 268</b>	<b>1 833 190</b>	<b>-2,1%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>3 234 363</b>	<b>3 855 649</b>	<b>3 102 095</b>	<b>-16,1%</b>
Domestic sales	2 634 751	3 360 333	2 688 583	-21,6%
Exports	599 612	495 316	413 512	21,1%
Construction operations	3 170 507	3 833 319	3 079 758	-17,3%
Other operations	63 856	22 330	22 337	186,0%
EBITDA	57 021	53 986	118 463	5,6%
EBIT	20 087	20 858	90 814	-3,7%
Net profit/loss	23 295	10 994	21 338	111,9%
<b>Other data</b>				
Net debt	1 035 768	1 186 829	785 247	-12,7%
Debt/Balance sheet total	65,8%	67,0%	62,6%	-1,8%
Capital expenditure/ Revenue	1,73%	1,45%	2,74%	19,2%
Market capitalisation	510 597	409 467	657 176	24,7%

Sales by type 2023



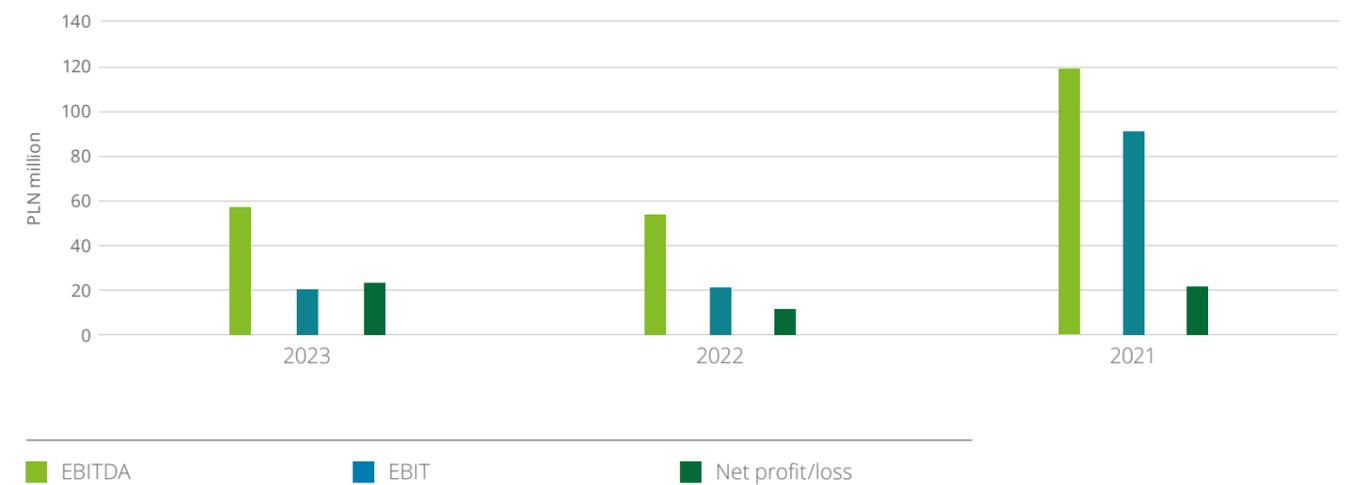
Sales by geography 2023



- Building activity - general construction
- Other activities
- Building activity - civil and road engineering
- Industrial construction

- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



# POLIMEX MOSTOSTAL GROUP



The Polimex Mostostal Capital Group ranks among the largest engineering and construction groups in Europe. The company carries out specialised investments in Poland and abroad in the energy, petrochemical, gas, and environmental protection industries. It is a major European manufacturer and exporter of steel structures and gratings. It also galvanises and paints steel structures.

The company has been in business since 1945 and is listed on the Warsaw Stock Exchange. Polimex Mostostal Capital Group is one of the leading companies on the Polish construction market in terms of specialised services, order book, experience, professionalism and references.

The Group comprises subsidiaries and associated companies specialising in production, trading and service activities. Polimex Mostostal S.A. is the parent company of the Group.

The Group's companies are mainly engaged in the following segments:

- energy - turnkey energy projects, i.e. comprehensive services ranging from design, procurement, construction, installation and commissioning to required testing and maintenance services;
- oil-gas-chemical - specialised, general construction, repair, modernisation and investment services, including for the refining, petrochemical, chemical and gas industries. The strength of the offer is its own production capacity, including steel structures, pipelines, industrial refinery furnaces of various types and tanks, liquid fuel storage;
- construction - comprehensive services in industrial and general construction on a general contractor basis, including

the execution of projects involving the construction of production plants, warehouses, wind and photovoltaic farms, environmental protection facilities, and general construction, including administrative and office buildings, shopping centres and multiplexes, sports facilities and stadiums;

- infrastructure - roads, bridges and hydraulic infrastructure projects, design and construction of buildings and facilities, provision of comprehensive construction supervision and contract management services (consultant, acting investor);
- production - production and supply of steel structures and products, including platform gratings, various transport pallets and other services related to steel products, such as corrosion protection of steel structures, including hot-dip galvanising.

The Polimex Mostostal Group manufactures refinery furnaces and provides installation and commissioning services as well as maintenance and periodic on-site inspections. In addition to the parent company, the group includes Polimex Energetyka, Naftoremont-Naftobudowa, Mostostal Siedlce, Polimex Budownictwo, Polimex Infrastruktura, Polimex Operator, Polimex Energo, Stalfa, Instal-Lublin and Energomontaż Północ-Bełchatów.

The Group ended 2023 with revenues of PLN 3 billion, down by more than 20% compared to 2022. The highest revenues were generated from energy construction projects - more than PLN 1.2 billion, while industrial construction generated PLN 284 million. More than 73% of revenues in 2022 came from domestic sales. The Group's EBITDA in 2023 amounted to PLN -73 million, which is more than PLN 280 million

higher than in 2022 (in 2022, the Group's EBITDA was positive and amounted to PLN 207 million). In 2023, the Group will post a net loss of PLN 123 million. The negative result in 2023 is mainly a consequence of the gross margin adjustment on the Dolna Odra Power Plant and Czechnica CHP contracts.

In 2023, the Group carried out the following strategic projects in the energy sector:

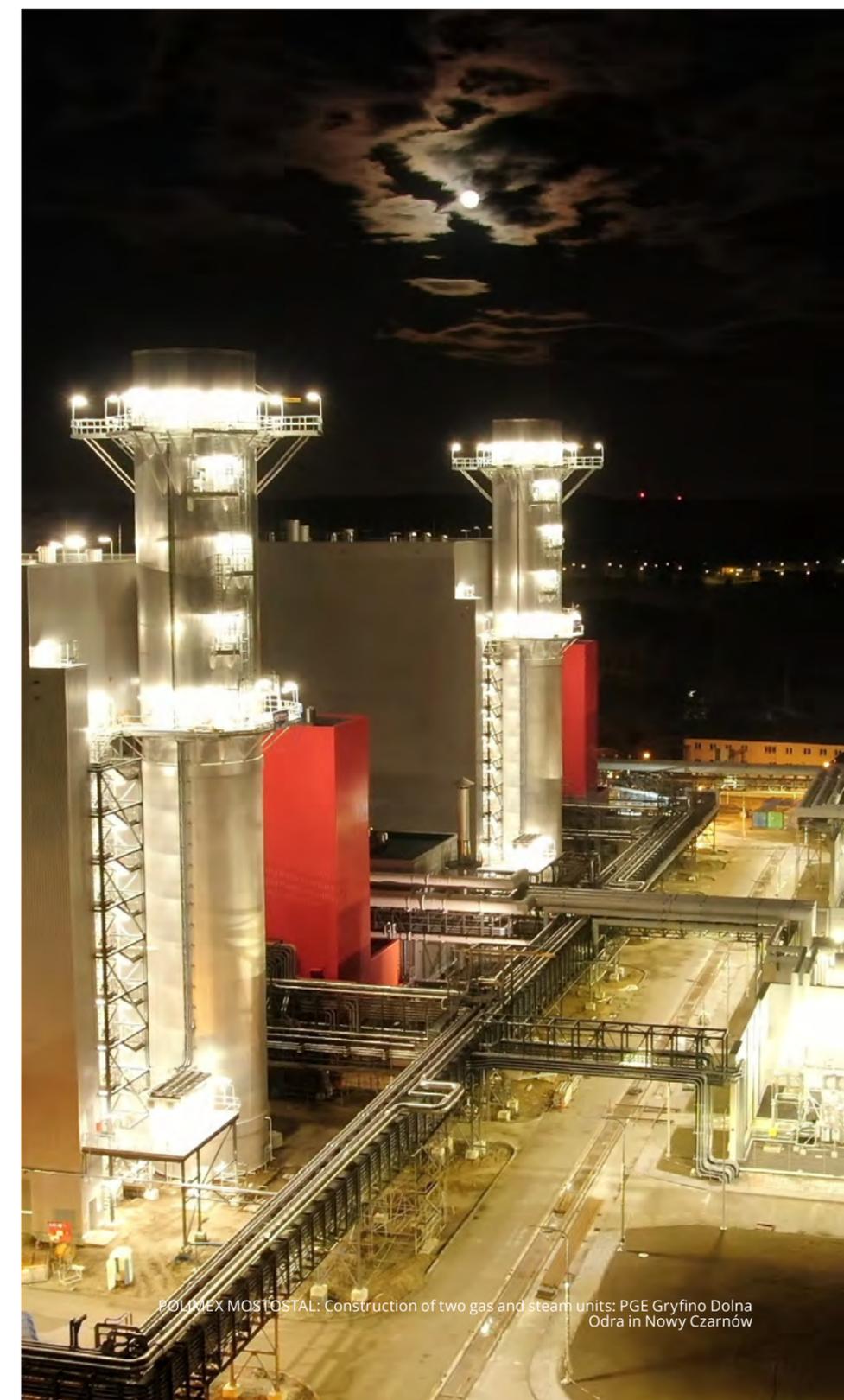
- a contract for the construction of a new unit at Zakłady Azotowe Puławy;
- a contract for the construction of two new units at Dolna Odra Power Station;
- a contract for the construction of a combined-cycle power plant in Siechnice (Czechnica);
- a contract for the construction of a CCGT unit at the Rybnik power plant;
- a contract for the construction of the K-003 OSBL package for the expansion of the Olefin unit in Płock;
- a contract for the construction of a modern rapeseed oil compressor station in Kętrzyn.

During 2023 and up to the date of signing the report on the activities of Polimex Mostostal Capital Group for the year ended 31 December 2023, the Group signed a number of new contracts. The most important are:

- Olefyny III Project Package K003 - on 5 July 2023 the consortium consisting of Polimex Mostostal, Naftoremont-Naftobudowa sp. z o.o. and KTI Poland S.A. concluded a contract with ORLEN S.A. for the execution of the "PACKAGE K-003 within the OSBL of the Olefin Unit Expansion Package". Ordering party: ORLEN SA. Amount: PLN 3,430,541 net;

- Rybnik Power Plant - on 9 February 2023, a consortium consisting of Polimex Mostostal and Siemens Energy signed a contract with PGE Polska Grupa Energetyczna for the construction of an 882 MW CCGT unit in Rybnik. The remuneration for the execution of the contract is PLN 1,375,000 net attributable to the Group. The new gas-fired unit in Rybnik will replace four decommissioned coal-fired units with a total capacity of 900 MW at the existing Rybnik power station. The unit is expected to be commissioned in December 2026;
- Baltica 2 Connection - on 18 January 2024, a contract was concluded for the construction of an onshore connection (line and station part) and cabling for the Baltica 2 offshore wind farm (net value: PLN 849,188,000), Baltica Wind Power Plant - 2 sp. z o.o. (part of the PGE Group);
- Kętrzyn Compressor Station - on 21 September 2023 a contract was concluded for the design, supply and turnkey construction, commissioning and start-up of an extraction compressor station with a capacity of 200 thousand tonnes of oil per year, as well as rapeseed, oil and meal warehouses with associated facilities and necessary railway and road infrastructure in Kętrzyn (net value: PLN 540,892), the Client: Orlen Południe S.A.

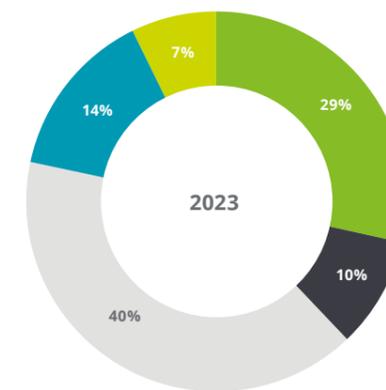
In 2022, Polimex-Mostostal signed a memorandum of cooperation on the possible construction of nuclear power plants with the largest players in this energy sector, i.e. Westinghouse, Bechtel, EDF and Korea Hydro & Nuclear Power. The Polimex-Mostostal Group has great potential, experience, competent staff, numerous references and the complementary skills of its subsidiaries, which will help to expand its order book to include more projects to be carried out in this market segment.



POLIMEX MOSTOSTAL: Construction of two gas and steam units: PGE Gryfino Dolna Odra in Nowy Czarnów

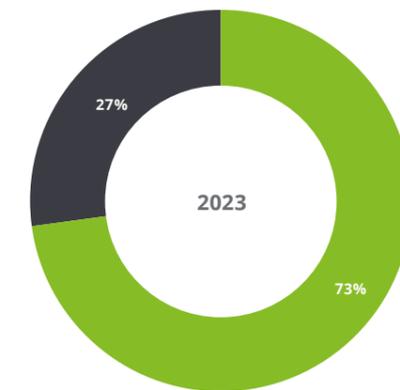
Basic data (PLN'000)	2023	2022	2021	% change '23 vs. '22
<b>Assets</b>				
Non-current assets	834 852	777 414	763 266	7,4%
Current assets	1 594 224	1 950 810	1 586 793	-18,3%
Assets held for sale	39 912	503	36 838	7834,8%
<b>Total assets</b>	<b>2 468 988</b>	<b>2 728 727</b>	<b>2 386 897</b>	<b>-9,5%</b>
<b>Equity and liabilities</b>				
Equity	933 529	1 037 570	901 230	-10,0%
Provisions for liabilities	75 160	63 186	44 403	19,0%
Long-term liabilities, including provision for deferred tax	184 256	238 789	244 998	-22,8%
Short-term liabilities, including short-term accruals	1 276 043	1 389 182	1 196 266	-8,1%
Liabilities directly related to assets held for sale	0	0	0	0,0%
<b>Total equity and liabilities</b>	<b>2 468 988</b>	<b>2 728 727</b>	<b>2 386 897</b>	<b>-9,5%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>3 013 631</b>	<b>3 784 203</b>	<b>2 304 000</b>	<b>-20,4%</b>
Domestic sales	2 205 031	3 050 460	1 682 395	-27,7%
Exports	808 600	733 743	621 605	10,2%
Construction operations	2 146 195	2 632 557	1 584 689	-18,5%
Other operations	867 436	1 151 646	719 311	-24,7%
EBITDA	-72 915	207 252	164 360	-135,2%
EBIT	-116 633	167 098	127 504	-169,8%
Net profit/loss	-123 213	131 053	87 025	-194,0%
<b>Other data</b>				
Net debt	1 041 899	740 613	602 137	40,7%
Debt/Balance sheet total	62,2%	62,0%	62,2%	0,3%
Capital expenditure/ Revenue	1,2%	0,5%	0,9%	121,5%
Market capitalisation	1 008 254	1 084 207	922 813	-7,0%

Sales by type 2023



- Production
- Industrial construction
- Energy
- Oil, gas, chemicals
- Infrastructural construction

Sales by geography 2023



- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



# MIRBUD S.A.



MIRBUD S.A. has been present on the Polish market since 1988. Since 2002, the company has been carrying out construction contracts for industrial facilities, public utility buildings and residential buildings, among others, acting exclusively as a general contractor. In 2004, the company expanded its activities to include road infrastructure projects. In 2006, the company changed its legal form to a joint-stock company. On 28 December 2008 (after 20 years of operation) the company successfully went public on the Warsaw Stock Exchange.

At present, with over thirty-five years of operation, the company has completed about 1000 investment projects, including industrial, commercial, engineering, road, residential and public utility construction. MIRBUD Capital Group employs more than 1000 people (mostly certified civil engineers), including highly qualified engineers specialised in various segments of construction. Another asset of the company is its modern machine park, which enables it to carry out most of the works on its own. In the field of road construction, MIRBUD S.A. has carried out numerous road construction projects and is one of the largest general contractors in the field of road and motorway construction in Poland. In recent years, the company has successfully completed the construction of the following sections A1 and A18 motorways, S1, S3, S5, S6 and S11 expressways, as well as numerous ring roads and sections of national and regional roads.

The company's portfolio also includes many prestigious public and sports facilities, such as football stadiums, sports halls, office buildings, schools, offices, hotels and others. Approximately 90 per cent of MIRBUD Capital Group's annual revenue is generated from the sale of construction and assembly services. The remaining 10 per cent comes from activities in the development market and the leasing of commercial space.

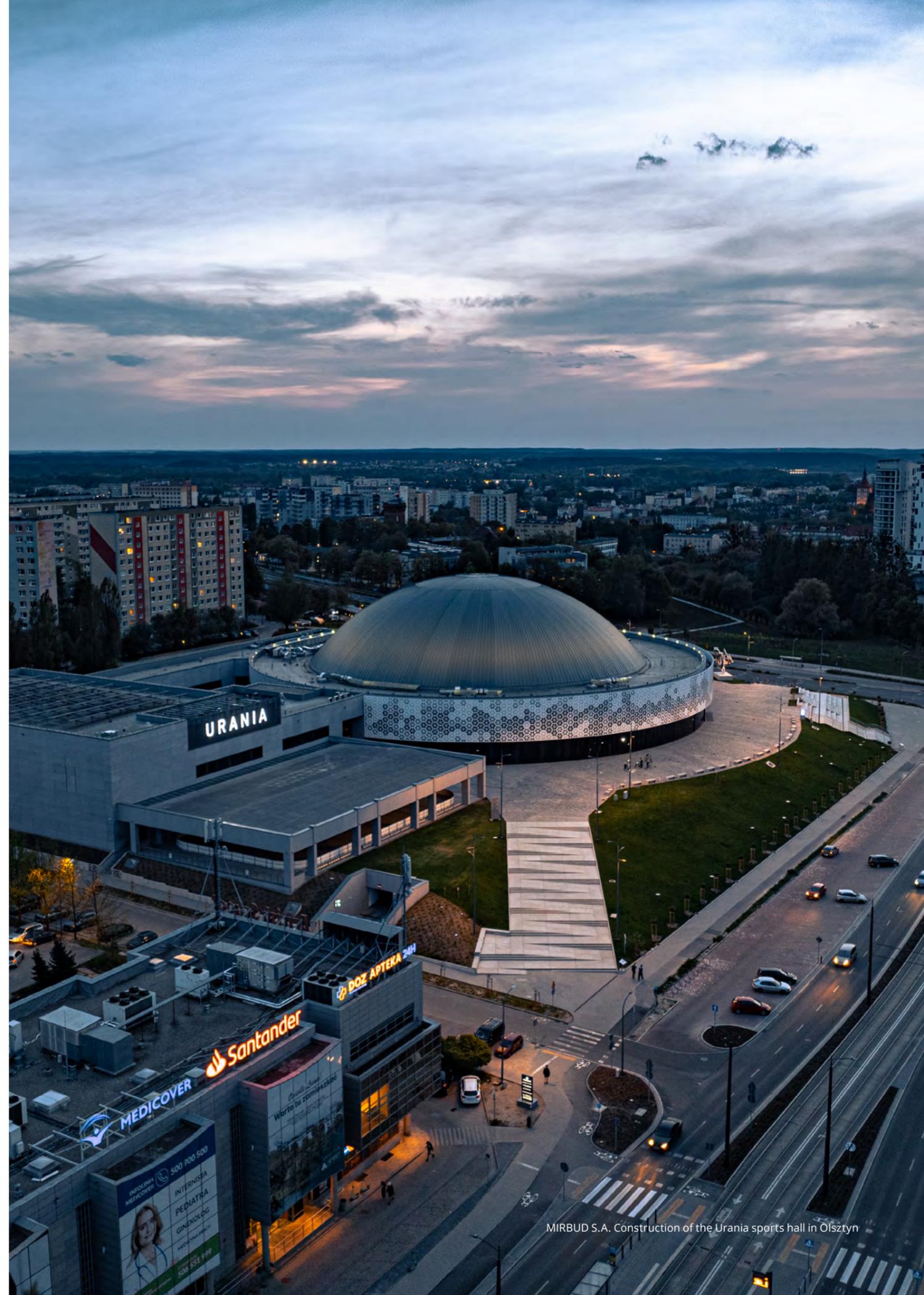
The key construction contracts performed in 2023 include:

- construction of a complex of spa treatment buildings in Kolobrzeg;
- design and construction of distribution centres in the Warmińsko-Mazurski and Lubelskie regions for companies in the Dino Group;
- design and construction of the VidaXL logistics centre in Wielkopolska;
- construction and reconstruction of existing road sections along the southern ring roads of Słupsk and construction and upgrading of roads in the municipality of Słupsk;
- design and construction of a Retail Park type retail and service facility in Ostróda;
- construction of the Nowy Korczyn ring road in the Świętokrzyskie region;
- construction of the Campanille Hotel in Warsaw Okęcie;
- construction of the San Park Mysiadło in Piaseczno near Warsaw;
- construction of a sports centre on the premises of the K-6015 military unit in Powidz;

- development of district roads in the Płock district;
- development of areas for industrial use in the northern part of Słupsk in the design-build system;
- modernisation of national road no. 268 in the Kujawsko-Pomorskie region;
- construction of the western ring road of Chojnice;
- development of the Western Industrial Zone in Piła, including the Piła-Lotnisko Industrial Park;
- other numerous projects for the construction or modernisation of motorways, regional or national roads in Poland.

In 2023, the MIRBUD Group generated sales of PLN 3.3 billion, which represents an increase of 0.1% compared to the previous year. The MIRBUD Group generated all of its revenues on the domestic market.

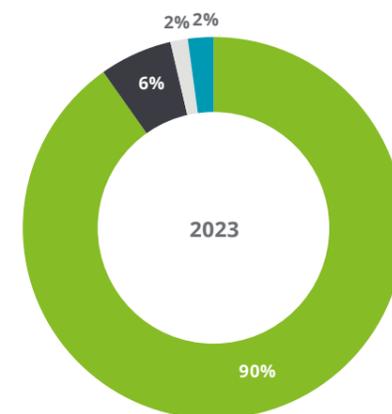
In 2023 the Group's EBIT amounted to PLN 224 million, an increase of 25.5% compared to the previous year. The Group generated a net profit of PLN 135.4 million, 13.6% higher than in 2022. Net debt in 2023 was approximately PLN 1 billion, up 3.4% year-on-year.



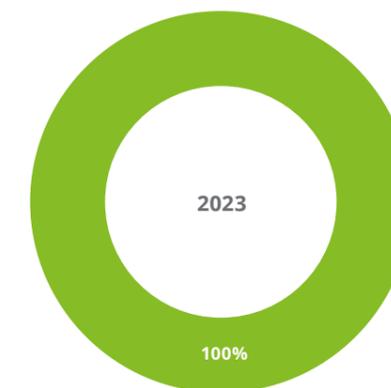
MIRBUD S.A. Construction of the Urania sports hall in Olsztyn

Basic data (PLN'000)	2023	2022	2021	% change '23 vs '22
<b>Assets</b>				
Non-current assets	846 977	729 720	714 745	16,1%
Current assets	1 436 824	1 518 326	1 325 860	-5,4%
<b>Total assets</b>	<b>2 283 801</b>	<b>2 248 046</b>	<b>2 040 605</b>	<b>1,6%</b>
<b>Equity and liabilities</b>				
Equity	793 550	681 989	582 281	16,4%
Provisions for liabilities	15 540	12 030	11 631	29,2%
Long-term liabilities, including provision for deferred tax	487 293	641 166	662 225	-24,0%
Short-term liabilities, including short-term accruals	987 418	912 861	784 468	8,2%
<b>Total equity and liabilities</b>	<b>2 283 801</b>	<b>2 248 046</b>	<b>2 040 605</b>	<b>1,6%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>3 322 440</b>	<b>3 319 329</b>	<b>2 505 568</b>	<b>0,1%</b>
Domestic sales	3 322 440	3 319 329	2 505 568	0,1%
Exports	0	0	0	0,0%
Construction operations	2 995 490	3 088 477	2 245 136	-3,0%
Other operations	326 950	230 852	260 432	41,6%
EBIDTA	242 605	194 439	187 903	24,8%
EBIT	223 883	178 372	174 474	25,5%
Net profit/loss	135 414	119 195	128 010	13,6%
<b>Other data</b>				
Net debt	1 094 475	1 058 497	990 548	3,4%
Debt/Balance sheet total	65,3%	69,7%	71,5%	-6,3%
Capital expenditure/ Revenue	3,44%	0,22%	0,11%	1497,2%
Market capitalisation	751 385	412 849	360 555	82,0%

Sales by type 2023



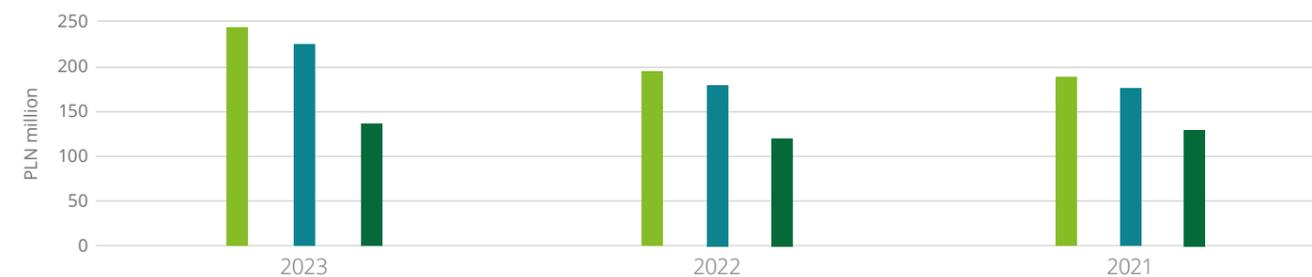
Sales by geography 2023



- Construction and installation
- Property development
- Investment property lease
- Others

- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



- EBITDA
- EBIT
- Net profit/loss

# UNIBEP GROUP



The history of the Unibep Group dates back nearly 75 years, when Budowlane Przedsiębiorstwo Powiatowe in Bielsk Podlaski was founded. It operated as a state-owned enterprise until 1998. The company was then transformed into a limited liability company, and in 2006 into a joint-stock company. In 2008, Unibep S.A. made its debut on the Warsaw Stock Exchange.

Unibep S.A. is currently one of the leading construction companies in the country and one of the largest Polish exporters of construction services. Together with its subsidiaries, it forms the Unibep Capital Group, which is diversified both geographically and in terms of segments. It is a general contractor for building construction, operates in the field of energy and industrial construction (since December 2021), implements roads and engineering structures in the broadly understood infrastructure, mainly in the north-eastern part of Poland, owns one of the largest modular house factories in Poland, which produces modular wooden buildings for the Scandinavian and German markets, but also for the Polish market (Unihouse S.A.). The company is also engaged in real estate development (Unidevelopment S.A.) in Warsaw, Poznań, Trójmiasto and Radom. It should be emphasised that the decision to create the Energy and Industrial Construction Division is a response to market needs related to the need to transform the Polish energy sector.

The Unibep Capital Group operates mainly on the Polish market, but it is also an exporter of construction services to countries such as Norway, Sweden and Germany. Unibep is currently building the Embassy of the Republic of Poland in Minsk commissioned by the State Treasury. The company is actively preparing to start construction work in Ukraine. The contract concluded on 11 March 2024 for the construction of the Medyka-Szeginie border

crossing on the Ukrainian Polish border (the Ukrainian part of the border crossing) is a milestone for the further development of this part of the Group's export activities.

The main activity of the Capital Group is general construction. Construction activities in the general construction segment account for approximately 42% of the total turnover. The energy and industry segment creates new prospects for the Group's development. Within this segment, 21% of sales were generated. The road (Infrastructure) segment accounts for approximately 14% of the Group's revenues. Thanks to large infrastructure investments in eastern Poland, the development of this segment of the Unibep Group's activities can be expected.

In the development segment's results for the four quarters ended 31 December 2023, the Group recognised the sale of 584 flats based on the handover reports. At the same time, developer sales reached the volume of 423 flats.

The remaining 9% of sales came from modular construction. Unihouse S.A., which is responsible for the development of this segment of the Group's business, has recently intensified its activities on the German and Polish markets, and also plays an important role on the Scandinavian markets. The products of Unihouse S.A. are in line with the global trend towards the development of sustainable construction, as this part of the Capital Group's activity concerns the construction of multi-family houses using modular wood technology. Approximately 92% of the Group's total revenues are generated in Poland. The remaining 8% is generated by the Unibep Group's foreign operations.

At the end of 2023, the Unibep Group generated revenues of over PLN 2.4 billion, an increase of 7.6% compared to 2022. EBIT at the end of 2023 amounted to PLN -138

million, while the net result reached PLN -156 million. The results for 2023 take into account, on the one hand, the recognition of higher construction production costs for many contracts in the construction segment and, on the other hand, the downward revision of contract valuations for those contracts whose completion dates are nearing completion due to the lack of appropriate agreements or annexes from the contracting authorities, taking into account surcharges. In addition, the negative economic impact on the operating result of contracts whose timely completion is at risk has been considered in the valuation. Furthermore, global inflation has had a negative impact on the results. The operating results take into account Unibep's announced conservative approach to the creation of provisions for services, provisions for potential liabilities and the estimation of revenues from valorisation agreements or additional work in the general contracting segment. The Group's results also include the cost of downtime related to unused production capacity at Unihouse S.A.'s modular house factory and lower than expected results from the contracting construction projects acquired in 2023. In addition to the operational factors mentioned above, the Group's results were also affected by the financial result, mainly due to higher interest costs and the valuation of financial assets, such as impairment losses on receivables, especially in export markets.

The above phenomena were unique. They were a real visualisation of the difficulties faced by the entire construction industry, i.e. very rigid contractual provisions preventing the valorisation of contracts in the face of rapidly growing inflationary pressures. For the Management Board of the Unibep Group, the results of the previous year were the basis for initiating organisational and process changes throughout the Group.

The scope of these changes is commented on and described in detail by the Management Board in its quarterly publications and in numerous meetings where the financial results achieved are discussed, and the positive effects are visible in the financial results achieved from the beginning of 2024.

Below are the basic consolidated financial data for the first half of 2024:

Sales	PLN 1 159 363
EBIT	PLN 120 246
EBIT	10.4%
EBITDA	PLN 134 497
EBITDA%	11.6%
Net result	PLN 86 529

In 2023, the Unibep Group signed agreements for, among others:

- construction of the Innovation and Cybersecurity Centre of the Faculty of Cybernetics at the Warsaw Military University of Technology;
- Design and extension of national road no. 53 on the Myszyńiec - Kadziło section from approximately km 85+600 to approximately km 105+230;
- sale of developed real estate in Poznań, including a residential investment called Fama Jeżyce Stage II (final agreement concluded by a subsidiary of Unidevelopment S.A.);

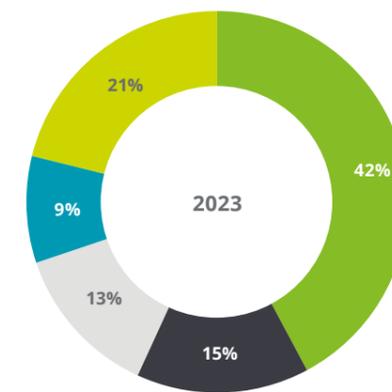
In May 2023, Dariusz Blocher became the new CEO of the Unibep Group.



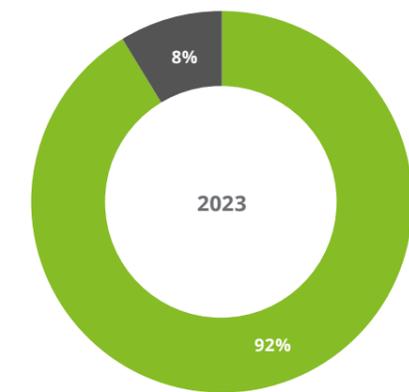
UNIBEP S.A. The Pauza Ochota estate in Warsaw

Basic data (PLN'000)	2023	2022	2021	% change of '23 vs. '22
<b>Assets</b>				
Non-current assets	350 815	401 088	331 801	-12,5%
Current assets	1 456 502	1 412 115	1 203 682	3,1%
<b>Total assets</b>	<b>1 807 317</b>	<b>1 813 203</b>	<b>1 535 484</b>	<b>-0,3%</b>
<b>Liabilities</b>				
Equity	213 126	383 954	371 993	-44,5%
Provisions for liabilities	350 489	308 852	235 167	13,5%
Long-term liabilities, including provision for deferred tax	324 459	233 537	210 802	38,9%
Short-term liabilities, including short-term accruals	919 243	886 859	717 521	3,7%
<b>Total liabilities</b>	<b>1 807 317</b>	<b>1 813 203</b>	<b>1 535 484</b>	<b>-0,3%</b>
<b>Profit and loss account</b>				
<b>Revenue</b>	<b>2 429 768</b>	<b>2 258 312</b>	<b>1 714 018</b>	<b>7,6%</b>
Domestic sales	2 243 780	2 058 937	1 381 276	9,0%
Exports	185 988	199 375	332 742	-6,7%
Construction activities	2 112 390	1 925 257	1 428 241	9,8%
Other activities	317 378	333 055	285 777	-5,4%
EBITDA	-109 409	89 333	77 069	-222,5%
EBIT	-137 809	63 751	55 111	-316,2%
Net result	-156 486	31 861	42 113	-591,1%
<b>Other data</b>				
Net debt	925 736	977 533	644 273	-5,3%
Debt/balance sheet total	88,2%	78,8%	75,8%	11,9%
Capital expenditures/revenues	1,09%	2,12%	2,21%	-48,7%
Market capitalisation	319 800	287 800	361 228	11,1%

Sales by type 2023



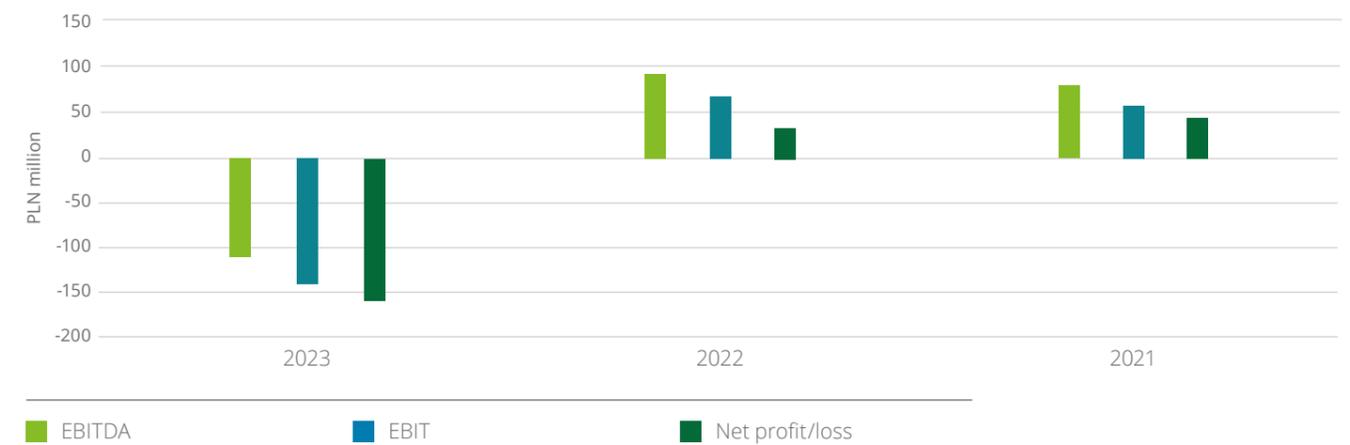
Sales by geography 2023



- Building construction
- Infrastructure
- Property development
- Modular construction
- Energy and industrial construction

- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



# GOLDBECK



GOLDBECK in Poland is part of the international GOLDBECK group, one of the largest construction companies in Europe, still managed by its founders - the Goldbeck family.

The company has been present on the Polish market since 1997. Its strategy is based on decentralisation. Regional branches of GOLDBECK General Contracting are located in Poznań, Wrocław, Łódź and Kraków. Production plants of structural elements are located in Lućmierz near Łódź, Toruń and Rakowice Małe.

During its 26 years of operation in Poland, GOLDBECK has completed over 600 projects for its clients, including production and logistics facilities, multi-storey car parks and office buildings with a total area of over 11 million sq. m. The company offers comprehensive and innovative services based on the Design & Build formula, providing full support throughout the construction process - from the design stage to obtaining the permit for occupancy. With its own team, GOLDBECK is able to implement investments faster and more efficiently, simplifying communication and allowing the client to work with a single, dedicated partner.

The company's philosophy is to maximise the use of prefabricated elements produced in its own factories. By transferring most of the work from the construction site to modern factories, GOLDBECK guarantees a higher quality of the structural elements, which has a significant impact on the safety of use and the durability of the facilities. In

this way, GOLDBECK ensures not only high technical quality, but also the functionality and flexibility of the buildings. Optimisation of assembly results in high quality, reduced costs and shorter lead times.

GOLDBECK designs and builds facilities with the conservation of natural resources and future generations in mind. The buildings under construction meet the requirements of international certificates such as BREEAM. The company has also implemented the ISO 14001 standard, which defines the requirements for an environmental management system, in its production and general contracting operations.

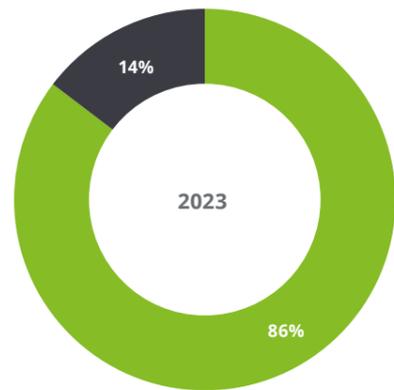
GOLDBECK faces challenges in the introduction of new products, such as parking garages and modular housing, as well as in the further digitalisation of processes and the development of sustainable construction. In the analysed period, the GOLDBECK Group recorded a decrease in sales revenues compared to the previous period, when sales revenues amounted to PLN 2.6 billion. Net revenues from sales in the current period amounted to nearly PLN 1.6 billion, i.e. a decrease of approximately 26.5%, resulting, among others, from the general slowdown in the market for industrial and logistics properties in Poland. The Group closed the financial year with a net profit of PLN 9.5 million (PLN 184.6 million in the previous year). The company provides its services primarily on the domestic market, with over 86% share.

GOLDBECK strives for sustainability, production optimisation and further digitalisation to meet the challenges of modern construction. In the coming years, the company plans to

- increase production capacity by investing in its own production facilities, streamlining and automating processes, which will enable more efficient use of production space;
- install photovoltaic panels on the roofs of production facilities to reduce electricity costs and carbon footprint;
- further developing IT systems and digitising processes to achieve paperless working;
- Development of company's talents and career paths.

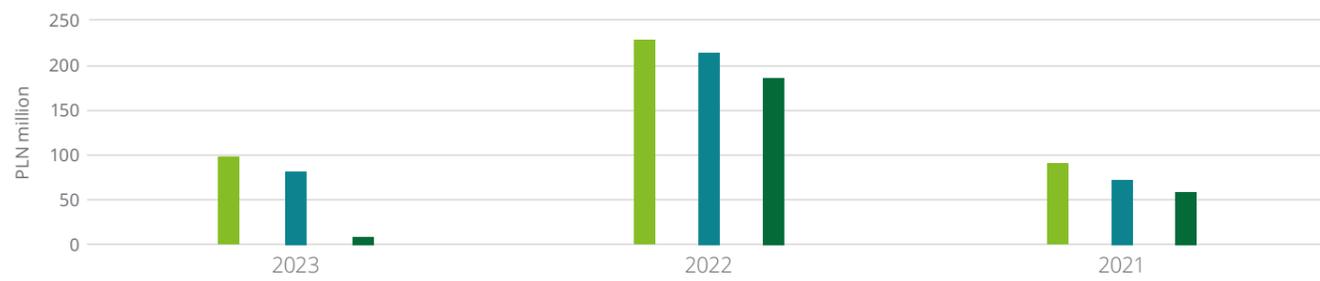


Sales by type 2023



■ Domestic sales  
■ Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



■ EBITDA      ■ EBIT      ■ Net profit/loss



GOLDBECK: The Panattoni Park Sulechów III

# Intercor

Przedsiębiorstwo Usług Technicznych "INTERCOR" Sp. z o.o. has been operating on the market since 1990. The company originated from the student environment and has adopted its characteristics, i.e. creativity, dynamism, risk-taking. Initially, the company's activities were limited to the provision of anti-corrosion services and minor finishing works and were focused on the local market. However, the company's dynamic growth enabled it to expand nationwide, increase the number of employees several times and expand its range of services. Today, Przedsiębiorstwo Usług Technicznych "INTERCOR" Sp. z o.o. provides comprehensive construction and renovation services for bridges, road and railway overpasses (single-span, multi-span, arch and truss), overbridges, footbridges and special structures.

By increasing its experience, improving the skills of its employees and cooperating with companies introducing new technologies and materials to the construction market, the company is able to take on the most difficult tasks and meet the most demanding requirements of investors in the field of bridge construction.

The company is one of the leading players in the market of road and railway infrastructure construction.

The core business of PUT "Intercor" is comprehensive provision of services such as construction, modernisation and repair of road and railway systems with related infrastructure, provision of rehabilitation services of railway lines by restoring them to their original parameters - acting as general contractor or leader of a consortium of contractors in the case of complex and multidisciplinary projects. Other areas of activity include the construction and repair of steel structures and services using its construction equipment. All work, including delivery and assembly, is carried out by its own team of qualified employees in cooperation with reputable suppliers, using specialised equipment and machinery, which guarantees the timely completion of work and its high quality. By offering a comprehensive service, the company has positioned itself as an independent contractor for construction contracts.

In 2023, the company realised sales revenues 1.7% lower than in the previous year, which amounted to PLN 1.7 billion. The highest revenues were generated from the sale of construction services, accounting for almost 95% of revenues.

The company ended 2023 with a profit of almost PLN 140.0 million EBIT in 2023 was positive and amounted to PLN 22.6 million. The company provides its services mainly to public entities.

In 2023, PUT "Intercor" won two contracts out of 39 tenders, both in road and railway construction. Below are the contracts won for implementation in 2023:

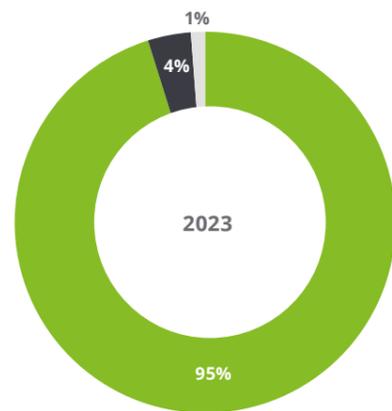
- signing of a contract for the construction of the S11 road on the Koszalin-Szczecinek section, at the "Bobolice" junction: "Bobolice junction (without the junction) - Szczecinek Północ junction (with the junction);
- signing of a contract for the design and execution of construction works for the section of the S74 Przełom/Mniów - Kielce expressway, Kielce (S7, Kielce West junction) - Kielce (DK r 73);
- signing of a contract for the design and construction of the S12 Lublin-Dorohusk expressway on the Piaski - Dorohusk section (excluding the construction of the Chełm ring road), section no. 4: "Chełm Wschód" junction (excluding the junction) - Dorohusk;
- signing a contract for the design and construction of the S12 Lublin-Dorohusk Road on the Piaski - Dorohusk section, excluding the construction of the Chełm ring road, section no. 1: Piaski (end of the ring road) - WD-08 structure (together with the structure) with a length of approximately 9.81 km.;

Basic data (PLN'000)	2023	2022	2021	% change '23 vs. '22
<b>Assets</b>				
Non-current assets	33 415	30 304	27 539	10,3%
Current assets	1 033 265	789 697	734 950	30,8%
<b>Total assets</b>	<b>1 066 680</b>	<b>820 002</b>	<b>762 489</b>	<b>30,1%</b>
<b>Equity and liabilities</b>				
Equity	455 842	315 932	300 890	44,3%
Provisions for liabilities	1 448	1 341	1 307	7,9%
Long-term liabilities, including provision for deferred tax	21 913	13 839	12 340	58,3%
Short-term liabilities, including short-term accruals	587 477	488 889	447 952	20,2%
<b>Total equity and liabilities</b>	<b>1 066 680</b>	<b>820 002</b>	<b>762 489</b>	<b>30,1%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>1 653 836</b>	<b>1 683 229</b>	<b>1 237 895</b>	<b>-1,7%</b>
<b>- including change in the balance of products</b>	<b>43 765</b>	<b>32 980</b>	<b>20 797</b>	<b>32,7%</b>
Domestic sales	no data	no data	no data	no data
Exports	no data	no data	no data	no data
Construction operations	1 531 772	1 634 495	1 210 355	-6,3%
Other operations	78 299	15 754	6 743	397,0%
EBIDTA	28 565	55 108	202 407	-48,2%
EBIT	22 607	49 726	197 445	-54,5%
Net profit/loss	139 909	151 454	124 992	-7,6%
<b>Other data</b>				
Net debt	221 116	256 881	172 802	-13,9%
Debt/Balance sheet total	57,3%	61,5%	60,5%	-6,8%
Capital expenditure/ Revenue	0,5%	0,5%	0,4%	3,2%

# Pekabex

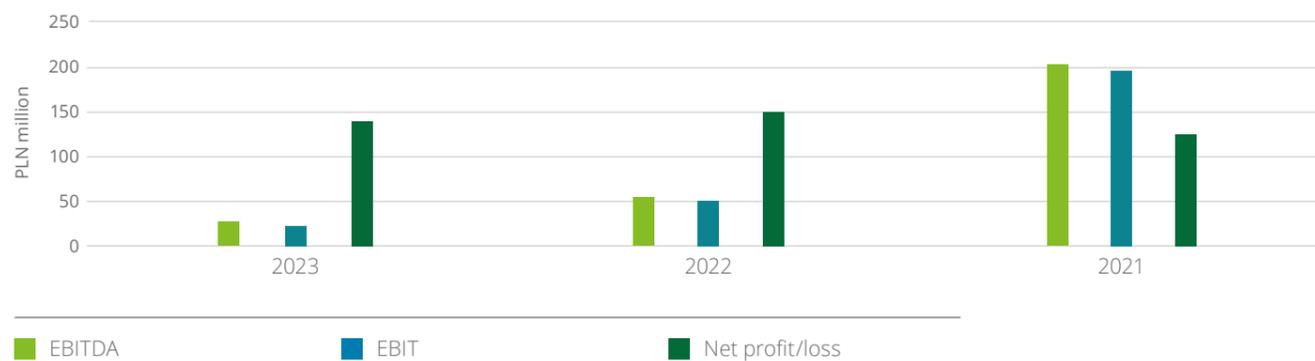


Sales by type 2023



- Sales of construction services
- Sales of construction goods
- Other sales

EBITDA, EBIT, and net profit/loss in 2023-2021



- EBITDA
- EBIT
- Net profit/loss

The Company was established in 1972 as Poznański Kombinat Budowy Domów. In 1991 it was transformed into a company wholly owned by the State Treasury, operating under the name of Poznańska Korporacja Budowlana Pekabex S.A. On 30 December 1991 the Company was registered in Section B of the Commercial Register kept by the District Court in Poznań, and subsequently in the National Court Register on 29 April 2002.

The Group has five production plants in Poland and one in Germany, as well as branches outside Poland - in Sweden and Denmark owned by Pekabex Bet S.A. and a branch in Germany owned by Pekabex Pref S.A. The Group provides comprehensive services in the field of prefabricated concrete structures: design, production, delivery and assembly of prefabricated units, as well as reinforced and prestressed concrete elements.

In addition, the Group acts as a general contractor, mainly in the field of building and industrial construction. The Group also has a strong presence in the residential property market, working with leading developers in Poland and the Nordic countries. The company is expanding its property development business by investing through special purpose vehicles in Poland and Germany. Thanks to its own Research and Development Centre, Pekabex is working on a new range of products and innovative technologies that represent the future of construction. Since 8 July 2015, Pekabex S.A. has been listed on the main market of the Warsaw Stock Exchange in the continuous trading system under the abbreviation "PEKABEX" and the symbol "PBX".

In 2023, Pekabex generated revenues of PLN 1.6 billion from its core operating activities, a decrease of 6.7% compared to the previous year. The Group has a highly diversified revenue structure. 57% comes from contracts for prefabricated units, 39% from construction services and 4% from other activities such as production services or implementation of developer projects.

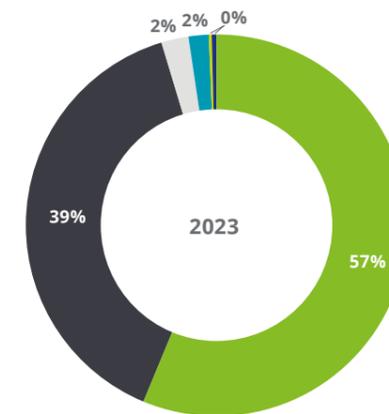
The company's EBIT in 2023 exceeded PLN 110 million, compared to PLN 100 million in 2022, which represents an increase of more than 10%. EBITDA in 2023 amounted to PLN 139.4 million, an increase of more than 9% compared to 2022. Net profit for 2023 is PLN 68.7 million, up 2% year-on-year.



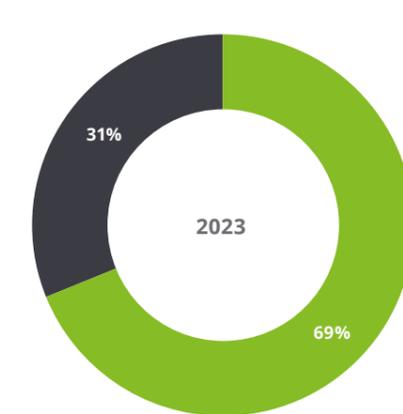
PEKABEX: The housing estate at Celulozowa Street in Włocławek built in the Pekabex® Residential Buildings system

Basic data (PLN'000)	2023	2022	2021	% change '23 vs. '22
<b>Assets</b>				
Non-current assets	506 300	460 718	452 810	9,9%
Current assets	1 014 640	864 192	767 529	17,4%
<b>Total assets</b>	<b>1 520 940</b>	<b>1 324 910</b>	<b>1 220 339</b>	<b>14,8%</b>
<b>Equity and liabilities</b>				
Equity	521 928	482 495	405 622	8,2%
Provisions for liabilities	64 022	53 846	54 214	18,9%
Long-term liabilities, including provision for deferred tax	190 670	199 286	208 841	-4,3%
Short-term liabilities, including short-term accruals	744 320	589 283	551 662	26,3%
<b>Total equity and liabilities</b>	<b>1 520 940</b>	<b>1 324 910</b>	<b>1 220 339</b>	<b>14,8%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>1 566 237</b>	<b>1 677 945</b>	<b>1 504 862</b>	<b>-6,7%</b>
Domestic sales	1 080 819	1 233 829	1 062 304	-12,4%
Exports	485 418	444 116	442 558	9,3%
Construction operations	1 522 046	1 632 678	1 453 938	-6,8%
Other operations	44 191	45 267	50 924	-2,4%
EBITDA	139 429	127 683	84 492	9,2%
EBIT	110 385	100 013	57 767	10,4%
Net profit/loss	68 707	67 255	40 641	2,2%
<b>Other data</b>				
Net debt	791 297	722 919	700 069	9,5%
Debt/Balance sheet total	65,7%	63,6%	66,8%	3,3%
Capital expenditure/ Revenue	0,82%	0,63%	1,09%	29,8%
Market capitalisation	541 218	353 778	595 836	53,0%

Sales by type 2023

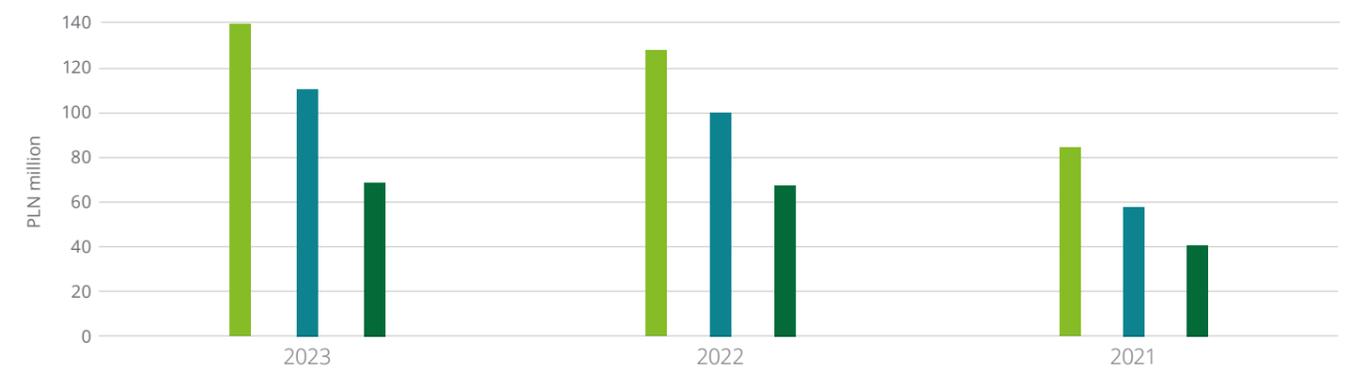


Sales by geography 2023



- Contracts implementation - prefabrication
- Contracts implementation - construction services
- Production services
- Property development projects
- Lease services
- Other
- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



- EBITDA
- EBIT
- Net profit/loss

# MOSTOSTAL WARSZAWA GROUP

Mostostal Warszawa was established in 1945 and was one of the few companies involved in post-war reconstruction projects. In 1991 the company was transformed into a joint stock company and privatised.

It was listed on the Warsaw Stock Exchange in 1993. At present, Mostostal Warszawa S.A. is the main shareholder of several companies belonging to the Mostostal Warszawa Capital Group. In 1999 the company merged with the Spanish Acciona Group.

At the end of 2023, the main shareholder of Mostostal Warszawa remained the Spanish company Acciona Construcción S.A., which held 62.13% of the shares. Otwarty Fundusz Emerytalny PZU "Złota Jesień" - an open pension fund - also holds a significant stake of 19.14% in the company's share capital. Mostostal Warszawa's activities are divided into three main segments: industrial engineering and general construction and building construction.

Major investments executed in 2023 include:

- CHP plant for Synthos;
- construction of a gas-fired boiler ZW in Katowice;
- construction of the S19 Rzeszów Południe - Babica road;
- construction of the S7 Załuski-Modlin road;
- construction of the S11 Koszalin - Szczecin road;
- construction of the Nowa Myśliwska housing estate in Kraków;
- construction of residential buildings at ul. R. Rembelińskiego in Łódź;
- construction of the B10 hotel and office building.

Mostostal Warszawa's consolidated revenues for 2023 reached PLN 1.7 billion, an increase of 3.8% compared to 2022. In line with the Group's strategy, the domestic market was the main source of revenues in 2023. Exports accounted for 3.6% of total revenues in 2023.

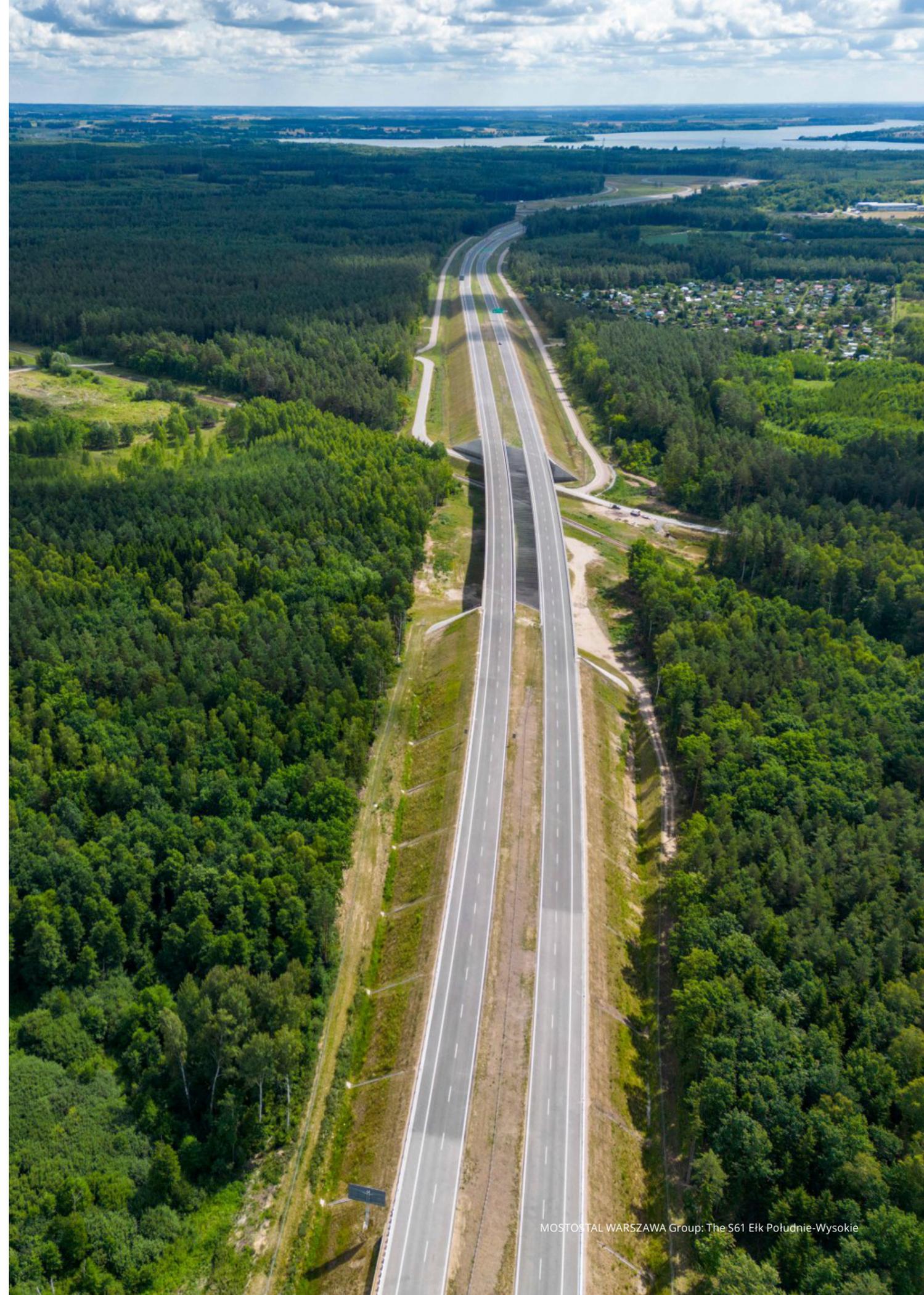
**Mostostal**  
WARSZAWA

The Group ended 2023 with a net profit of nearly PLN 17.3 million, a decrease of 10% compared to the previous year. EBIT generated in 2023 amounted to PLN 24.6 million, which represents a decrease of about 32.4% compared to the previous year.

At the end of 2023, net debt stood at PLN 835.7 million, an increase of 13.4% compared to the previous year. The Group's investments in 2022 amounted to PLN 80.2 million, significantly lower than in the previous financial year.

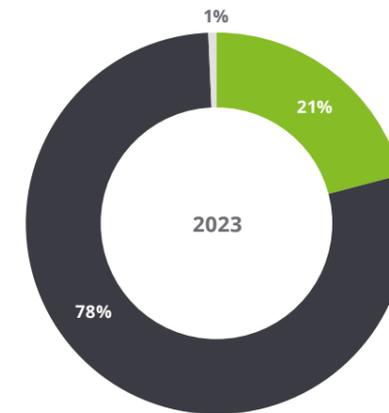
The average number of employees in the Mostostal Warszawa Group in 2023 was over 1,500.

The order book of Mostostal Warszawa S.A. at the end of December 2023 amounted to PLN 3.1 billion and that of the Capital Group to PLN 3.3 billion. It includes orders from the infrastructure, energy, industrial and general construction sectors.

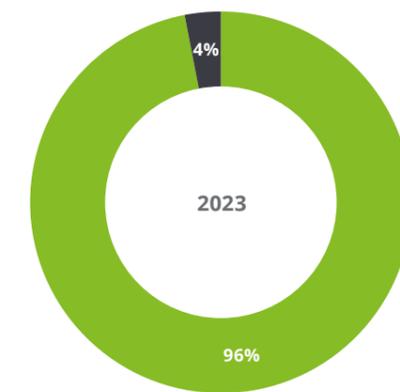


Basic data (PLN'000)	2023	2022	2021	% change '23 vs. '22
<b>Assets</b>				
Non-current assets	294 158	206 323	130 571	42,6%
Current assets	934 346	832 225	791 580	12,3%
<b>Total assets</b>	<b>1 228 504</b>	<b>1 038 548</b>	<b>922 151</b>	<b>18,3%</b>
<b>Equity and liabilities</b>				
Equity	110 753	95 974	80 711	15,4%
Provisions for liabilities	51 783	27 660	30 409	87,2%
Long-term liabilities, including provision for deferred tax	181 737	173 678	86 040	4,6%
Short-term liabilities, including short-term accruals	884 231	741 236	724 991	19,3%
<b>Total equity and liabilities</b>	<b>1 228 504</b>	<b>1 038 548</b>	<b>922 151</b>	<b>18,3%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>1 675 340</b>	<b>1 614 337</b>	<b>1 305 030</b>	<b>3,8%</b>
Domestic sales	1 614 222	1 568 305	1 274 272	2,9%
Exports	61 118	46 032	30 758	32,8%
Construction operations	1 664 591	1 605 032	1 288 606	3,7%
Other operations	10 749	9 305	16 424	15,5%
EBITDA	71 976	58 611	57 579	22,8%
EBIT	24 624	36 413	39 905	-32,4%
Net profit/loss	17 279	19 263	24 708	-10,3%
<b>Other data</b>				
Net debt	835 662	736 900	600 679	13,4%
Debt/Balance sheet total	91,0%	90,8%	91,2%	0,2%
Capital expenditure/ Revenue	4,79%	2,0%	0,8%	142,2%
Market capitalisation	130 800	112 000	129 200	16,8%

Sales by type 2023



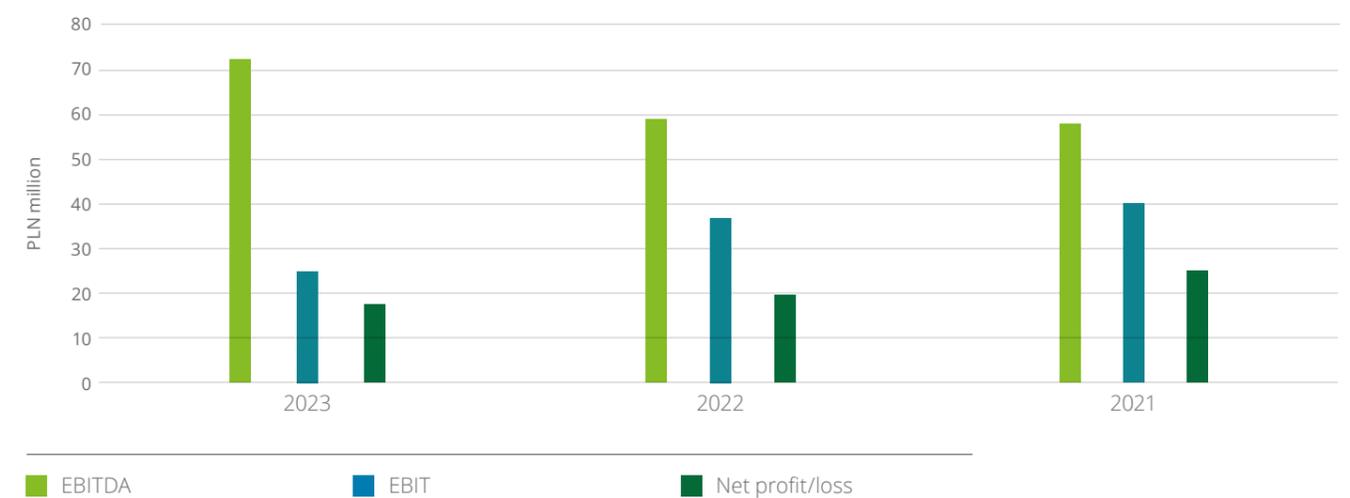
Sales by geography 2023



- Engineering and industrial segment
- General construction
- Other operations

- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



# Adamietz

## ADAMIETZ

Adamietz was established in 1994, initially as a local, specialist family business. Over the years, as a result of dynamic growth, it has developed into a construction company capable of undertaking any construction project in Poland and abroad.

ADAMIETZ has risen in the rankings of the industry and has been growing, expanding its competence in the implementation of construction investments and increasing its turnover. The strength of ADAMIETZ lies in its comprehensive approach to projects. The company specialises in the general construction of buildings for general, industrial and specialised use, as well as the design and production of sandwich panels and cold-formed profiles. Innovation has been the driving force behind the company's growth from the outset.

The Adamietz Group now enjoys a strong manufacturing base on a scale unparalleled in the Polish market. Adamietz has become one of the industry leaders thanks to its highly qualified and experienced management and engineering staff, its own teams for reinforced concrete casting and structural work, roof and wall installations, and its cooperation with qualified contractors. It develops investment projects including warehouses and logistics buildings, public facilities, complete and complex industrial plants in the 'design and build' formula.

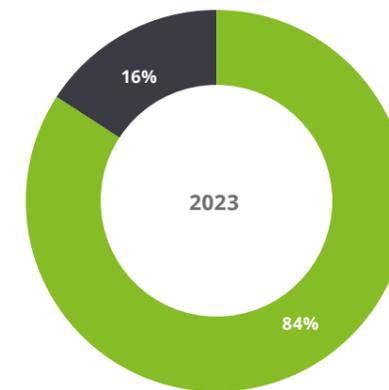
The company's revenues increased by 4% year-on-year to over PLN 1.6 billion. The majority of revenues (84%) were generated in Poland.

The Group generated a positive EBIT of PLN 76 million and a net profit of PLN 40.3 million, significantly improving its performance compared to the previous reporting period.

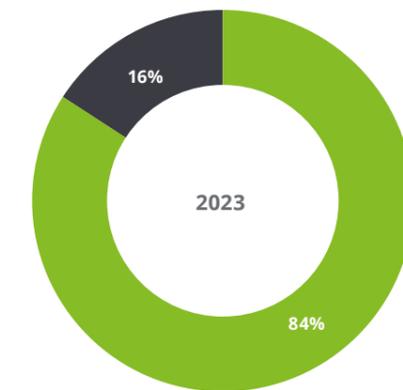


Basic data (PLN'000)	2023	2022	2021	% change '23 vs. '22
<b>Assets</b>				
Non-current assets	159 776	135 637	113 225	17,8%
Current assets	470 265	461 708	431 619	1,9%
<b>Total assets</b>	<b>630 041</b>	<b>597 345</b>	<b>544 844</b>	<b>5,5%</b>
<b>Equity and liabilities</b>				
Equity	165 809	127 440	91 909	30,1%
Provisions for liabilities	6 659	8 322	9 800	-20,0%
Long-term liabilities, including provision for deferred tax	48 294	51 265	63 424	-5,8%
Short-term liabilities, including short-term accruals	409 279	410 318	379 711	-0,3%
<b>Total equity and liabilities</b>	<b>630 041</b>	<b>597 345</b>	<b>544 844</b>	<b>5,5%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>1 590 643</b>	<b>1 529 662</b>	<b>1 101 004</b>	<b>4,0%</b>
<b>- including the change in the balance of products and manufacturing cost of products for internal purposes:</b>	<b>14 823</b>	<b>-9 935</b>	<b>26 644</b>	<b>-249,2%</b>
Domestic sales	1 328 508	1 156 686	586 769	14,9%
Exports	247 312	382 911	487 592	0,0%
Construction operations	1 325 254	1 216 655	815 038	0,0%
Other operations	250 566	322 942	259 323	0,0%
EBITDA	87 503	75 985	44 179	15,2%
EBIT	76 394	67 143	36 799	13,8%
Net profit/loss	40 271	38 919	22 307	3,5%
<b>Other data</b>				
Net debt	432 082	452 885	445 128	-4,6%
Debt/Balance sheet total	73,7%	78,7%	83,1%	-6,3%
Capital expenditure/ Revenue	1,11%	0,59%	1,36%	87,5%

Sales by type 2023



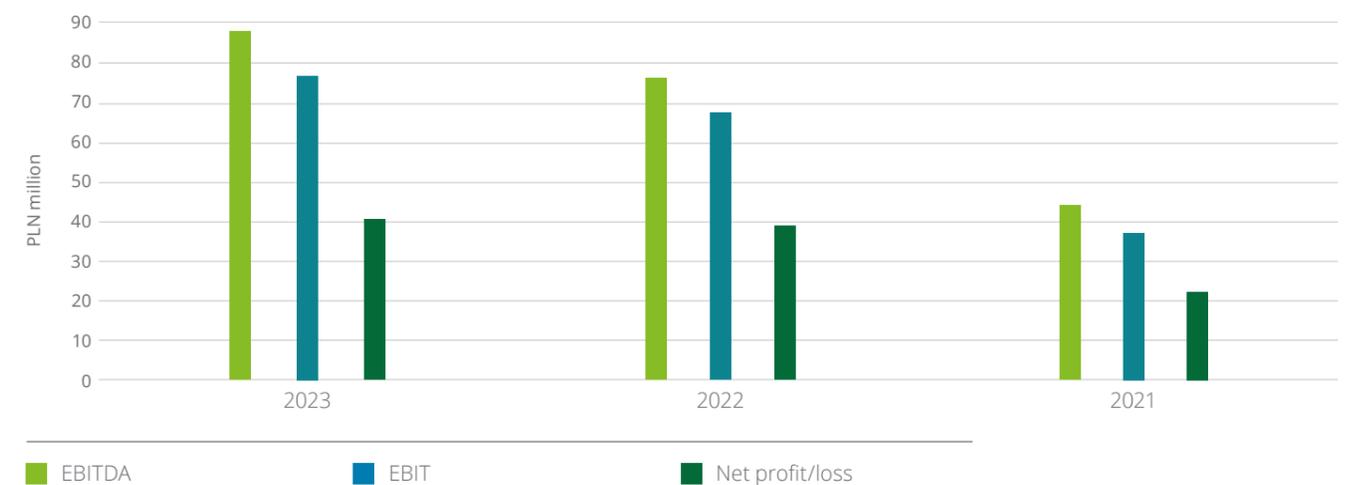
Sales by geography 2023



- Construction services
- Revenues from sales of materials and goods
- Other revenues

- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021



# TRAKCJA GROUP



Trakcja is one of the leading companies in the construction of railway, tram and road infrastructure in Poland and Lithuania. It employs over 2,000 people. The parent company is Trakcja S.A., based in Warsaw.

In 2008, Trakcja, the Group's parent company, went public on the Warsaw Stock Exchange. In 2009 and 2011, Trakcja acquired PRK 7 S.A. and Tiltra Group, which helped the Group to expand its operations in Poland and to acquire one of Lithuania's largest construction companies specialising in infrastructure construction (roads, bridges, tunnels, airports and seaports) and railway modernisation.

The Group's core business is the comprehensive execution of works related to railway and road infrastructure in the broadest sense, using modern machinery. The Trakcja Group specialises in civil engineering and construction services, including the design, construction and modernisation of railway and tramway lines, power lines, bridges, viaducts, overpasses, culverts, tunnels, underground passages, retaining walls, roads and related railway and road infrastructure. It also provides general construction services, including site preparation prior to building construction, the construction and modernisation of buildings, and installation and finishing works. An important part of the portfolio is building construction both for railway infrastructure (buildings for traction substations, signal boxes, crossings, stations, depots, etc.), general construction (residential and office buildings) and environmental engineering. Complementary services include the construction of electrical power systems and remote-control systems.

In the field of road construction, the Group specialises in the construction and reconstruction of roads, motorways, bridges, viaducts, airports, ports and utilities infrastructure.

As at 31 December 2023, the two major shareholders of the parent company were PKP Polskie Linie Kolejowe S.A. with 82.75% shares and Agencja Rozwoju Przemysłu S.A. with 7.65% shares. The remaining shareholders hold 9.60% shares.

In 2023, the Group generated sales of almost PLN 2 billion, a significant increase of approximately 38% compared to the previous year.

The Group's domestic sales increased to PLN 1.2 billion. Sales on the foreign market also increased to PLN 857 million, accounting for 41.5% of total sales. The Group's main customer is PKP PLK, while other clients include the General Directorate of National Roads and Motorways, the Lithuanian Road Administration, Lithuanian Airports and Kaunas City Hall. The structure of customers shows that 32% of the Group's consolidated revenues are revenues from PKP PLK within the framework of the provision of construction services. On the other hand, about 21% of the Group's revenues from 2023 will come from the implementation of projects for the Lithuanian Road Administration and about 4% for the General Directorate of National Roads and Motorways.

The Group's investments amounted to PLN 35.5 million. At the end of the financial year cash and cash equivalents amounted to PLN 379 million.

As of 31 December 2023, the Trakcja Group's portfolio of construction contracts amounted to PLN 2,808 million (excluding the share of revenues attributable to consortium members). In 2023, Trakcja Group companies have signed construction contracts with a total value of PLN 1,364.8 million (excluding the value of works attributable to consortium members).

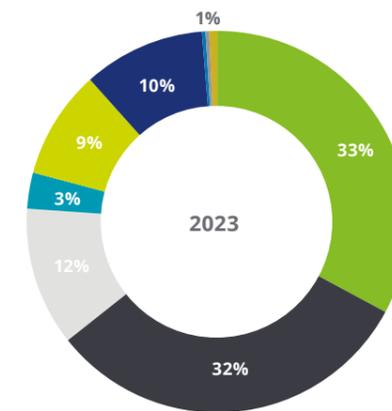
Its selected contracts performed in 2023 include:

- design and execution of works under the Szczecin Metropolitan Railway Construction Project using the existing sections of railway lines no. 406, 273, 351 - Task A "Modernisation of railway line no. 406 on the Szczecin Główny - Police section";
- execution of construction works within LCS Łowicz - Sochaczew - Żychlin section and Placencja - Łowicz Główny section as part of the project entitled "Works on the E20 railway line on the Warsaw - Poznań section - other works, Sochaczew - Schwarzędz section", implemented within the framework of the EU financial instrument Connecting Europe Facility (CEF);
- works on the E20 railway line on the Siedlce - Terespol section, Stage III - LCS Terespol
- design and construction works within the framework of the "Revitalisation of railway lines no. 694/157/190/191 Bronów - Bieniowiec - Skoczów - Golezów - Cieszyn/Wisła Gębce", Subtask A: Design and construction works on the Bronów - Wisła Gębce section;
- works on the main passenger transport routes (E30 and E65) in the Silesian region, Stage II: E30 line on the Katowice - Chorzów Batory and Gliwice Łabędy sections within the Gliwice Łabędy railway station as part of the Preparatory Works for Selected Projects.

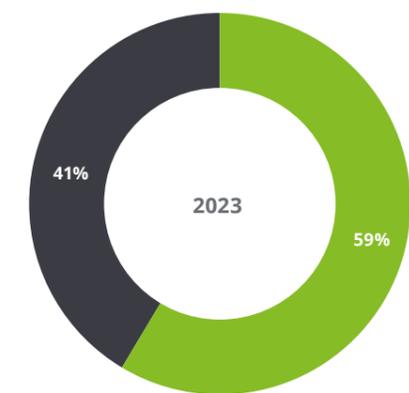
The Group's EBIT for 2023 is PLN 95.7 million (2022: PLN -289.1 million). The Group's net result for 2023 was PLN 56.3 million - this is the first positive financial result since 2018. The most significant impact on the level of gross profit on sales in 2023 was due to factors related to the situation in the parent company and in the subsidiary AB Kauno Tiltai. The amount of profit in the parent company results mainly from quarterly updates of contract budgets, the total value of which was positive and amounted to a total of PLN 72,530 thousand, of which the largest impact on the gross profit in the amount of PLN 50,036 thousand was due to the update performed in the fourth quarter. The main factors that had the greatest positive impact on the amount of budget updates were the recognition of revenues from mediation, an increase in the value of contract indexation and the acquisition of additional orders for tasks currently being performed. At the same time, the following factors had a negative impact on the amount of the update: the recognition of contractual penalties settled through mediation, the update of the cost estimate due to contract extensions and an increase in the costs related to the calculation of valorisation for subcontractors.

Basic data (PLN'000)	2023	2022	2021	% change '23 vs '22
<b>Assets</b>				
Non-current assets	474 688	497 068	560 778	-4,5%
Current assets	1 013 963	895 351	817 784	13,2%
<b>Total assets</b>	<b>1 488 651</b>	<b>1 392 419</b>	<b>1 378 562</b>	<b>6,9%</b>
<b>Equity and liabilities</b>				
Equity	248 191	210 069	320 100	18,1%
Provisions for liabilities	128 197	193 311	50 944	-33,7%
Long-term liabilities, including provision for deferred tax	59 558	85 738	342 795	-30,5%
Short-term liabilities, including short-term accruals	1 052 705	903 301	664 723	16,5%
<b>Total equity and liabilities</b>	<b>1 488 651</b>	<b>1 392 419</b>	<b>1 378 562</b>	<b>6,9%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>2 065 681</b>	<b>1 501 957</b>	<b>1 424 841</b>	<b>37,5%</b>
Domestic sales	1 208 570	916 781	885 662	31,8%
Exports	857 111	585 176	539 179	46,5%
Construction operations	2 035 731	1 363 471	1 382 977	49,3%
Other operations	29 950	138 486	41 864	-78,4%
EBITDA	130 892	-180 629	59 283	-172,5%
EBIT	95 663	-289 110	22 154	-133,1%
Net profit/loss	56 262	-311 078	-11 583	-118,1%
<b>Other data</b>				
Net debt	861 427	1 084 452	931 516	-20,6%
Debt/Balance sheet total	83,3%	84,9%	76,8%	-1,9%
Capital expenditure/ Revenue	1,72%	2,21%	1,99%	-22,3%
Market capitalisation	578 696	528 228	165 986	9,6%

Sales by type 2023



Sales by geography 2023



- Rail works
- Energy sector
- Domestic sales
- Road works
- Property development
- Foreign sales
- Bridge works
- Other construction works
- Buildings
- Production
- Tram works
- Other operations

EBITDA, EBIT, and net profit/loss in 2023-2021



# Dekpol



Dekpol Capital Group was established in 1993 and over the years has grown dynamically in the construction and development industry, as well as in the production of buckets and accessories for construction machinery.

It has a modern machine park and highly qualified staff - it employs about 1200 people. Since January 2015, Dekpol S.A. shares have been listed on the Warsaw Stock Exchange. In 2017, Dekpol saw a record annual increase in its share price (+254%) among all companies listed on the public market. The Group was also awarded the "Star of the Builder Ranking" in the "Highest Revenue in the Pomorskie region" category for 2022. The company implements multi-directional market strategies tailored to the individual and diverse needs of its customers, with construction as the core business of each Group company.

In 2004, the company completed its first general contracting project, and two years later it began to build its own property development division. A further diversification of activities took place in 2012, when the production of accessories for construction machinery began. In 2019, the company acquired a precast reinforced concrete production plant in Toruń, and in 2021 it acquired Intek, which more than doubled the production potential of accessories for construction machinery, while at the same time the group expanded its steel production with specialised products and structures. In 2023, Kombet Działdowo was incorporated into Dekpol's structures, which expanded the range and production capacity of the concrete prefabrication segment.

Dekpol Budownictwo, which represents the largest area of activity of the Dekpol Group - general contracting, has extensive

experience in the implementation of various building construction projects throughout the country and has already completed several foreign projects. Since 2018, the company has completed more than 120 different facilities for the logistics and warehousing, industrial and commercial sectors, and is the exclusive general contractor for development and hotel investments of its sister company Dekpol Deweloper. The company's other projects include modern public utility facilities, motorway service areas (MOP), work on historic listed buildings and premium car showrooms. The company's participation in the project of building the new Henryk Arctowski Antarctic Station is exceptional, implemented over 14 thousand. km from Poland.

The Group's portfolio, including general contractor contracts for external entities, amounted to over PLN 1,532 million at the end of 2023, of which projects with a total net value of approximately PLN 535 million remained to be implemented after the reporting period. The vast majority of projects are commissioned by private investors.

The most important contracts of the Dekpol Capital Group's within the general contracting segment implemented in 2023 included:

- OTO PARK (Koszalin Power Centre) - ACE 7;
- construction of a warehouse with service, office and social facilities in Poznań - BIMS PLUS FHH;
- construction of a forensic laboratory for the Regional Police Headquarters in Poznań;
- construction of a warehouse and related infrastructure in Psary - INVESTOR;
- construction of a production, storage, social and administrative building -

THALES DIS POLSKA;

- construction of a production facility with a technological tower in Bydgoszcz - INVESTOR;
- construction of a warehouse and production building in Swarzędz - GRUPA 7R;
- construction of a production and warehouse building with social and office facilities and accompanying infrastructure in Świdnik - Panattoni BTS.

Dekpol Deweloper and its subsidiaries are responsible for the Group's development activities, dealing with the comprehensive implementation of development projects and the sale of flats, houses and investment apartments, as well as condo-hotel facilities and commercial and service premises.

Dekpol Steel, on the other hand, is responsible for the production of accessories and buckets for construction machinery for the construction, earthmoving, reloading, loading, mining, demolition, municipal management and recycling sectors, as well as for highly specialised individual orders. The company is a certified supplier to nine Original Equipment Manufacturers (OEMs) on the global market and, from 2023, will be the only manufacturer in Europe to sell XMOR® high performance buckets. Dekpol Steel took over 100% of the shares of Intek sp. z o.o. in Lubawa together with a complete machine infrastructure and a team of engineers and employees. Dekpol Steel and Intek have two production plants with a total area of 42 thousand sq. m, and its offer includes comprehensive production of specialised steel structures, such as self-propelled undercarriages, undercarriages for mining machinery, transport platforms, steel structures for heating furnaces, crane elements and containers.



The fourth area of the Group's activity is prefabricated reinforced concrete and steel structures, which are produced by Betpref in its two plants - in Pinczyn and Toruń, as well as by Kombet Działdowo, which produces prefabricated concrete elements in Działdowo.

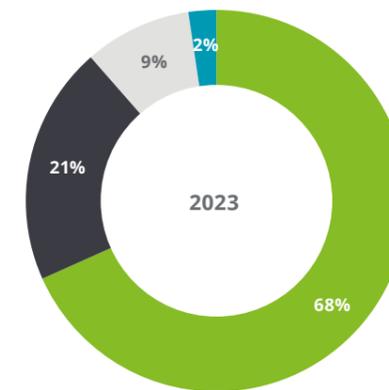
In 2023, the Dekpol Capital Group recorded a 13.1% year-on-year increase in revenues to over PLN 1.5 billion, of which 95% was generated from domestic sales.

At the end of 2023, the Group generated a positive EBIT of PLN 115.9 million and a net profit of PLN 90 million, improving its results by PLN 11.5 million compared to the previous reporting period.

DEKPOL: The Forensic Laboratory of the Regional Police Headquarters

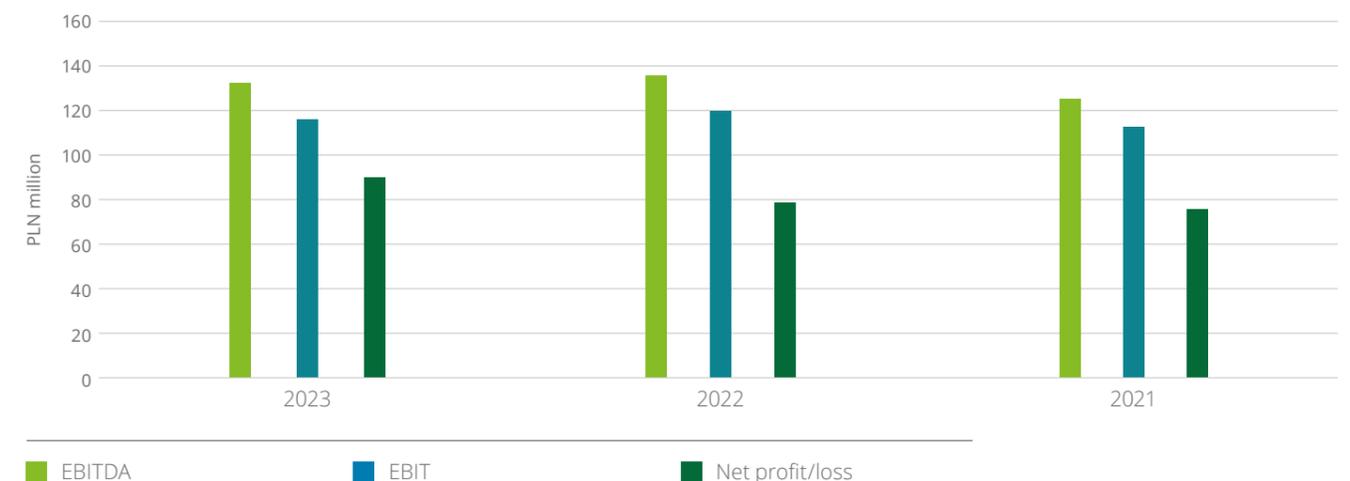
Basic data (PLN'000)	2023	2022	2021	% change of '23 vs '22
<b>Assets</b>				
Non-current assets	294 106	286 954	280 981	2,5%
Current assets	1 248 691	1 122 473	1 080 819	11,2%
<b>Total assets</b>	<b>1 542 797</b>	<b>1 409 427</b>	<b>1 361 800</b>	<b>9,5%</b>
<b>Liabilities</b>				
Equity	577 863	476 961	387 268	21,2%
Provisions for liabilities	101 931	51 969	68 814	96,1%
Long-term liabilities, including provision for deferred tax	292 437	276 802	286 575	5,6%
Short-term liabilities, including short-term accruals	570 566	603 695	619 143	-5,5%
<b>Total equity and liabilities</b>	<b>1 542 797</b>	<b>1 409 427</b>	<b>1 361 800</b>	<b>9,5%</b>
<b>Profit and Loss Account</b>				
<b>Revenue</b>	<b>1 568 829</b>	<b>1 386 848</b>	<b>1 255 783</b>	<b>13,1%</b>
Domestic sales	1 483 275	1 129 528	1 146 689	31,3%
Exports	85 554	257 320	109 094	-66,8%
Construction operations	1 072 839	1 001 546	849 764	7,1%
Other operations	495 990	385 302	406 019	28,7%
EBITDA	132 078	135 569	124 979	-2,6%
EBIT	115 876	120 050	112 988	-3,5%
Net profit/loss	90 366	78 909	75 726	14,5%
<b>Other data</b>				
Net debt	672 117	703 008	783 905	-4,4%
Debt/balance sheet total	62,5%	66,2%	71,6%	-5,5%
Capital expenditures/revenues	0,49%	1,49%	0,33%	-67,0%
Market capitalization	451 578	412 849	235 824	9,4%

Sales by type 2023



- General contracting
- Property development
- Manufacture of construction machinery accessories
- Other

EBITDA, EBIT, and net profit/loss in 2023-2021



# VINCI Construction Polska – WARBUD S.A., EUROVIA S.A.



Eurovia and Warbud are part of the VINCI Group, world leader in construction and related services, focused on the design, financing, construction and maintenance of infrastructure and facilities. On 1 January 2024, VINCI Construction Polska, a holding company combining the Eurovia and Warbud brands, was launched on the Polish construction market.

Warbud S.A., Eurovia Polska S.A. and Warbud Beton sp. z o.o., presented in the report, belong to VINCI Construction Polska Sp. z o.o., a holding company wholly owned by VINCI Construction SAS, based in Nanterre, France. VINCI Construction Usługi Wsparcia provides comprehensive support for investments carried out by the holding company.

## WARBUD S.A.

Warbud is one of the largest and most recognised general contractors in Poland with over 30 years of experience. The company has completed 660 contracts in all sectors of the construction industry. The company's portfolio includes high-rise and office buildings, cultural investments, science and technology parks, hospitals, power plants, factories, military facilities, metro stations, airports, roads and bridges, shopping centres, as well as environmental protection projects, public-private partnership investments, housing estates and apartment blocks. It carries out more than 40 constructions each year. It has its own structural and geotechnical design teams, waterproofing, flooring and concrete paving. For the past 15 years it has been active in charity work through the "Warbud – Warto Pomagać" Foundation.

Proportion of turnover by construction sector in 2023:

- industrial, commercial, administrative and public facilities - approx. 88% of revenue;

- engineering infrastructure facilities - approx. 8% of revenue;
- office and hydrotechnical buildings - the value of completed works accounts for about 4% of total sales.

The largest contracts implemented by Warbud S.A. in 2024 include:

- Skyliner II – 130m office building in Warsaw;
- Museum of Modern Art in Warsaw;
- the Karol Marcinkowski Central Integrated Clinical Hospital in Poznań;
- Aqua Park in Polkowice;
- The Wiktor Dega Orthopaedic and Rehabilitation Clinical Hospital in Poznań;
- Military base in Wielkopolska;
- Toxicology Centre of Clinical and Didactic Center in Łódź.

The most recent investments, acquired in 2024, include the redevelopment of the UMCS Main Library building in Lublin, the Silesian Children's Oncology and Haematology Centre in Zabrze, as well as the barracks and office facilities of the Tadeusz Kościuszko Land Forces Academy in Wrocław and the medical campus of the Jagiellonian University's Collegium Medicum in Kraków Prokocim.

**Warbud Beton Sp. z o.o.** produces a wide range of concrete and also provides services in the field of transport and pumping of concrete mixtures. It markets its own concrete mixtures (white concrete on the façade of the Museum of Modern Art in Warsaw) as well as products that meet low emission criteria. It is one of the few companies to have an Environmental Product Declaration (EPD) and Environmental Product Declaration No. 02-03/2024 for three groups of concretes produced on the basis of cement with the addition of fly ash. It is the only entity in the country with an ITB-certified thermal treatment of concrete using the electron-weld method. Warbud Beton has been on the market since 1997.

## EUROVIA POLSKA S.A.

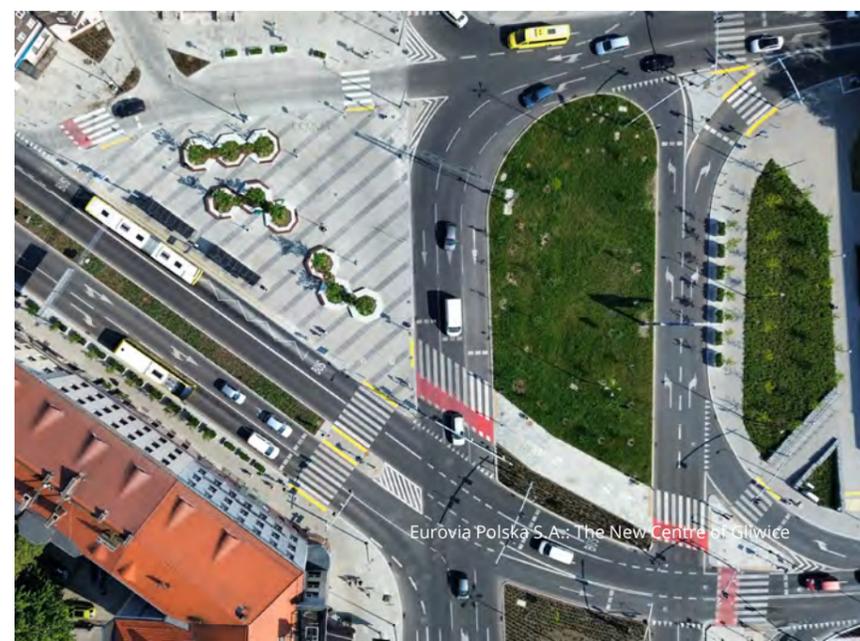
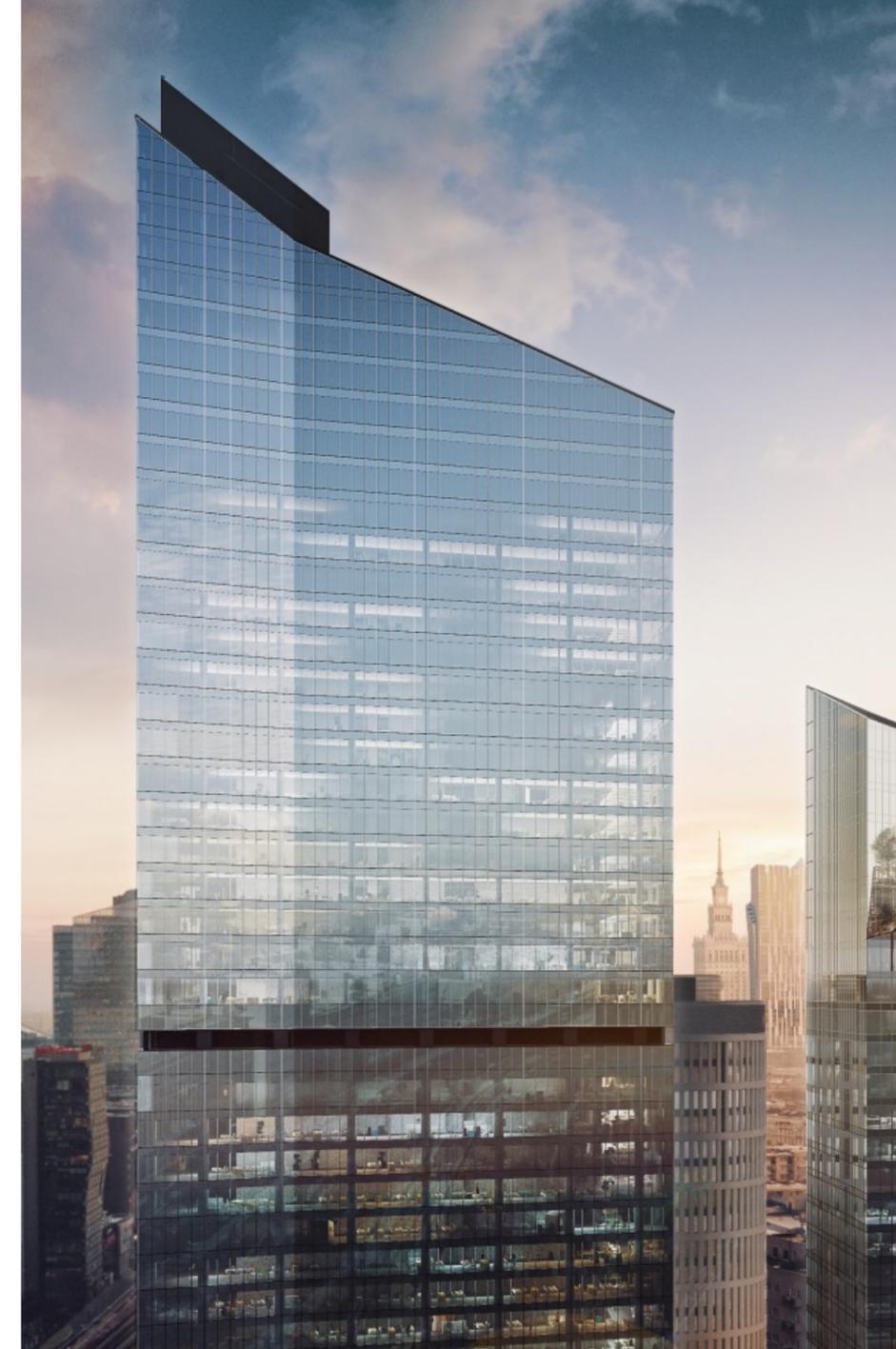
EUROVIA POLSKA S.A. is a general contractor of infrastructure projects, carrying out investments that influence the development of the national transport network, as well as local projects that improve the living comfort of residents. The company's portfolio includes engineering structures and projects for the development of public transport and urban space. It also provides road maintenance services to its customers. It produces aggregates, mineral asphalt mixes and modified asphalts. It has extensive laboratory facilities. It carries out more than 300 contracts a year.

In 2024, Eurovia Polska's contracts included:

- design and construction of DK 75 on the Brzesko-Nowy Sącz section, stage I-II of the "Łącznik Brzeski";
- design, reconstruction and extension of DK 865 on the Koniaków-Zapałów section;
- design and construction of the DK7 junction at 677+871.23 km with the extension of DK7 in Gaj,
- extension of district roads no. 2169K and 2170K in Gaj, Lusina, Libertów
- construction of the Boguszów-Gorce ring road - Stage I.

The most recent investments acquired by the company in 2024 include: extension of the road system within the Gliwice - Łabędy railway station - construction works, extension of ul. Piastowska in Bielsko-Biała, works under the "Activation of industrial areas in the city of Mysłowice through reconstruction of the road system", as well as construction and reconstruction of the district road on the section of DK 35 in Małuszów to DP 1950D in Pietrzykowice (leading to the Wrocław - Kobierzyce TSSE EURO-PARK subzone) and the construction of a ring road of Olszyny and Jankowice along DW 781.

In 2023, Warbud S.A., Warbud Beton sp. z o.o. and Eurovia Polska S.A. generated total revenues of PLN 2.4 billion, an increase of 8.8% compared to 2022. The total EBIT of the companies in 2023 decreased by 34.2% compared to 2022. The Companies ended 2023 with a net profit of PLN 49.4 million, compared to a net profit of PLN 59.1 million in 2022. In 2023, investments in the acquisition of property, plant and equipment and intangible assets amounted to 1.44% of revenues.

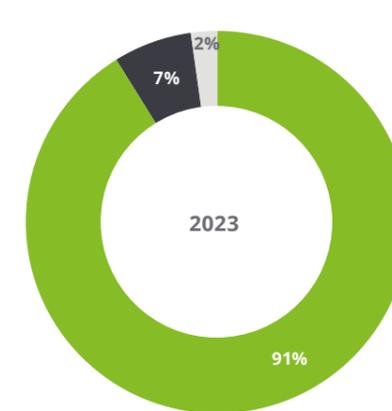


Eurovia Polska S.A.: The New Centre of Gliwice

Skyliner I, phot. Karimpol Polska

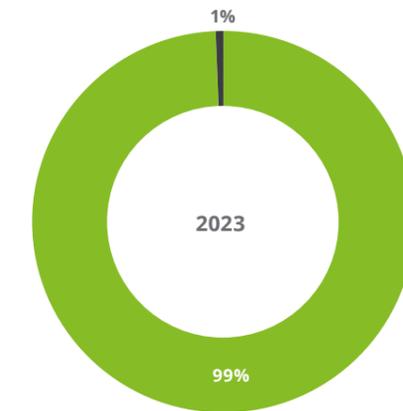
Basic data (PLN'000)	2023	2022	2021	% change of '23 vs '22
<b>Assets</b>				
Non-current assets	307 505	289 156	no data	6,3%
Current assets	1 244 745	1 247 856	no data	-0,2%
<b>Total assets</b>	<b>1 552 250</b>	<b>1 537 012</b>	<b>no data</b>	<b>1,0%</b>
<b>Liabilities</b>				
Equity	209 163	172 584	no data	21,2%
Provisions for liabilities	73 165	77 188	no data	-5,2%
Long-term liabilities, including deferred tax	259 130	261 277	no data	-0,8%
Short-term liabilities, including short-term accruals	1 010 792	1 025 963	no data	-1,5%
<b>Total liabilities</b>	<b>1 552 250</b>	<b>1 537 012</b>	<b>no data</b>	<b>1,0%</b>
<b>Profit and loss account</b>				
<b>Revenue</b>	<b>2 426 731</b>	<b>2 229 640</b>	<b>no data</b>	<b>8,8%</b>
Domestic sales	2 412 746	2 215 798	no data	8,9%
Export	13 985	13 842	no data	1,0%
Construction activities	2 212 410	2 079 334	no data	6,4%
Other activities	214 321	150 306	no data	42,6%
EBITDA	64 466	82 181	no data	-21,6%
EBIT	27 773	42 185	no data	-34,2%
Net result	49 449	59 104	no data	-16,3%
<b>Other data</b>				
Debt/balance sheet total	86,5%	88,8%	no data	-2,5%
Capital expenditures/revenues	1,44%	0,79%	no data	82,2%

Sales by type 2023



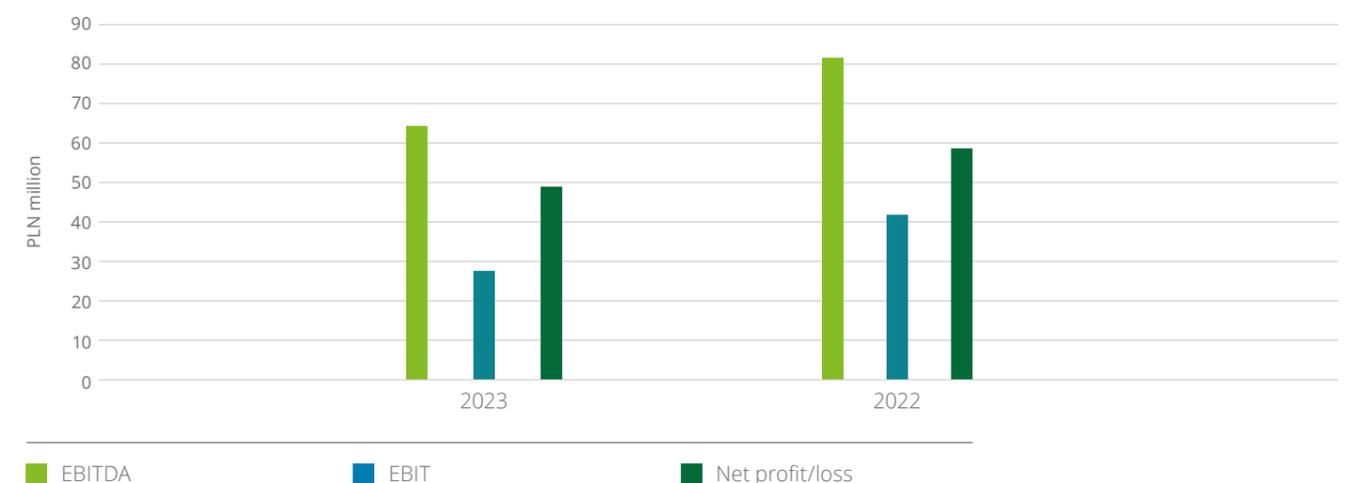
- Construction operation
- Sales of asphalt and grit mixtures
- Other

Sales by geography 2023



- Domestic sales
- Foreign sales

EBITDA, EBIT, and net profit/loss in 2023-2021





Annex 1.

# Construction sector barometer – Deloitte survey

The survey was conducted as part of the preparation of this report. It was addressed to companies operating in the Polish construction market. The aim of the survey was to find out the opinions of those working in the sector on the outlook for the construction industry, the impact of the diversification of services and the assessment of the main risks and opportunities associated with the companies' activities in the coming years. Here we present the results of the 2024 survey, compared to last year's results.

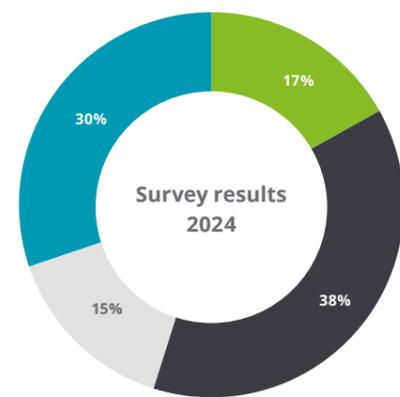
### 1. Description of respondents

More than a dozen construction companies participated in the survey, of which 55% were small and very small companies with revenues in 2023 of less than PLN 100

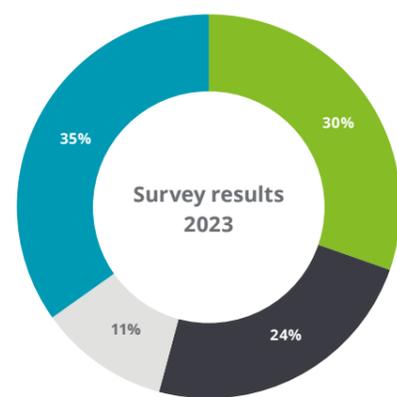
million and between PLN 100 million and PLN 500 million. The share of responses from very large companies with revenues exceeding PLN 1 billion was 30%.

The smallest group - companies with revenues between PLN 500 million and PLN 999 million - accounted for 15% of the total.

#### What was the approximate revenue of your company last year?



- Less than PLN 100 million
- Between PLN 100 and 500 million
- Between PLN 500 and 999 million
- PLN 1 billion or more



- Less than PLN 100 million
- Between PLN 100 and 500 million
- Between PLN 500 and 999 million
- PLN 1 billion or more

### 1.1 Economic outlook

The first two questions concerned the economic outlook for the construction industry in the short term (6-24 months) and in the medium and long term (over 24 months).

In the case of the short-term outlook for 2024, the majority of respondents (49%) said that the economic situation would improve slightly, while only 2% of respondents said that the situation would deteriorate significantly.

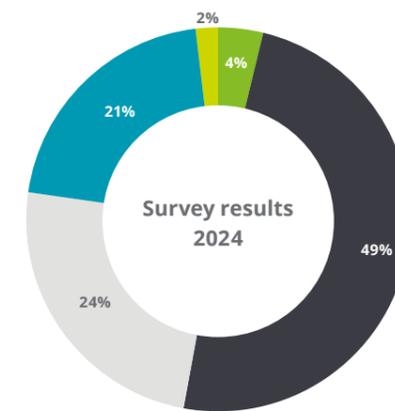
Only 4% of respondents chose answers indicating a significant improvement in the market situation. In addition, 25% of respondents said that the economic situation would remain the same.

By comparison, respondents to the 2023 survey were similar in their assessment of short-term economic developments. In 2023, respondents most often chose the answer "will improve slightly" (50%) and "will remain the same" and "will worsen

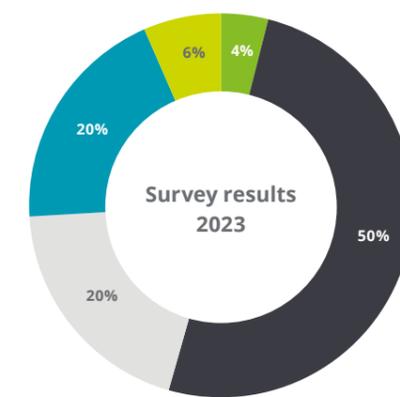
slightly" (20% each). The answer "will worsen significantly" was chosen by 6% of respondents in 2023, compared to 2% in 2024.

The results of this year's survey are undoubtedly influenced by the continuing high number of infrastructure projects in the road and rail sectors.

#### What are your expectations concerning the short-term outlook for the construction sector (6-24 months)?

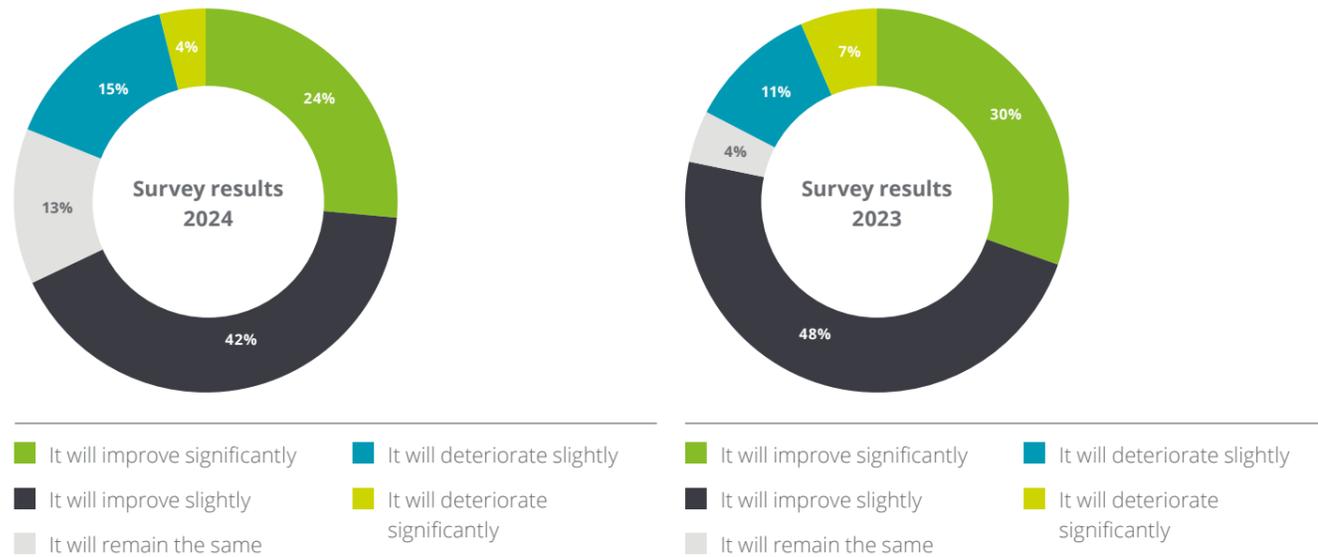


- It will improve significantly
- It will improve slightly
- It will remain the same
- It will deteriorate slightly
- It will deteriorate significantly



- It will improve significantly
- It will improve slightly
- It will remain the same
- It will deteriorate slightly
- It will deteriorate significantly

**What are your expectations for the medium- and long-term outlook for the construction sector (over 24 months)?**



In the 2024 survey, 42% of companies believe that the economic situation “will improve slightly” over the next 24 months, while 24% of respondents think that the situation “will improve significantly”.

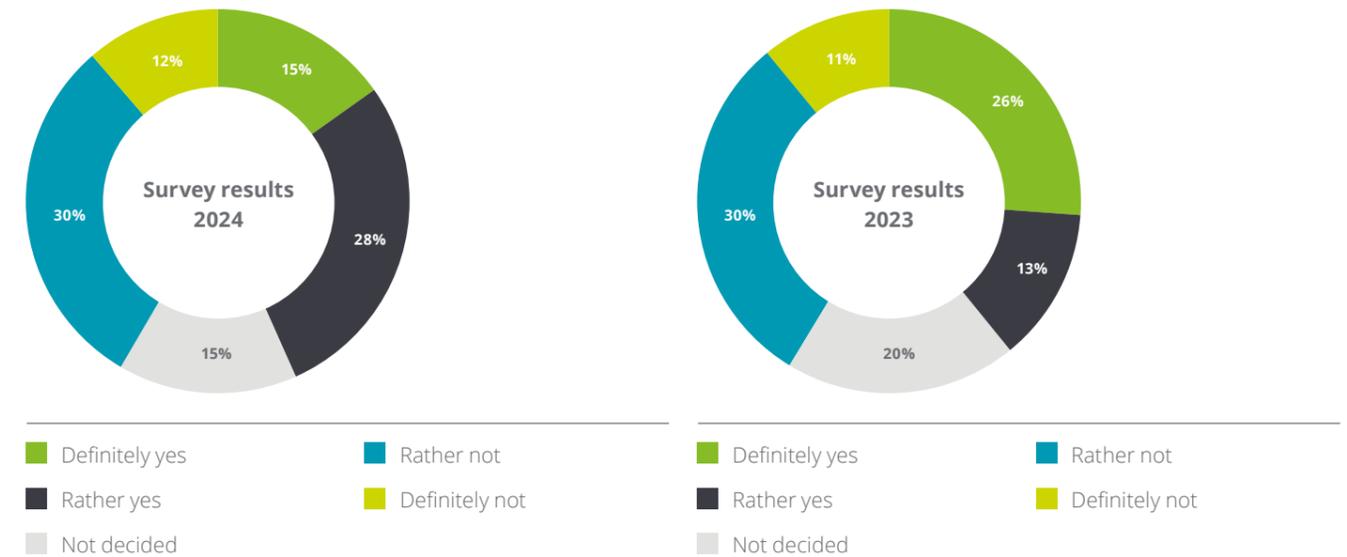
The current economic situation has created uncertainty among construction companies about future economic prospects and potential growth. 19% of respondents say that the situation will worsen significantly.

However, 13% say the situation “will remain the same”. Comparing the responses with the results of the 2023 survey, some 18% of respondents said that the situation would worsen. More than 78% of respondents said that the economic situation in the construction industry would improve.

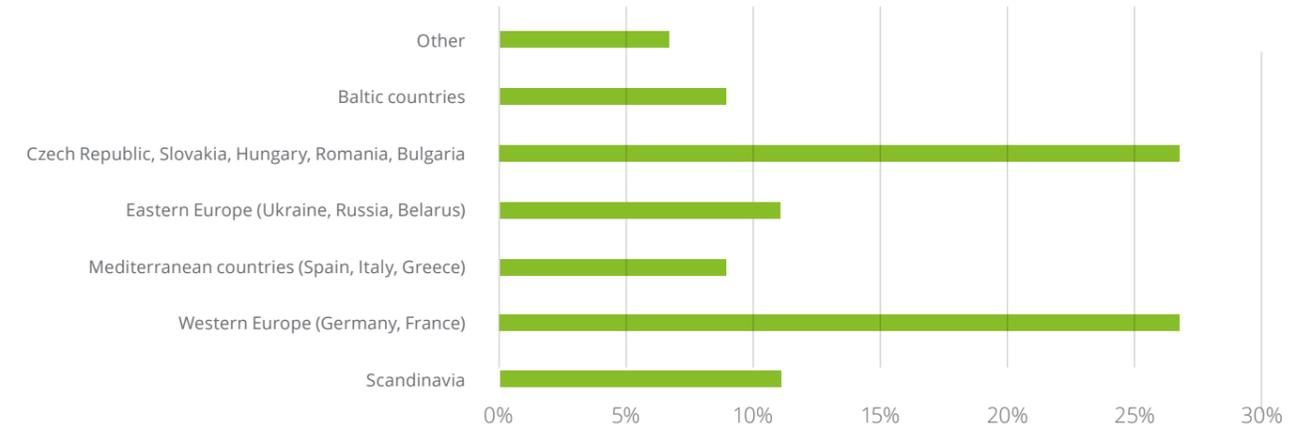
**1.2. Geographical diversification of services**

The following questions in the 2024 survey asked respondents to assess the impact of service and geographic diversification on their company's growth

**Are you planning to expand into foreign markets in the near future (up to 24 months)?**



**If yes, rather yes, then: What are these markets?**



The results of the 2024 survey show that the vast majority of respondents have no plans to diversify geographically and expand into foreign markets in the near future. As many as 42% chose the answers “rather not” or “definitely not”.

Some 15% of respondents are determined to expand abroad and 28% are inclined to do so.

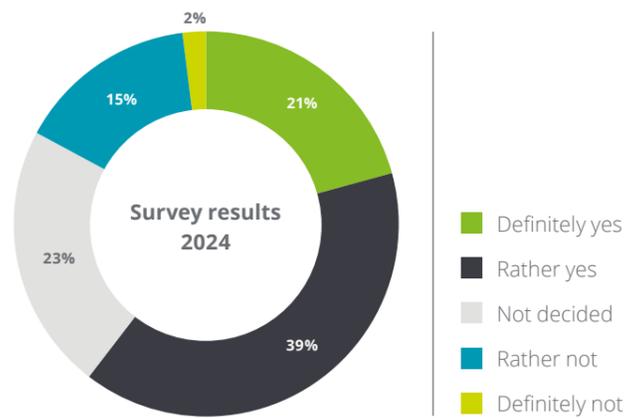
Companies planning further growth are mainly targeting countries in Western Europe (Germany, France) and Central and Eastern Europe (Czech Republic, Slovakia,

Hungary, Romania, Bulgaria) - 53% of respondents indicated these directions of expansion, 9% of respondents indicated the Baltic countries and 11% the Scandinavian countries. In addition, 11% of respondents plan to expand into the Eastern European market (Ukraine, Russia, Belarus) in the near future.

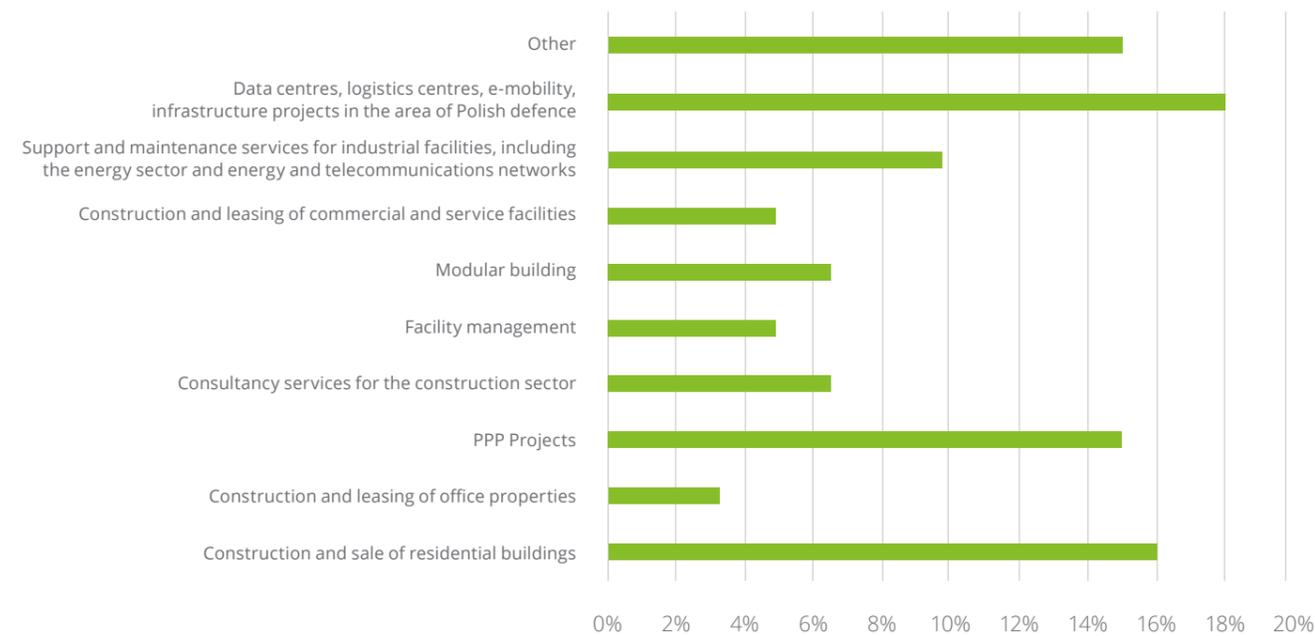


PEKABEX: The housing estate at Halczyńska Street for Pekabex Development

**Are you planning to diversify your services in the near future (up to 24 months)?**



**If yes, rather yes, then: What key areas of diversification are you considering (other than general contracting)?**



As can be seen from the chart above, the highest number of responses in 2024 for diversification of services was "rather yes" - 39%. A large group of companies have not decided to change the structure of the services they offer. "Definitely not" and

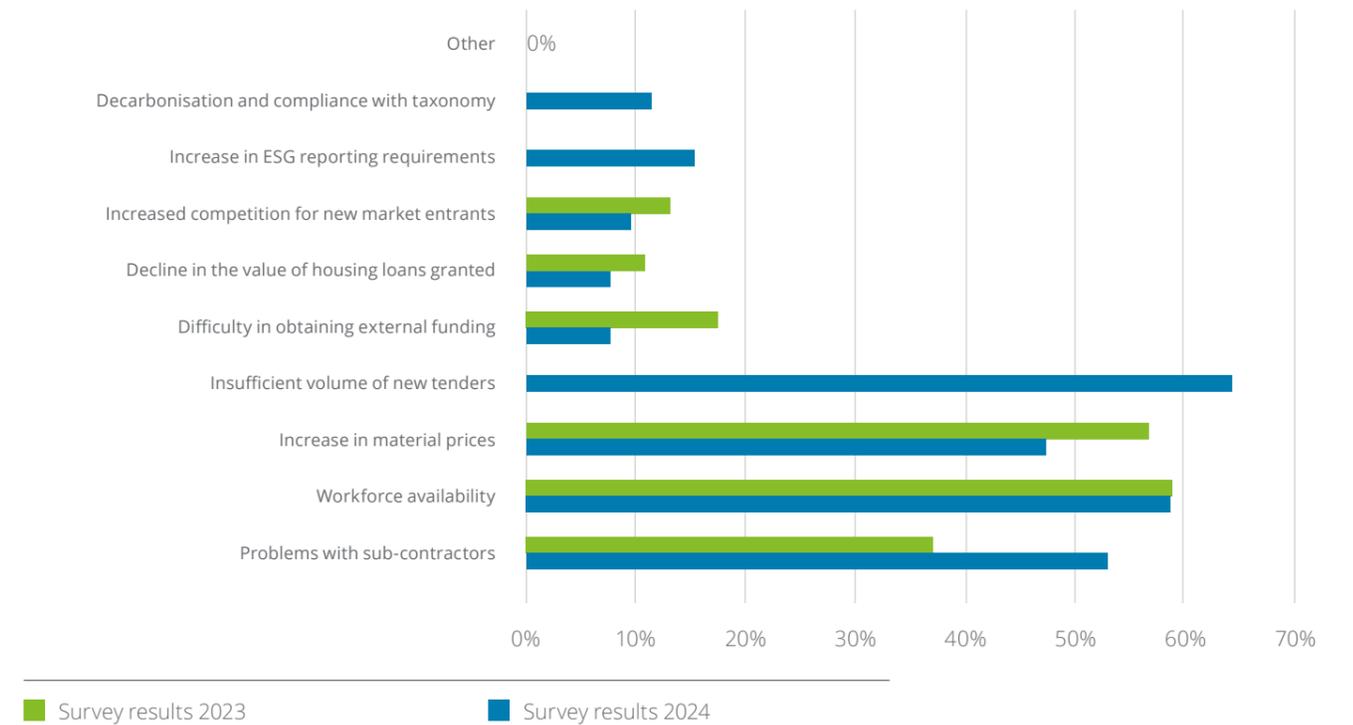
"rather not" were answered by 2% and 15% of respondents respectively. The largest percentages were for the development of services related to data centres or logistics (18%) and housing (16%). 15% of respondents mentioned the development

of PPP projects. A similar number of respondents (15%) selected an answer related to other forms of diversification, such as entry into another sector.

**1.3 Key risks and opportunities affecting the future operations of construction companies**

The next set of questions sought to identify the most important risks and opportunities for construction companies over the next few years. Respondents could choose up to three responses from a dozen options.

**Which of the following risks do you consider to be the most critical for your business in the near future (up to 24 months)?**



As shown in the chart above, the results of the 2024 survey indicate that three areas will have the greatest impact on companies' operations in the coming years: insufficient volume of new tenders (64%), availability of workforce (58%), or problems with subcontractors (53%). It is worth noting that in last year's survey, 59% of respondents

also cited problems with labour availability, 57% cited problems with rising material prices and 37% indicated problems with subcontractors.

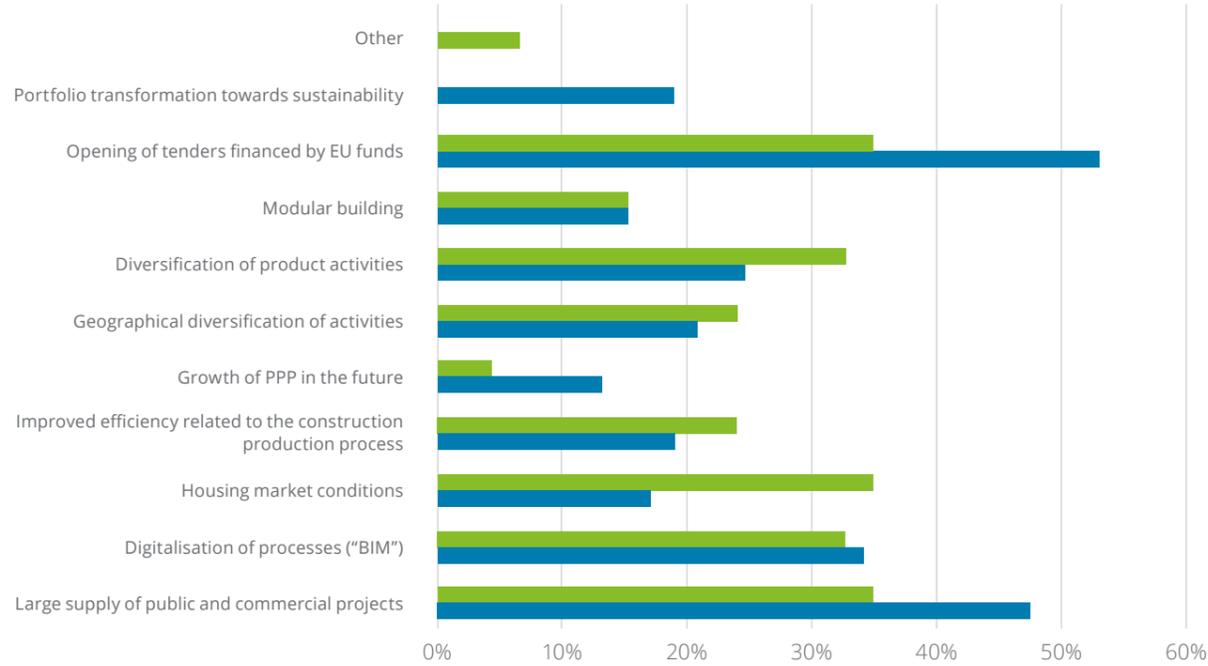
In addition, "increasing ESG reporting requirements" and "decarbonisation and taxonomy compliance" were given as

threats by 15% and 11% of respondents respectively. Other risks identified by respondents were difficulties in obtaining external finance (8%), a fall in the value of housing loans (8%) or increased competition for new companies entering the market (9%).

Respondents also identified the key opportunities for the business over the

next few years. These are shown in the graph below.

**Which of the following opportunities do you see as the most important for your business in the near future (up to 24 months)?**



■ Survey results 2023

■ Survey results 2024

In 2024, the most frequently selected response was "opening EU-funded tenders" (53%). Respondents also cited "a large supply of public and commercial

projects" (47%) or the digitalisation of "BIM" processes (34%) as opportunities related to the company's activities in the next 24 months. "Diversification of product

activities" and "geographical diversification of activities" were the next most popular choices, with 25% and 21% respectively.

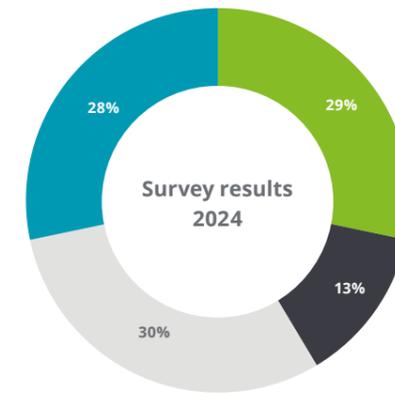
**1.4 Effects of factors occurring in the micro and macro scale on the current situation of the construction industry**

This year's survey asked respondents whether they had a clearly defined strategy and policy on environmental, social and governance issues. The idea behind ESG (Environmental, Social and Governance) strategy is that a company should not only look after its economic interests, but also

its local communities and the environment, which allows it to grow and stabilise in a sustainable way.

The data shows that 30% of respondents have adopted a strategy that defines the broad priorities of their activities, while 28% of respondents report having a detailed ESG strategy. 13% of respondents have no policy in place and 29% plan to develop one in the future.

**Under the draft new regulations, certain companies will be required to set, measure and report on strategic targets related to the need to reduce their carbon footprint. Given the above, does your company have a clearly defined strategy and policy regarding environmental, social and governance factors?**



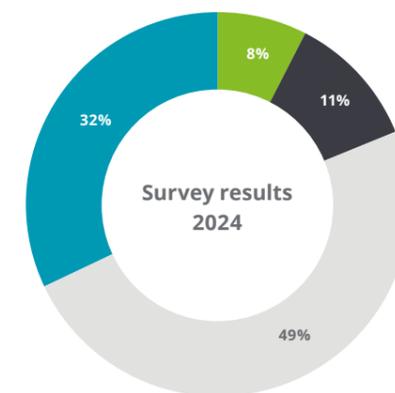
- No, but we are considering adopting such a document in the future
- No, there is no ESG document in place in our organization
- Yes, the organization has adopted an ESG strategy/policy defining the overall priorities and directions of our activities
- Yes, the organisation has adopted a detailed ESG strategy defining not only the overall priorities of our activities, but also our goals and measurable performance indicators for achieving them.

Regarding the regulatory changes related to the implementation of the European Union's Action Plan for Financing Sustainable Growth in relation to the construction sector, some 49%

of respondents said they were generally aware of the planned changes, while 32% said they had thorough knowledge of the new regulations. 11% of respondents were not aware of these changes and the

remaining 8% were not aware but were planning to address these changes in their organisation. The results of the survey are shown in the chart below.

**Is your organisation aware of the regulatory changes related to the implementation of the European Union's Action Plan for Financing Sustainable Growth, in particular the specific changes, criteria and obligations imposed on companies by Regulation 2020/852 on the establishment of a framework to facilitate sustainable investments (Taxonomy Regulation), including in relation to the construction sector?**

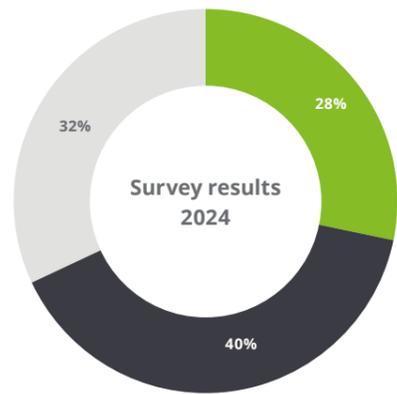


- We have no knowledge of these changes, but in the near future we will think about how to address them in a systemic way in the organization
- No, we are not aware of these changes.
- Yes, we have a general knowledge of the planned changes
- Yes, our organization is aware of the detailed guidelines for the new regulations

This year's survey also asked respondents about their decarbonisation strategy. The results show that only 32% of organisations have defined a strategy, while 28% are

considering adopting one in the future. 40% of respondents said their organisation has not defined a decarbonisation strategy in line with the 1.5C ambition.

**Has your organisation defined a decarbonisation strategy in line with the 1.5°C ambition, confirming measurable CO2 reduction targets and initiatives in line with the Paris Agreement and the EU Green Deal?**



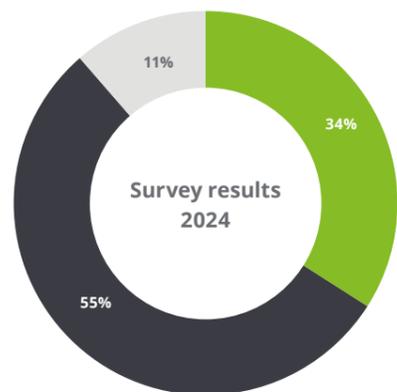
- No, but we are considering adopting such a strategy in the future
- No, our organization has not defined a Decarbonisation Strategy in line with the 1.5C ambition
- Yes, our organisation has defined a decarbonisation strategy in line with the 1.5C ambition, confirming measurable targets and initiatives to reduce CO2.

As part of this year's survey, we also asked the sector about the role and perception of IT in organisations. According to the responses, the role of IT in business processes is becoming increasingly

important (55%). In 34% of cases, this role is critical to the business, supporting the delivery network or the development of new business models.

Interestingly, for 11% of respondents in the construction industry, IT is not very important.

**How do you see the role of information technology (IT) in your organisation?**

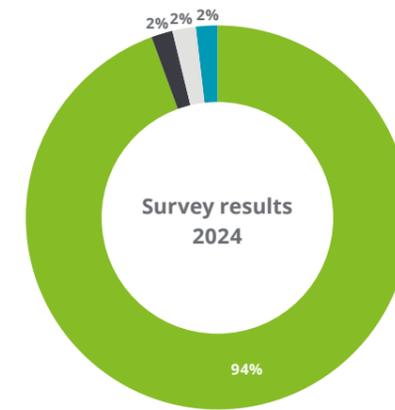


- IT is a key function in our company (in addition to the above, IT supports the supply network, technology is used actively in the core business and enables the development of new business models)
- IT is becoming increasingly important (use not only to support internal functions, but also to contact customers, partners or to support business decision-making)
- Not very important (IT mainly used to support internal functions)

According to the results of the survey, the level of investment in IT as a percentage of annual investment does not exceed 25% in 94% of the companies surveyed. 2% of respondents reported investments of more than 25-50%.

In the 2023 survey, no respondent indicated that the level of investment in IT as a proportion of annual investment exceeded 51%. However, in the current version of the report, 4% of respondents indicated such a level.

**What is the level of investment in information technology (IT) in your company (please indicate the percentage of IT investment out of total annual investment)?**

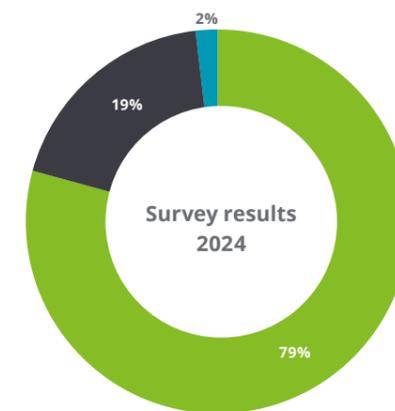


- less than 25%
- between 25% and 50%
- between 51% and 75%
- over 75%

As the chart below shows, 79% of respondents reported the smallest increase in investment compared to last year (less

than 25%). 19% reported an increase of between 25% and 50%, while only 4% reported an increase of over 75%.

**To what extent has the level of IT investment changed over the last year (please indicate the percentage change in the budget for non-building technologies in 2023 compared to the previous year)?**



- increased by less than 25%
- increased between 25% and 50%
- increased between 51% and 75%
- increased above 75%

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