STALEXPORT Autostrady

CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP

as at the day and for the year ended
31 December 2023

Mysłowice, 12 March 2024

CONTENTS

Consolidated statement of comprehensive income
for the year ended 31 December

In thousands of PLN, unless stated otherwise	*Note*	***2023***	***2022****
Revenue	7,9	508 871	413 890
Cost of sales	7,10	(170 442)	(237 225)
Other income	11	8 826	6 368
Administrative expenses	7,10	(225 602)	(119 388)
Other expenses	11	(573)	(3 229)
Impairment losses on trade and other receivables		(9)	(21)
Operating profit		**121 071**	**60 395**
Finance income		57 962	35 392
Finance expenses		(38 042)	(32 408)
Net finance income	12	**19 920**	**2 984**
Share of profit of equity accounted investees (net of income tax)		**142**	**81**
Profit before income tax		**141 133**	**63 460**
Income tax expense	13.1	(24 967)	(20 524)
Profit for the period		**116 166**	**42 936**
Other comprehensive income			
Items that will never be reclassified to profit or loss for the period			
Change in fair value of equity instruments		150	(37)
Remeasurement of employee benefits	25	(539)	170
Income tax on other comprehensive income	13.3	76	(26)
Other comprehensive income for the period, net of income tax		**(313)**	**107**
Total comprehensive income for the period		**115 853**	**43 043**
Profit attributable to:			
owners of the Company		109 230	36 551
non-controlling interest	21.5	6 936	6 385
Profit for the period		**116 166**	**42 936**
Total comprehensive income attributable to:			
owners of the Company		108 974	36 635
non-controlling interest	21.5	6 879	6 408
Total comprehensive income for the period		**115 853**	**43 043**
Earnings per share	22		
Basic earnings per share (PLN)		0,44	0,15
Diluted earnings per share (PLN)		0,44	0,15

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

Consolidated statement of financial position
as at

In thousands of PLN	*Note*	*31 December 2023*	*31 December 2022**	*1 January 2022**
ASSETS				
Non-current assets				
Property, plant and equipment	14	37 442	33 906	29 106
Intangible assets	15	311 286	347 441	426 368
Investment property	16	6 340	6 617	5 342
Investments in associates		842	796	715
Other non-current investments		107	95	93
Finance lease receivables		136	287	280
Non-current cash and cash equivalents	20	415 799	490 550	426 420
Deferred tax assets	17	96 720	78 148	52 274
Total non-current assets		**868 672**	**957 840**	**940 598**
Current assets				
Inventories		3 489	3 444	3 320
Current investments		1 223	1 085	1 124
Income tax receivables	18	-	-	401
Finance lease receivables		91	123	86
Trade and other receivables	19	31 683	19 950	20 856
Cash and cash equivalents	20	638 245	476 887	402 397
Total current assets		**674 731**	**501 489**	**428 184**
Total assets		**1 543 403**	**1 459 329**	**1 368 782**
EQUITY AND LIABILITIES				
Equity	21			
Share capital	21.1	185 447	185 447	185 447
Share premium reserve		7 431	7 431	7 431
Fair value reserve		(58)	(182)	(151)
Other reserve capitals and supplementary capital		517 776	495 142	505 940
Retained earnings and uncovered losses		41 103	4 339	16 218
Total equity attributable to owners of the Company		**751 699**	**692 177**	**714 885**
Non-controlling interest	21.5	6 230	7 110	5 570
Total equity		**757 929**	**699 287**	**720 455**
Liabilities				
Non-current liabilities				
Lease liabilities	24	4 778	4 787	3 092
Employee benefits	25	6 846	4 220	3 837
Deferred income	27	1 863	2 696	3 527
Other non-current liabilities	26	16 759	15 371	17 251
Provisions	29	363 288	431 956	416 896
Total non-current liabilities		**393 534**	**459 030**	**444 603**
Current liabilities				
Lease liabilities	24	185	177	125
Income tax liabilities	18	10 216	21 240	15 757
Trade and other payables	30	144 421	102 193	74 736
Employee benefits	25	864	2 144	4 577
Deferred income	27	832	832	832
Contract liabilities	28	9 692	9 454	11 382
Provisions	29	225 730	164 972	96 315
Total current liabilities		**391 940**	**301 012**	**203 724**
Total liabilities		**785 474**	**760 042**	**648 327**
Total equity and liabilities		**1 543 403**	**1 459 329**	**1 368 782**

* Restated due to changes described in note 5.2.

The consolidated statement of financial position should be analyzed together with notes, which constitute integral part of the consolidated financial statements

Consolidated statement of cash flows
for the year ended 31 December

In thousands of PLN	*Note*	***2023***	***2022****
Cash flows from operating activities			
Profit before income tax		**141 133**	**63 460**
Adjustments for			
Depreciation and amortisation	10	90 557	84 988
(Gain)/Loss on disposal of intangible assets and property, plant and equipment	11	(96)	1 221
Interest and dividends		(56 887)	(32 986)
Share of profit of equity accounted investees		(142)	(81)
Change in receivables		(11 550)	852
Change in inventories		1	(114)
Change in trade and other payables		27 031	13 864
Change in provisions		16 355	144 238
Change in deferred income		(833)	(831)
Change in contract liabilities		238	(1 928)
Cash generated from operating activities		**205 807**	**272 683**
Income tax paid		(54 487)	(40 541)
Net cash from operating activities		**151 320**	**232 142**
Cash flows from investing activities			
Investment proceeds		**57 634**	**132 337**
Sale of intangible assets and property, plant and equipment		474	291
Dividends received		46	60
Dividends from associates		96	-
Interest received		57 018	31 986
Sale of financial assets (corporate bonds)		-	100 000
Investment expenditures		**(60 038)**	**(157 270)**
Acquisition of intangible assets and property, plant and equipment (including utilization of provision for capital expenditures)		(60 038)	(58 335)
Acquisition of financial assets (corporate bonds)		-	(98 935)
Net cash used in investing activities		**(2 404)**	**(24 933)**
Cash flows from financing activities			
Financial expenditures		**(62 309)**	**(68 589)**
Dividends paid, including attributable to:	21.4	(57 211)	(64 211)
owners of the Company		(49 452)	(59 343)
non-controlling interest		(7 759)	(4 868)
Payment of lease liabilities	31.2	(178)	(127)
Payment of Concession fees	31.2	(4 920)	(4 251)
Net cash used in financing activities		**(62 309)**	**(68 589)**
Total net cash flows		**86 607**	**138 620**
Change in cash and cash equivalents		**86 607**	**138 620**
Cash and cash equivalents at the beginning of the period (including non-current)	20	**967 437**	**828 817**
Cash and cash equivalents at the end of the period (including non-current), including:	20	**1 054 044**	**967 437**
Restricted balances	20	*604 000*	*633 430*

* Restated due to changes described in note 5.2.

The consolidated statement of cash flows should be analyzed together with notes, which constitute integral part of the consolidated financial statements

Consolidated statement of changes in equity

In thousands of PLN

	Note	Share capital	Share premium reserve	Fair value reserve	Other reserve capitals and supplementary capital	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2023*		**185 447**	**7 431**	**(182)**	**495 142**	**4 339**	**692 177**	**7 110**	**699 287**
Profit for the period		-	-	-	-	***109 230***	***109 230***	***6 936***	***116 166***
Other comprehensive income:		-	-	***124***	-	***(380)***	***(256)***	***(57)***	***(313)***
Remeasurement of employee benefits	*25*	-	-	-	-	(468)	**(468)**	(71)	**(539)**
Change in fair value of equity instruments		-	-	150	-	-	**150**	-	**150**
Income tax on other comprehensive income	*13.3*	-	-	(26)	-	88	**62**	14	**76**
Total comprehensive income for the period		-	-	***124***	-	***108 850***	***108 974***	***6 879***	***115 853***
Dividends paid	*21.4*	-	-	-	(464)	(48 988)	**(49 452)**	(7 759)	**(57 211)**
Allocation of profit to other reserve capitals and supplementary capital		-	-	-	23 098	(23 098)	-	-	-
As at 31 December 2023		**185 447**	**7 431**	**(58)**	**517 776**	**41 103**	**751 699**	**6 230**	**757 929**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

Consolidated statement of changes in equity (continued)

In thousands of PLN

	Note	Share capital	Share premium reserve	Fair value reserve	Other reserve capitals and supplementary capital	Retained earnings and uncovered losses	Total equity attributable to owners of the Company	Non-controlling interest	Total equity
As at 1 January 2022		**185 447**	**7 431**	**(151)**	**505 940**	**94 782**	**793 449**	**5 570**	**799 019**
Impact of revised approach*		-	-	-	-	(78 564)	**(78 564)**	-	**(78 564)**
As at 1 January 2022*		**185 447**	**7 431**	**(151)**	**505 940**	**16 218**	**714 885**	**5 570**	**720 455**
Profit for the period*		***-***	***-***	***-***	***-***	***36 551***	***36 551***	***6 385***	***42 936***
Other comprehensive income:		***-***	***-***	***(31)***	***-***	***115***	***84***	***23***	***107***
Remeasurement of employee benefits	*25*	-	-	-	-	142	**142**	28	**170**
Change in fair value of equity instruments		-	-	(37)	-	-	**(37)**	-	**(37)**
Income tax on other comprehensive income	*13.3*	-	-	6	-	(27)	**(21)**	(5)	**(26)**
Total comprehensive income for the period		***-***	***-***	***(31)***	***-***	***36 666***	***36 635***	***6 408***	***43 043***
Coverage of previous years' losses**		-	-	-	(57 063)	57 063	**-**	-	**-**
Dividends paid	*21.4*	-	-	-	(393)	(58 950)	**(59 343)**	(4 868)	**(64 211)**
Allocation of profit to other reserve capitals and supplementary capital		-	-	-	46 658	(46 658)	**-**	-	**-**
As at 31 December 2022		**185 447**	**7 431**	**(182)**	**495 142**	**4 339**	**692 177**	**7 110**	**699 287**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

**Item adjusted by dividends paid in previous years directly from the supplementary capitals of the subsidiaries.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

1. Group overview

Stalexport Autostrady S.A. ("the Company") with its seat in Poland, Mysłowice, Piaskowa 20 Street, is a public listed company registered in the National Court Register under registration number KRS 16854.

Neither the name of the Company nor its other means of identification have changed since the end of the previous reporting period.

The Company together with its subsidiaries constitutes Stalexport Autostrady S.A. Capital Group ("Group", "Capital Group").

The business activities of the Group include the following:

- construction of roads and railroads, in particular services related to managing, construction by adapting to the requirements of toll motorway and exploitation of the section of A-4 motorway Katowice-Kraków,
- management and business advisory (holding activity),
- rental services.

As at 31 December 2023, beside the Company, the Group comprised of the following entities:

Name of the entity	Seat of the entity	Main activities	Status	Ownership interest and voting rights	Date of obtaining control/Date of acquisition	Consolidation method
Stalexport Autostrada Małopolska S.A.	Mysłowice	Construction and operation of motorway	Subsidiary	100%	1998	Full consolidation
VIA4 S.A.	Mysłowice	Motorway operation	Subsidiary	55%	1998	Full consolidation
Biuro Centrum Sp. z o.o.	Katowice	Real estate administration	Associate	40.63%	1994	Equity method
Petrostal S.A. w likwidacji	Warszawa	Non-operational	Not subject to consolidation due to existing limitations regarding control exercise	100%	2005	-

Neither the composition nor the structure of the Group were subject to any changes in 2023.

The consolidated financial statements as at the day and for the year ended 31 December 2023 comprise financial statements of the Company and its subsidiaries and also Group's share in net assets of associates.

The Capital Group is also included within the consolidated financial statements of the higher-level parent entity Mundys S.p.A. (formerly Atlantia S.p.A.) with its seat in Italy. The ultimate parent company is Edizione S.p.A. with its seat in Italy.

2. Basis of preparation of the consolidated financial statements

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS EU") and other regulations in force.

The consolidated financial statements were approved by the Management Board of the Company on 12 March 2024.

IFRS EU contain all International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS") as well as related Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") except for the Standards and Interpretations which are awaiting approval of the European Union as well as those Standards and Interpretations which have been approved by the European Union but are not yet effective.

2.2. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following equity instruments measured at fair value through other comprehensive income.

2.3. Functional and presentation currency

These consolidated financial statements are presented in Polish zloty, being presentation currency of the Group and also the functional currency of the Company, rounded to the nearest thousand.

2.4. New standards and interpretations not adopted

New standards, amendments to standards and interpretations, which are effective for annual periods beginning after 1 January 2023, have not been applied in preparation of these consolidated financial statements. Neither of the new standards nor amendments to the already existing standards, are expected to have a significant impact on the consolidated financial statements of the Group for the period for which they will become effective.

2.5. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS EU requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, equity and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and the results of which form a basis for professional judgment on carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments and estimates made by the Management Board, which had significant impact on the consolidated financial statements, have been discussed in notes 6.2, 15, 17, 25.2, 29 and 32.1 (expected credit losses).

Uncertainty over tax treatments

Regulations regarding VAT, corporate income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies.

Tax settlements and other areas of business activity may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. The above circumstances mean that tax exposure is greater in Poland than in countries that have a more established taxation system.

Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

The Group recognises and measures receivables/liabilities due to current income tax, as well as deferred tax assets/liabilities applying the requirements of IAS 12 *Income Taxes*, based on taxable profit (tax loss), tax bases, unused tax losses, and relevant tax rates, taking into the account the uncertainty related to tax settlements in accordance with interpretation IFRIC 23 *Uncertainty over income tax treatments*.

3. Going concern

The Group monitors the macroeconomic situation in Poland, also resulting from the impact of the military conflict in Ukraine, on its operations, including its future financial situation and results.

The financial results of the Group's motorway operations are directly dependent on the level of traffic on the section of the A4 Katowice-Krakow motorway subject to the concession. Note 9 presents a comparison of average traffic in the years 2022-2023.

Taking into account the overall economic and legal situation of the Group, including expectations regarding traffic level within the 12-month period from the end of current reporting period and in subsequent years, as at the date of approval of these consolidated financial statements, no circumstances have been identified that would indicate a material deterioration of the Group's financial position, including as a result of the aforementioned impact of the military conflict in Ukraine on the Group's operations, and therefore the consolidated financial statements have been prepared under the assumption that the Group will continue to operate as a going concern for the foreseeable future.

The above-mentioned predictions of traffic were determined based on the observed changes in traffic, against the background of the current and projected economic situation. The fulfilment of such predictions involves various types of assumptions and risks of their fulfilment, among which the risks related to the impact of the military conflict in Ukraine on the Group's operations, including on its revenues, have a special role.

The expiration of the Concession Agreement (see note 4), to which Stalexport Autostrada Małopolska S.A. is a party, which occurs in March 2027, does not constitute a negative premise for the assumption that the Group will continue as a going concern within the "Management and operation of motorways" segment in the period of 12 months beyond the end of the current reporting period. However, this fact is reflected in the measurement of concession intangible assets, as well as property, plant and equipment and other intangible assets related to the Concession Agreement (see notes 6.2, 6.3, 6.4, 14 and 15), following the amortisation period adopted for these assets, and in the Group's estimates in respect of deferred tax (see notes 6.16 and 17).

4. Information concerning the Concession Agreement

The activities of the Group include primarily business related to the management, construction by transformation to toll motorway and operation of the section Katowice – Kraków of A-4 motorway, performed mainly by the Company's subsidiary Stalexport Autostrada Małopolska S.A. ("Concession Holder", "SAM S.A."). These activities are regulated by the concession agreement ("Concession Agreement").

The subject of the Concession Agreement is completion of construction of the A-4 motorway (by transformation to the toll motorway) on the section from Katowice (junction Murckowska, km 340.2) to Krakow (junction Balice I, km 401.1) and its subsequent operation as well as conducting and completion of the remaining construction works and the fulfilment of other obligations as specified in the Concession Agreement ("Venture").

The Concession Agreement has been concluded for a time equal to the term of the concession i.e. 30 years ending in March 2027.

As specified in the Concession Agreement, toll revenues constitute the principal source of income from the execution of the venture.

Throughout the term of the Concession Agreement, the Concession Holder shall have the right to use and receive profits from the road strip of the motorway. The right includes among other things the right to demolish and remove the existing buildings, facilities, equipment, trees and plants, subject to any relevant legal provisions. In return the Concession Holder is responsible for the operation and maintenance of the toll motorway until the termination or expiry of the Concession Agreement, which determines detailed range of the Concession Holder's obligations, and is obliged to perform precisely specified construction works.

Furthermore, as determined by the Concession Agreement, after fulfilment of conditions therein defined, the Concession Holder:

i made concession payments to the National Road Fund ("Concession Payments"), constituting so-called subordinate debt (obligation due to loan drawn by State Treasury from the European Bank for Reconstruction and Development for the purpose of financing the construction of A-4 Toll Motorway Katowice-Kraków taken over by the Concession Holder);

ii is obliged to makes payments to the National Road Fund constituting State Treasury's share in profits of the Venture ("Payments to the State Treasury').

So far completed Phase I included the construction of toll collection system, setting up of the maintenance centre in Brzęczkowice and construction of the communication and motorway traffic management system, including the emergency communication system. Further investment phases (Phase II) in progress or to be carried out include, among others, renovations of bridges, development of junctions, construction of rest areas and works related to environmental protection measures (constructions of noise screens, motorway drainage system).

On 19 April 2022 the Concession Holder was informed by GDDKiA about the signing of the Annex No. 7 to the Concession Agreement by the Minister of Infrastructure on 6 April 2022. The Annex assumes, among others, a change in the scope of the remaining construction works and the waiver by the Concession Holder of claims against the State Treasury for strengthening the M48 viaduct support.

At the conclusion of the Concession Agreement the right to use and receive profits from all buildings and structures constructed by the Concession Holder will be transferred to the State Treasury.

According to provisions of the Concession Agreement between SAM S.A. and the Minister of Infrastructure Payments to the State Treasury, as well as dividend payments to the shareholder(s) of SAM S.A. (together constituting so-called "Cash available for distribution"), are dependent, among others, on completion of specified construction phases, achieving minimum level of debt service ratios and assuring the sufficient coverage of reserve accounts.

The Group recognises the liabilities due to Payments to the State Treasury only after all the underlying conditions for the obligation to make payments, as foreseen in the Concession Agreement, are met. So-called calculation date is considered to be the moment when the aforementioned criteria triggering the payment obligation are met, i.e. the date as of which the assessment of meeting of the criteria, as well as the determination of the amount available for distribution in the period prior to next calculation date, are performed.

In previous years the Group, in accordance with the provisions of Project Loan Agreement (under which the Concession Holder was the borrower) in force until its repayment date, i.e. 30 September 2019, considered 31 March and 30 September as calculation dates. Starting from 2020, in the absence of an explicit regulation of this issue in the Concession Agreement, the Group considers 30 June and 31 December as the calculation dates.

On 25 May 2023 the Concession Holder was informed by GDDKiA about the signing of the Annex No. 8 to the Concession Agreement by the Minister of Infrastructure on 27 April 2023. The annex addresses specific matters related to the settlement by SAM of Payments to the State Treasury. As a result of signing of the annex, the Group's existing accounting policy did not change in this respect. The annex contractually confirmed, among other matters, the consideration of 30 June and 31 December as the calculation dates, respectively, while indicating that the last calculation date would be 15 March 2027, i.e. the last day of the Concession Agreement's term.

As at the 30 June 2023 the Group recognized the liability due to Payments to the State Treasury in amount of TPLN 51,141 net and as at the 31 December 2023 in amount of TPLN 75,572 (see note 30). As at the 31 December 2022 the Group recognized the liability due to Payments to the State Treasury in amount of TPLN 47,372 net - the Group did not recognize the said liability as at 30 June 2022, as the criteria triggering the payment obligation were not met at that date.

5. Changes in material accounting policies and restatement of comparative data

5.1. Disclosure of accounting policies

Effective 1 January 2023, the Group adopted amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Making Materiality Judgements*. Although the amendments did not result in changes to accounting policies themselves, their introduction impacted the accounting policy information disclosed in the financial statements.

The amendments require entities to disclose “material” rather than, as previously, ”significant” accounting policies. They also provide guidance on application of materiality to disclosure of accounting policies, assisting entities in providing useful, entity-specific accounting policy information that users need to understand other information contained therein.

In order to ensure consistency with the revised standard, the Group has reviewed its accounting policies, updating in some instances the disclosures made in note 6 *Description of material accounting policie*s.

5.2. Restatement of comparative data

In 2023 the Group introduced the presentation changes described below in relation to cash in reserve accounts and the Concession fees, as well as the revised approach to measurement and recognition of provision for motorway resurfacing costs.

The comparative data presented in these consolidated financial statements has been restated in accordance with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

5.2.1. Revised approach to measurement and recognition of provision for motorway resurfacing costs

The Group recognizes a provision for motorway resurfacing costs in relation to the obligation under the Concession Agreement in respect of the operation and maintenance of the motorway. The Concession Agreement envisages three periodic replacements of the motorway surface (capital repairs), of which the first two have already been completed and the third, the final one, is currently in progress.

In previous years, the Group calculated the provision based on the estimated cost of the motorway resurfacing proportionally to the period of wear and tear, with the provision for a particular resurfacing commencing when the previous one was completed. The Group began provisioning for the third motorway resurfacing in the third quarter of 2021.

It takes several years to carry out full periodic resurfacing. During the resurfacing process, work is carried out on some sections of the motorway, while at the same time the remaining sections that are still awaiting resurfacing, or have already been subject to resurfacing, are subject to wear and tear. Considering the above, the Group, with a view to improving the accuracy of its calculations, has changed its approach in relation to measurement and recognition of the motorway resurfacing provision. According to the revised approach, this provision is calculated based on the averaged period between the completion of the previous motorway resurfacing of the respective motorway sections and the anticipated commencement of work on the said sections as a part of the current resurfacing.

The change in approach in relation to the measurement and recognition of the provision for motorway resurfacing costs results in a different timing of the provision cost accrual (including the cost of unwinding of the discount) than previously, significantly accelerating the recognition of the provision, but without impacting the Group's current estimates of the future undiscounted expenditure covered by the said provision, which were valid at the end of the current reporting period.

The estimated present value of the provision is discounted at the end of each reporting period.

5.2.2. Presentation of Concession fees in the consolidated statement of cash flows

Until now, the payment of the Concession fees has been recognized by the Group in the consolidated statement of cash flows within cash flows from operating activities.

With effect from 1 January 2023, given the similarity of the Concession fees to lease payments, the Group has changed its approach to the presentation of the aforementioned payments, i.e. they will be presented within cash flows from financing activities. The change is intended to align the presentation of payments of a similar nature in the consolidated statement of cash flows.

5.2.3. Presentation of cash in reserve accounts in the consolidated statement of financial position and consolidated statement of cash flows

In March 2022, the IFRS Interpretations Committee concluded that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7 *Statement of Cash Flows*.

As far as presentation of aforementioned deposits in statement of financial position is concerned, the Committee concluded that they ought to be presented as cash and cash equivalents. An entity that presents assets as current or non-current would classify the demand deposit as current, unless the demand deposits are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Considering the above, as of 1 January 2023, the Group changed the presentation of term deposits related to cash kept on reserve accounts designated to capital expenditures of Phase F2b, future maintenance expenditures and uninsured losses, which were established in accordance with the provisions of Concession Agreement.

In line with the new approach, within the consolidated statement of financial position, the portion of the term deposits in question for which the restrictions on use to settle the liability exceed twelve months beyond the end of the reporting period has been separated from "Other non-current investments" and presented under "Non-current cash and cash equivalents". The current portion of said term deposits was presented within the item "Cash and cash equivalents". In the consolidated statement of cash flows, the total amount of the term deposits in question is included within the balances of cash and cash equivalents.

5.2.4. Impact of introduced changes on the consolidated financial statements

The impact of changes described in notes 5.2.1, 5.2.2 and 5.2.3 on the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows for comparative periods included within these consolidated financial statements has been presented below.

Consolidated statement of comprehensive income for the year ended 31 December 2022

In thousands of PLN, unless stated otherwise	**2022** *published*	**impact of changes**		**2022** *restated*
Revenue	413 890	-		413 890
Cost of sales	(191 354)	(45 871)	(1a)	(237 225)
Other income	6 368	-		6 368
Administrative expenses	(119 388)	-		(119 388)
Other expenses	(3 229)	-		(3 229)
Impairment losses on trade and other receivables	(21)	-		(21)
Operating profit	**106 266**	**(45 871)**		**60 395**
Finance income	35 392	-		35 392
Finance expenses	(25 522)	(6 886)	(1b)	(32 408)
Net finance income	**9 870**	**(6 886)**		**2 984**
Share of profit of equity accounted investees (net of income tax)	**81**	**-**		**81**
Profit before income tax	**116 217**	**(52 757)**		**63 460**
Income tax expense	(30 548)	10 024	(1c)	(20 524)
Profit for the period	**85 669**	**(42 733)**		**42 936**
Total comprehensive income for the period	**85 776**	**(42 733)**		**43 043**
Earnings per share				
Basic earnings per share (PLN)	0,32	(0,17)		0,15
Diluted earnings per share (PLN)	0,32	(0,17)		0,15

(1) Impact of revised approach to measurement of provision for motorway resurfacing costs (note 5.2.1):
- (a) change of accrual cost of provision for resurfacing costs;
- (b) change of unwinding of the discount in relation to provision for resurfacing;
- (c) cumulative impact of changes on deferred tax for the reporting period.

Consolidated statement of financial position as at 31 December 2022

In thousands of PLN	*31 December 2022*	*impact of changes*		*31 December 2022*
	published			*restated*
ASSETS				
Other non-current investments	633 028	(632 933)	(2),(3)	95
Non-current cash and cash equivalents	-	490 550	(2)	490 550
Deferred tax assets	49 696	28 452	(1b)	78 148
Others	389 047	-		389 047
Non-current assets	**1 071 771**	**(113 931)**		**957 840**
Cash and cash equivalents	334 504	142 383	(3)	476 887
Others	24 602	-		24 602
Current assets	**359 106**	**142 383**		**501 489**
Total assets	**1 430 877**	**28 452**		**1 459 329**
EQUITY AND LIABILITIES				
Equity				
Retained earnings and uncovered losses	125 636	(121 297)	(1c)	4 339
Others	687 838	-		687 838
Total equity attributable to owners of the Company	**813 474**	**(121 297)**		**692 177**
Non-controlling interest	7 110	-		7 110
Total equity	**820 584**	**(121 297)**		**699 287**
Liabilities				
Non-current provisions	283 354	148 602	(1a)	431 956
Others	27 074	-		27 074
Non-current liabilities	**310 428**	**148 602**		**459 030**
Current provisions	163 825	1 147	(1a)	164 972
Others	136 040	-		136 040
Current liabilities	**299 865**	**1 147**		**301 012**
Total liabilities	**610 293**	**149 749**		**760 042**
Total equity and liabilities	**1 430 877**	**28 452**		**1 459 329**

(1) Impact of revised approach to measurement of provision for motorway resurfacing costs (note 5.2.1):
  (a) change of provision for resurfacing costs;
  (b) cumulative impact of changes on deferred tax assets;
  (c) cumulative impact of changes on retained earnings and uncovered losses;
(2) Presentation change of cash kept on reserve accounts for which the restrictions on use to settle the liability exceed twelve months beyond the end of the reporting period (note 5.2.3);
(3) Presentation change of current portion of cash kept on reserve accounts (note 5.2.3).

Consolidated statement of financial position as at 1 January 2022

In thousands of PLN	*1 January 2022*	*impact of changes*		*1 January 2022*
	published			*restated*
ASSETS				
Other non-current investments	502 727	(502 634)	(2),(3)	93
Non-current cash and cash equivalents	-	426 420	(2)	426 420
Deferred tax assets	33 845	18 429	(1b)	52 274
Others	461 811	-		461 811
Non-current assets	**998 383**	**(57 785)**		**940 598**
Cash and cash equivalents	326 183	76 214	(3)	402 397
Others	25 787	-		25 787
Current assets	**351 970**	**76 214**		**428 184**
Total assets	**1 350 353**	**18 429**		**1 368 782**
EQUITY AND LIABILITIES				
Equity				
Retained earnings and uncovered losses	94 782	(78 564)	(1c)	16 218
Others	698 667	-		698 667
Total equity attributable to owners of the Company	**793 449**	**(78 564)**		**714 885**
Non-controlling interest	5 570	-		5 570
Total equity	**799 019**	**(78 564)**		**720 455**
Liabilities				
Non-current provisions	326 047	90 849	(1a)	416 896
Others	27 707	-		27 707
Non-current liabilities	**353 754**	**90 849**		**444 603**
Current provisions	90 171	6 144	(1a)	96 315
Others	107 409	-		107 409
Current liabilities	**197 580**	**6 144**		**203 724**
Total liabilities	**551 334**	**96 993**		**648 327**
Total equity and liabilities	**1 350 353**	**18 429**		**1 368 782**

(1) Impact of revised approach to measurement of provision for motorway resurfacing costs (note 5.2.1):
  (a) change of provision for resurfacing costs;
  (b) cumulative impact of changes on deferred tax assets;
  (c) cumulative impact of changes on retained earnings and uncovered losses;
(2) Presentation change of cash kept on reserve accounts for which the restrictions on use to settle the liability exceed twelve months beyond the end of the reporting period (note 5.2.3);
(3) Presentation change of current portion of cash kept on reserve accounts (note 5.2.3).

Consolidated statement of cash flows for the year ended 31 December 2022

In thousands of PLN	***2022*** *published*	***impact of changes***		***2022*** *restated*
Profit before income tax	**116 217**	**(52 757)**	(1)	**63 460**
Interest and dividends	(33 030)	44	(2)	(32 986)
Change in trade and other payables	9 613	4 251	(3)	13 864
Change in provisions	91 481	52 757	(1)	144 238
Others	43 566	-		43 566
Net cash from operating activities	**227 847**	**4 295**		**232 142**
Non-current deposits held for investment expenditures	(130 255)	130 255	(2)	-
Others	(24 933)	-		(24 933)
Net cash used in investing activities	**(155 188)**	**130 255**		**(24 933)**
Payment of Concession fees	-	(4 251)	(3)	(4 251)
Others	(64 338)	-		(64 338)
Net cash used in financing activities	**(64 338)**	**(4 251)**		**(68 589)**
Total net cash flows	**8 321**	**130 299**		**138 620**
Change in cash and cash equivalents	**8 321**	**130 299**		**138 620**
Cash and cash equivalents at the beginning of the period	**326 183**	**502 634**	(2)	**828 817**
Cash and cash equivalents at the end of the period	**334 504**	**632 933**	(2)	**967 437**

(1) Impact of revised approach to measurement of provision for motorway resurfacing costs (note 5.2.1);
(2) Presentation change of cash flows related to cash kept on reserve accounts (note 5.2.3);
(3) Presentation change of payments of liabilities due to Concession fees (note 5.2.2).

6. Description of material accounting policies

Introduction of amendments to existing standards and interpretations, effective for reporting periods beginning on 1 January 2023 or later, had no significant impact on Group's accounting policies, and as the result, on these consolidated financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Effective 1 January 2023, the Group adopted amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Making Materiality Judgements*, which did not result in changes to accounting policies themselves, however their introduction impacted the accounting policy information disclosed below (for more information see note 5.1).

6.1. Basis of consolidation

6.1.1. Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has a rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

6.1.2. Non-controlling interest

In the consolidated statement of financial position the Group discloses non-controlling interest within equity, separately from the equity attributable to the owners of the Company.

Changes in the Group's interest in a subsidiary that do not result in the Company's loss of control over the subsidiary are accounted for as equity transactions.

6.1.3. Consolidation adjustments

Intergroup balances and any unrealized gains and losses or income and expenses arising from intergroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

6.2. Service concession arrangements

The Group recognizes as service concession arrangements (in accordance with IFRIC 12 *Service Concession Arrangements*) the public-to-private service concession arrangements if:

- the grantor controls or regulates what services the Group must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Such arrangements apply to infrastructure that the Group constructs or acquires from a third party for the purpose of the service arrangement, as well as existing infrastructure to which the grantor gives the Group access for the purpose of the service arrangement.

Such infrastructure shall not be recognised as property, plant and equipment of the Group because the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the Group. The Group has access to operate the infrastructure to provide the public service on behalf of the grantor in accordance with the terms specified in the contract.

Under the terms of service concession arrangements the Group acts as a service provider. The Group constructs or upgrades infrastructure (construction or upgrade services – the revenue is recognised in accordance with accounting policies applied for construction contracts) used to provide a public service and operates and maintains that infrastructure (operation services – the revenue is recognized in accordance with policy described in note 6.14.1) for a specified period of time.

If the Group provides construction or upgrade services the consideration received or receivable by the Group shall be recognized in consolidated statement of financial position as an asset. The consideration may be recognized as:

- a financial asset: The Group shall recognise a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services;
- an intangible asset: The Group shall recognise an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash, because the amounts are contingent on the extent that the service is rendered. Under intangible asset model, the Group's rights are recognised in the consolidated statement of financial position under concession intangible assets in the fair value of construction or upgrade services. They are amortised over the term of the arrangement, starting from the beginning of rendering services to public.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset it is necessary to account separately for each component of the Group's consideration. The consideration received or receivable for both components shall be recognised initially at the fair value of the consideration received or receivable.

The Group may have contractual obligations it must fulfil as a condition of its licence a) to maintain the infrastructure to a specified level of serviceability or b) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service arrangement. These contractual obligations to maintain or restore infrastructure, except for upgrade element, shall be recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

When the contract requires the Group to incur during the concession period capital expenditures related to replacement independently of the use of the concession infrastructure during the concession, these capital expenditures should be included in concession intangible asset's cost. Bearing in mind, that these outflows are not contingent on use of infrastructure, the Group should recognise a provision (with the above mentioned intangible asset as a corresponding item) for the present value of the best estimate of the amount of the future replacement costs to be incurred due to obligation undertaken. The provision shall be recognized when the obligation is accepted.

Concession Agreement – A-4 Katowice-Kraków motorway

Intangible asset model has been applied to the Concession Agreement, concerning Stalexport Autostrada Małopolska S.A.

The Group recognised an intangible asset as the consideration given for the adaptation of motorway to toll motorway requirements (Phase I) and for construction/upgrade works, which according to the Concession Agreement were to be executed in later periods (Phase II). The cost of the element of the intangible asset recognized in relation to Phase I expenditures, was defined as the value of costs incurred during its execution (including borrowing costs) and the cost of the element of the intangible asset recognized in relation to estimated costs of Phase II, was determined as the present value of those future outflows at the date of initial recognition (without borrowing costs recognition).

The element of the intangibles recognized in relation to obligation to bear Phase II expenditures, was recorded in correspondence with the provision. A present value of future outflows was calculated, through discounting of their estimated nominal value, using non-current risk-free interest rate, which was determined by the Group on the basis of historical and current return on non-current State Treasury Bonds.

All changes in provision's estimates due to:

- changes of interest rates;
- changes of construction works schedule;
- changes in capital expenditures estimates;

are reflected in the valuation of intangible assets and impact the consolidated statement of comprehensive income prospectively, being recognized in the period of change and in future periods, if they are also affected by the change.

The unwinding of the discount related to provision is recognized as finance expense of the period.

Payments of liabilities resulting from the utilisation of the aforementioned provision are presented by the Group in the consolidated statement of cash flows within cash flows from investing activities.

Concession intangible assets comprise also an element reclassified from property, plant and equipment, which cost was determined as the present value of discounted Concession Payments at the date of their recognition.

According to policies described in note 5.4, an intangible asset with a finite useful life is subject to amortisation over its useful life.

The concession intangible asset is to be amortised from the beginning of toll collection (year 2000), until the expiration date of the Concession Agreement (year 2027).

The Group applied amortisation method, which in its view reflects in most appropriate way the manner in which future economic benefits deriving from intangible asset will be consumed, i.e. unit of production method based on forecasted annual average traffic increase during the concession period on the section of motorway subject to concession.

Payments to the State Treasury

Considering that Payments to the State Treasury are not for a right to a good or service that is separate from the service concession arrangement or for the right to use an asset that is separate from the infrastructure within the scope of IFRIC 12 that is a lease, and also due to the fact that the intangible model has been applied to the Concession Agreement in accordance with IFRIC 12, the Group accounts for these payments applying IAS 38 *Intangible Assets*, treating them as variable consideration for the purchase of an intangible asset.

At the moment, IFRS do not regulate explicitly/specifically how to account for variable consideration for the purchase of an intangible asset. Due to above, the Group in accordance with IAS 8 *Accounting policies, changes in accounting estimates and errors*, developed in this respect an accounting policy by analogy to other standards, i.e. IAS 17 Leases/IFRS 16 Leases.

Taking into the account that the variable payments for the purchase of an intangible asset are in their nature similar to contingent rent and variable payments (not depended on an index or a rate) as defined respectively in IAS 17 (during its period of applicability, i.e. until 31 December 2018) and IFRS 16, the Group considered justifiable to apply unified accounting policy set in these standards for aforementioned type of payments also for the purpose of Payments to the State Treasury recognition.

Consequently, the Group accounts for Payments to the State Treasury in profit or loss for the period in which the criteria for making the payment have been met. The payments are recognised within administrative expenses item of the consolidated statement of comprehensive income. So called calculation date is considered the moment when the criteria triggering the payment of the obligation (liability recognition) have been met, i.e. the date as of which the assessment of meeting of the aforementioned criteria, as well as the determination of the amount available for distribution in the period prior to next calculation date, are performed. The calculation date is currently 30 June and 31 December respectively (see also note 4 and 30).

Payments of these liabilities are presented by the Group in the consolidated statement of cash flows within cash flows from operating activities.

Concession fees

According to the Concession Agreement, the Concession Holder periodically pays to the National Road Fund concession fees ("Concession fees"), which include (i) rent for the use (right to use and receive profits) of a road strip of the A-4 Katowice-Kraków section of the motorway subject to the concession, and (ii) refund of GDDKiA's costs of supervision and control.

Considering that:

- Concession fees are not for a right to a good or service that is separate from the service concession arrangement or for the right to use an asset that is separate from the infrastructure within the scope of IFRIC 12 Service Concession Arrangements that is a lease;
- the intangible model has been applied to the Concession Agreement in accordance with IFRIC 12;
- the obligation to incur Concession fees is not conditional on the Group achieving certain results of its operations or on the occurrence of a specific related event;
- Concession fees are subject to periodical indexation based on consumer price index;

the Group included the present value of Concession fees to be paid (fair value of the consideration given) in the measurement of the liabilities due to purchase of the concession intangible assets (right to collect tolls from motorway users).

The present value of Concession fees to be paid recognised in correspondence with the concession intangible assets was determined as at the date the obligation to incur aforementioned fees was assumed, i.e. 1 January 2000 in case of rent, and 1 January 2001 in case of refund supervision and control cost respectively, by discounting the nominal value of future payments using historical interest rates determined for the aforementioned dates, i.e. 19.20% and 19.45%, respectively.

Subsequent remeasurement of liabilities due to Concession fees reflecting changes to their amounts adjust the cost of the concession intangible assets. Interest on the liability (unwinding of discount) is recognised as finance expense of the current period.

6.3. Other intangible assets

Other intangible assets are measured at cost less accumulated depreciation and impairment losses (see note 6.8.2).

Subsequent expenditures

Subsequent expenditures on existing other intangible assets are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized as incurred.

Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of other intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

- intellectual property rights up to 5 years
- computer software up to 5 years
- licences 2-5 years

If the estimated useful life of intangible assets attributable to the Concession Agreement other than the ones described in 6.2 exceeds the concession period, the amortisation period is shortened to the remaining concession period.

The adequacy of amortisation methods, useful lives and residual values is reviewed at each reporting date and adjusted if appropriate.

6.4. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses (see note 6.8.2).

The cost includes the purchase price of the assets and costs directly related to the purchase and completion of the asset, so that it can be available for use, including the transport, loading, unloading and storing costs. Rebates, discounts and other similar reductions decrease the cost. The construction cost of property, plant and equipment or assets under construction includes total cost incurred by the entity in the period of their construction, assembly, adjustment and modernization till the date of their transfer to use (or up to the end of the reporting period, if the asset was not transferred to use before this date). The construction cost also includes preliminary estimates of the cost of dismantling and removing the components of tangible fixed assets and the restoration cost, if required.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) shall be capitalised as part of the cost of that asset. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are costs which could have been avoided, if the capital expenditure on qualified asset had not been incurred. The capitalisation of borrowing costs as part of the cost of a qualifying asset shall commence when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as an investment property.

Subsequent expenditures

The Group recognizes in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Items of property, plant and equipment, relatively their significant and separate components, are depreciated on a straight – line basis over their estimated useful lives, considering residual values. Land is not depreciated.

The Group adopted following useful lives for particular categories of property, plant and equipment:

- buildings and constructions 5-40 years
- plant and equipment 3-15 years
- vehicles 3-10 years
- other 1-10 years

If the estimated useful life of items of property, plant and equipment attributable to the Concession Agreement exceeds the concession period, the depreciation period is reduced to the remaining concession period.

The adequacy of useful lives, depreciation methods and residual values (if significant) is reassessed annually.

6.5. Investment property

Investment property is property (land or a building—or part of a building—or both) held (by the Group as an owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both.

An owned investment property is measured initially at its cost. Subsequently such investment properties are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of investment property (residual values are taken into account).

Considering that the part of the office building owned by the Group and building's component parts are only marginally used in administrative activities, all these assets are treated entirely as investment property. The Group assumed 40-year period of economic useful life for the aforementioned office building.

Investment property held by the Group as right-of-use assets is recognised and measured according to policies described in note 6.6, i.e. at cost less any accumulated depreciation and impairment losses, taking into account adjustments resulting from remeasurement of lease liabilities, with which these assets were initially recognised.

6.6. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the following:

- the right to obtain substantially all of the economic benefits from use of the identified asset, and
- the right to direct the use of the identified asset.

If the customer has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The lease commencement date is the date on which a lessor makes an underlying asset available for use by a lessee, i.e. an asset that is the subject of a lease, for which the right to use that asset has been provided by a lessor to a lessee.

Group as a lessee

At the lease commencement date the Group recognises a right-of-use asset and a lease liability.

At the lease commencement date, the Group measures the right-of-use asset at cost comprising the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Group and also an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequently right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, taking into account adjustments resulting from a potential revaluation of lease liabilities. The right-of-use assets are depreciated using the straight-line method from the lease commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease, or if that rate can’t be readily determined, using the Group's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group subsequently measures the lease liabilities by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset, or, if the carrying amount of the right-of-use asset has been reduced to zero, in profit or loss for the period.

After the lease commencement date, the Group recognises in profit or loss for the period, unless the costs are included in the carrying amount of another asset, both:

- interest on the lease liability; and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

If a right-of-use asset meets the definition of investment property, it is presented within the consolidated statement of financial position as investment property, in other cases, the Group includes assets in question within the same line item as that within which the corresponding underlying assets would be presented if they were owned by the Group. Lease liabilities are presented separately from other liabilities, broken down into current and non-current liabilities.

In case of short-term leases and leases for which the underlying asset is of low value, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Perpetual usufruct of land

In the Group's opinion, the perpetual usufruct of the land meets the prerequisites for the identification of the lease.

6.7. Non-derivative financial instruments

6.7.1. Recognition and initial measurement

The Group recognises a financial asset or a financial liability in the consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

Except for trade receivables without a significant financing component, at initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Trade receivables without a significant financing component are initially measured at the transaction price.

6.7.2. Classification and subsequent measurement

Financial assets

At initial recognition the Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (debt investments and investments in equity instruments) or fair value through profit or loss on the basis of both:

a) the Group’s business model for managing the financial assets, and
b) the contractual cash flow characteristics of the financial asset.

Financial assets are measured at amortised cost if both of the following conditions are met and these assets are not designated as at fair value through profit or loss:

i the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

ii the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

All foreign exchange gains and losses on monetary assets are recognised in profit or loss.

Debt investments are measured at fair value through other comprehensive income if both of the following conditions are met and these assets are not designated as at fair value through profit or loss:

i they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest calculated using the effective interest method, impairment gains or losses and foreign exchange gains and losses are recognised in profit or loss.

In line with an option foreseen in IFRS 9 *Financial Instruments*, the Group measures investments in equity instruments, that are not held for trading, at fair value (however in limited circumstances cost may be an appropriate estimate of fair value), which subsequent changes are recognised in other comprehensive income (without possibility of subsequent transfer to profit or loss). Dividends on such investments are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets not classified as measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a financial asset that is measured at fair value through profit or loss, including interest expense and dividends, is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial liability is derecognised and through the amortisation process. A gain or loss on a financial liability that is measured at fair value through profit or loss, including any interest expense, is recognised in profit or loss. All foreign exchange gains and losses on monetary liabilities are recognised in profit or loss.

6.7.3. Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The difference between the carrying amount measured at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Group removes a financial liability (or a part of a financial liability) when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires. Substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

6.8. Impairment

6.8.1. Financial assets

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the Group expects to be paid in full but later than when contractually due.

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;
- debt investments measured at fair value through other comprehensive income;
- contract assets (IFRS 15 *Revenue from Contracts with Customers*).

The Group recognises loss allowances for expected credit losses at the amount equal to:

- lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or
- 12-month expected credit losses if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition.

For trade receivables and contract assets the Group measures loss allowances at an amount equal to lifetime expected credit losses.

When determining whether the credit risk has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

When determining whether the credit risk on a financial instrument has increased significantly, the Group considers the change in the risk of a default occurring since initial recognition. The Group considers a financial asset to be in default when: i) the borrower is unlikely to pay its credit obligations to the Group in full, without the Group realising security (if any is held), or ii) the financial asset is more than 90 days past due.

The maximum period over which expected credit losses shall be measured is the maximum contractual period (including extension option) over which the entity is exposed to credit risk.

For financial assets, a credit loss is the present value of the difference (cash shortfall) between:

- the contractual cash flows that are due to the Group under the contract; and
- the cash flows that the Group expects to receive.

Expected credit losses are discounted to the reporting date, not to the expected default or some other date, using the effective interest rate determined at initial recognition or an approximation thereof.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (i.e. the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it). Consequently, any cash flows that are expected from the realisation of the collateral beyond the contractual maturity of the contract should be included in this analysis.

As at the end of the reporting period for trade receivables the Group determined the amount of expected credit losses using a provision (allowance) matrix, defined on the basis of historical credit loss experience.

The Group recognises in profit or loss, as an impairment gain or loss under separate item of consolidated statement of comprehensive income, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with accounting policy applied.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as an event of default or failure to make payment within 90 days;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

For a financial asset that is credit-impaired at the reporting date, but that is not a purchased or originated credit-impaired financial asset, the Group measures the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

6.8.2. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated annually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In case of assets, which do not generate independent cash flows, value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6.9. Equity

Fair value reserve

All gains and losses from valuation of investments in equity instruments measured at fair value through other comprehensive income are attributed to this equity item.

6.10. Employee benefits

6.10.1. Retirement and disability benefits

The Group companies in accordance with Labour Code or their internal remuneration policies are obliged to payment of retirement and disability benefits.

The Group's obligation resulting from retirement/disability benefits is measured by estimation of future salary of a given employee for the period in which an employee will receive the benefit and by estimation of future retirement/disability benefit. Retirement/disability benefits are discounted using market State Treasury bond return rate at the end of the reporting period. The retirement/disability benefit obligation is recognized proportionally to the projected length of service of a given employee. Recognizing the liability due to retirement/disability benefits, the Group discloses total actuarial gains or losses in other comprehensive income for the period in which they arisen.

6.10.2. Jubilee bonuses

Some of the Group's companies offer its employees jubilee bonuses which depend on the current length of service of a given employee and the current average remuneration in the industry.

The Group's obligation resulting from jubilee bonuses is measured by estimation of future salary of a given employee for the period in which an employee will become entitled to a particular jubilee bonus and by estimation of future jubilee bonus. Jubilee bonuses are discounted using market State Treasury bond return rate at the end of the reporting period. Recognizing the liability due to jubilee bonuses, the Group discloses total actuarial gains or losses in profit or loss, within the period in which they arisen.

Staff rotation is estimated on the basis of historical data and forecasts on level of employment in the future.

6.10.3. Current employee benefits

Current employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised in the amount expected to be paid under short-term employee benefits, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

6.11. Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for motorway resurfacing

The Group recognizes a provision for motorway resurfacing costs in relation to the obligation under the Concession Agreement in respect of the operation and maintenance of the motorway. The Concession Agreement envisages three periodic replacements of the motorway surface (capital repairs), of which the first two have already been completed and the third, the final one, is currently in progress. The provision is calculated based on the averaged period between the completion of the previous motorway resurfacing of the respective motorway sections and the anticipated commencement of work on the said sections as a part of the current resurfacing (see also note 5.2.1).

Provision for capital expenditures related to replacement and upgrade of infrastructure

Accounting policies applied to provision for capital expenditures of Phase II are described in note 6.2.

6.12. Deferred income

Deferred income constitutes mainly prepayments received due to rental of passengers service areas. After initial recognition according to fair value, the deferred income is recognized as other income within profit or loss on the straight-line basis over a rental agreement period.

6.13. Contract liabilities

Contract liabilities constitute prepayments received for the passage through A4 Katowice - Kraków motorway (due to top-ups of KartA4 or A4Go devices). After initial recognition according to fair value, the aforementioned amounts are recognized as revenue in profit or loss for the period, in which top-ups of KartA4/A4Go are utilized.

6.14. Revenue

6.14.1. Revenue from contracts with customers (sale of goods and services)

The Group recognises revenue in the amount constituting transaction price, when (or as) it satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue from motorway operation

Revenue from motorway operation (toll revenue) is recognised when the customer passes through toll collection plaza as the result of:

- customer paying the motorway toll in cash or by means of bank cards directly at the toll collection plaza; or

- positive identification at the toll collection plaza of customer's right to pass through the motorway (kartA4, electronic toll collection, fleet cards).

6.14.2. Other revenue

Rental income

Rental income from investment property and passenger service areas is recognised in profit or loss on a straight-line basis over the term of the lease.

6.15. Finance income and expenses

Finance income comprises interest income on funds invested by the Group, dividend income and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and liabilities and changes in the fair value of financial assets at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

6.16. Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payables or receivables due to tax on taxable income of the year, calculated using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. These reductions are reversed when it is probable that sufficient taxable profits will be available.

6.17. Earnings per share (EPS)

In preparation of consolidated financial statements basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares for the period.

There were no factors that would result in dilution of earnings per share in the reporting periods presented in these consolidated financial statements.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

7. Segment reporting

The Group presents its activity in business segments, which are based on the Group's management and internal reporting structure.

The Group operates in one geographical segment – entire revenue is earned in Poland, where all Group's non-current assets are located (excluding financial instruments).

Business segments

Business segments include:

- management, advisory and rental services,
- management and operation of motorways.

Business segments results

For the year ended 31 December 2023

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	4 396	504 475	**508 871**
Total revenue	**4 396**	**504 475**	**508 871**
Operating expenses			
Cost of sales to external customers	(5 764)	(164 678)	**(170 442)**
Total cost of sales	**(5 764)**	**(164 678)**	**(170 442)**
Other income	17	8 809	**8 826**
Other expenses	(2)	(571)	**(573)**
Impairment losses on trade and other receivables	(9)	-	**(9)**
Administrative expenses*	(6 465)	(219 137)	**(225 602)**
Operating profit/(loss)	**(7 827)**	**128 898**	**121 071**
Net finance income	11 846	8 074	**19 920**
Share of profit of equity accounted investees (net of income tax)	142	-	**142**
Income tax expense	(1 317)	(23 650)	**(24 967)**
Profit for the period	**2 844**	**113 322**	**116 166**
Other comprehensive income, net of income tax			**(313)**
Total comprehensive income for the period			**115 853**
Major non-cash items			
Depreciation and amortisation	(403)	(90 154)	**(90 557)**
Impairment losses on trade and other receivables	(9)	-	**(9)**
Unwinding of discount - including lease interest expense	(177)	(37 515)	**(37 692)**

* Expenses related to "Management, advisory and rental services" comprise all administrative expenses of the Company - expenses related to "Management and operation of motorways" include Payments to the State Treasury in amount of TPLN 126,713 (net).

(all amounts in PLN thousand (TPLN), unless stated otherwise)

For the year ended 31 December 2022

	Management, advisory and rental services	Management and operation of motorways	Total
Operating revenues			
Revenue from external customers	3 766	410 124	**413 890**
Total revenue	**3 766**	**410 124**	**413 890**
Operating expenses			
Cost of sales to external customers*	(5 327)	(231 898)	**(237 225)**
Total cost of sales	**(5 327)**	**(231 898)**	**(237 225)**
Other income	134	6 304	**6 438**
Other expenses	(1)	(3 298)	**(3 299)**
Reversal of impairments losses/(Impairment losses) on trade and other receivables	(24)	3	**(21)**
Administrative expenses**	(5 359)	(114 029)	**(119 388)**
Operating profit/(loss)	**(6 811)**	**67 206**	**60 395**
Net finance income/(expense)*	7 281	(4 297)	**2 984**
Share of profit of equity accounted investees (net of income tax)	81	-	**81**
Income tax expense*	(428)	(20 096)	**(20 524)**
Profit for the period	**123**	**42 813**	**42 936**
Other comprehensive income, net of income tax			**107**
Total comprehensive income for the period			**43 043**
Major non-cash items			
Depreciation and amortisation	(687)	(84 301)	**(84 988)**
Reversal of impairments losses/(Impairment losses) on trade and other receivables	(24)	3	**(21)**
Unwinding of discount - including lease interest expense*	(115)	(32 268)	**(32 383)**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

** Expenses related to "Management, advisory and rental services" comprise all administrative expenses of the Company - expenses related to "Management and operation of motorways" include Payments to the State Treasury in amount of TPLN 47,372 (net).

Financial position according to business segments as at

	31 December 2023	*31 December 2022**	*1 January 2022**
Management, advisory and rental services			
Assets of the segment	298 458	239 244	250 610
Liabilities of the segment	8 411	7 984	8 013
Management and operation of motorways			
Assets of the segment	1 244 945	1 220 085	1 118 172
Liabilities of the segment	777 063	752 058	640 314
Total assets	**1 543 403**	**1 459 329**	**1 368 782**
Total liabilities	**785 474**	**760 042**	**648 327**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

Major customer

In the year ended 31 December 2023 and 31 December 2022 sales to neither of Group’s customers generated the revenue of more than 10% of total revenue for the period.

8. Disposal group classified as held for sale

As at 31 December 2023 and 31 December 2022 the Group wasn’t in possession of any assets or liabilities classified as held for sale.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

9. Revenue

The table below includes a reconciliation of Group's main revenue categories with the business segments identified (see note 7).

	2023			2022		
	Management, advisory and rental services	*Management and operation of motorways*	*Total*	*Management, advisory and rental services*	*Management and operation of motorways*	*Total*
Revenue from contracts with customers						
Toll revenue, including:	-	503 459	**503 459**	-	409 206	**409 206**
Manual toll collection (cash, bank cards)	-	216 334	**216 334**	-	185 001	**185 001**
Fleet cards	-	75 736	**75 736**	-	62 940	**62 940**
Electronic toll collection	-	211 178	**211 178**	-	160 225	**160 225**
KartA4	-	211	**211**	-	1 040	**1 040**
Revenue due to other services rendered	-	7	**7**	-	6	**6**
	-	**503 466**	**503 466**	**-**	**409 212**	**409 212**
Other revenue						
Revenue from rental of investment property	4 394	-	**4 394**	3 762	-	**3 762**
Revenue due to other services rendered	2	-	**2**	4	-	**4**
Other revenue	-	1 009	**1 009**	-	912	**912**
	4 396	**1 009**	**5 405**	**3 766**	**912**	**4 678**
Total	**4 396**	**504 475**	**508 871**	**3 766**	**410 124**	**413 890**

The average daily traffic (ADT) on the section of the A4 Katowice-Krakow motorway subject to the concession for the years 2022-2023 has been presented below.

ADT	***2023***	***2022***	***change***
Light vehicles	40 085	38 652	3,7%
Heavy vehicles	8 066	8 118	-0,6%
Total	**48 151**	**46 770**	**3,0%**

On 1 March 2022, in connection with the situation caused by the armed conflict in Ukraine, following the Minister of Infrastructure permission, the Group introduced exemption from toll collection on A4 Katowice-Kraków motorway for i) vehicles with Ukrainian registration numbers (exemption was valid until 31 May 2022), and ii) vehicles or groups of vehicles reported by Polish non-governmental organizations and foreign organizations and persons as providing aid to Ukrainian citizens (exemption was valid until 31 December 2023).

The net value of exempted transactions, determined based on the number of vehicles that benefited from the exemptions in the years 2022-2023, is presented below.

	The net value of passages exempted from toll collection		
	vehicles with Ukrainian registration numbers	**vehicles providing aid to Ukrainian citizens**	**total**
2023	-	179	**179**
2022	5 256	244	**5 500**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

10. Expenses by nature

	2023			*2022**		
	Cost of sales	*Administrative expenses*	*Total expenses by nature*	*Cost of sales*	*Administrative expenses*	*Total expenses by nature*
Depreciation and amortisation	(81 083)	(9 474)	**(90 557)**	(74 312)	(10 676)	**(84 988)**
Energy and materials consumption	(5 738)	(3 067)	**(8 805)**	(5 101)	(2 203)	**(7 304)**
Accrual of provision for motorway resurfacing disclosed within cost of sales (external services)**	(44 607)	-	**(44 607)**	(124 206)	-	**(124 206)**
Motorway renovation and maintenance services	(7 107)	(46 791)	**(53 898)**	(6 156)	(24 455)	**(30 611)**
Other external services	(6 694)	(11 597)	**(18 291)**	(5 527)	(10 989)	**(16 516)**
Payments to the State Treasury (net amount)	-	(126 713)	**(126 713)**	-	(47 372)	**(47 372)**
Taxes and charges	(368)	(2 891)	**(3 259)**	(321)	(2 696)	**(3 017)**
Employee benefit expenses	(24 497)	(22 734)	**(47 231)**	(21 327)	(18 929)	**(40 256)**
Other costs	(346)	(2 335)	**(2 681)**	(275)	(2 068)	**(2 343)**
Cost of goods and materials sold	(2)	-	**(2)**	-	-	**-**
Total expenses by nature	**(170 442)**	**(225 602)**	**(396 044)**	**(237 225)**	**(119 388)**	**(356 613)**
Cost of sales and administrative expenses			**(396 044)**			**(356 613)**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

** Including change of estimates related to provisions - see note 29.

10.1. Employee benefit expenses

	2023	*2022*
Wages and salaries	(35 992)	(31 096)
Social security contributions and other benefits	(8 323)	(7 117)
Movement in employee benefits liabilities included in profit and loss:	(2 916)	(2 043)
Post-employment benefits	(205)	(165)
Jubilee bonuses liabilities	(1 132)	(267)
Other employee benefits	(1 579)	(1 611)
Total	**(47 231)**	**(40 256)**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

11. Other income and expenses

	2023	2022
Rental income from passenger service areas	4 657	4 335
Compensations, grants, contractual penalties and costs of court proceedings received	676	642
Reimbursement of costs of protection against effects of mining damage	1 465	-
Interest from receivables	524	14
Net gain on disposal of property, plant and equipment and intangible assets	96	-
Other	1 408	1 377
Other income	**8 826**	**6 368**
Impairment losses on inventories	(137)	-
Donations granted	(153)	(257)
Repair of damages	(169)	(110)
Penalties, compensations, payments	(79)	(107)
Net loss on disposal of property, plant and equipment and intangible assets	-	(1 221)
Discontinued investments recognized in previous reporting periods as an utilization of provision	-	(1 503)
Unrecoverable input VAT	(22)	(18)
Other	(13)	(13)
Other expenses	**(573)**	**(3 229)**

12. Net finance income

	2023	2022*
Recognised in profit or loss for the period		
Dividend income:	46	50
- equity instruments - financial instruments measured at fair vale through other comprehensive income (held at the reporting date)	46	50
Interest income on financial instruments measured at amortised cost, including:	57 790	35 162
- cash and cash equivalents	18 859	8 360
- non-curent cash and cash equivalents	38 567	24 108
- debt instruments (corporate bonds)	-	1 065
- financial liabilities (discount)	335	1 595
- other	29	34
Net foreign exchange gain	125	180
Other finance income	1	-
Finance income	**57 962**	**35 392**
Interest expense on liabilities measured at amortised cost, including:	(2 913)	(2 747)
- discount of Concession fees	(2 736)	(2 632)
- lease interest expense	(177)	(115)
Discount of provisions	(35 114)	(29 636)
Other finance expenses	(15)	(25)
Finance expenses	**(38 042)**	**(32 408)**
Net finance income recognised in profit or loss for the period	**19 920**	**2 984**
Recognised in other comprehensive income		
Change in fair value of equity instruments	150	(37)
Finance income/(expenses) recognised in other comprehensive income	**150**	**(37)**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

13. Income tax

13.1. Income tax recognised in profit or loss for the period

	2023	*2022**
Current income tax expense	**(43 463)**	**(46 424)**
Current income tax on profits for the year	(43 439)	(46 424)
Adjustment in respect of prior years	(24)	-
Deferred tax	**18 496**	**25 900**
Recognition and reversal of temporary differences	18 496	25 900
Income tax impacting profit for the period	**(24 967)**	**(20 524)**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

The income tax rate which embraced the majority of Group's activities amounted to 19% in 2022-2023. It is assumed that the income tax rate shouldn't change in upcoming years.

13.2. Effective tax rate

	2023		*2022**	
	%		%	
Profit before income tax		**141 133**		**63 460**
Income tax calculated using domestic tax rate	(19,0%)	(26 815)	(19,0%)	(12 057)
Permanent differences	(0,6%)	(802)	(1,1%)	(710)
Share of profit of equity accounted investees	0,0%	27	0,0%	15
Unrecognised temporary differences/temporary differences previously unrecognised	1,9%	2 647	(12,2%)	(7 772)
Current income tax adjustment in respect of prior years	(0,0%)	(24)	-	-
Total	**(17,7%)**	**(24 967)**	**(32,3%)**	**(20 524)**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

13.3. Income tax recognised in other comprehensive income

	2023			*2022*		
	Before tax	**Tax (expense) /benefit**	**Net**	**Before tax**	**Tax (expense) /benefit**	**Net**
Change in fair value of equity instruments	150	(26)	124	(37)	6	(31)
Remeasurement of employee benefits	(539)	102	(437)	170	(32)	138
Other comprehensive income that will never be reclassified to profit or loss for the period	***(389)***	***76***	***(313)***	***133***	***(26)***	***107***

(all amounts in PLN thousand (TPLN), unless stated otherwise)

14. Property, plant and equipment

	Buildings and constructions	Plant and equipment	Vehicles	Other	Under construction	Total
Cost as at 1 January 2022	**22 376**	**32 483**	**21 860**	**8 592**	**436**	**85 747**
Acquisitions	48	1 632	2 753	173	8 719	**13 325**
Transfer from property, plant and equipment under construction	-	2 526	164	-	(2 690)	**-**
Transfer from intangible assets	-	-	-	-	86	**86**
Transfer to investment property	-	-	-	-	(74)	**(74)**
Transfer to inventory	-	-	-	-	(10)	**(10)**
Recognition as a result of stock-taking	-	2	-	-	-	**2**
Disposals	(95)	(844)	(938)	(27)	(35)	**(1 939)**
Cost as at 31 December 2022	**22 329**	**35 799**	**23 839**	**8 738**	**6 432**	**97 137**
Cost as at 1 January 2023	**22 329**	**35 799**	**23 839**	**8 738**	**6 432**	**97 137**
Acquisitions	116	715	6 737	195	4 054	**11 817**
Transfer from property, plant and equipment under construction	482	2 883	-	3 408	(6 773)	**-**
Transfer to inventory	-	-	-	-	(46)	**(46)**
Disposals	(30)	(1 132)	(1 444)	(468)	-	**(3 074)**
Cost as at 31 December 2023	**22 897**	**38 265**	**29 132**	**11 873**	**3 667**	**105 834**
Depreciation and impairment losses as at 1 January 2022	**(17 155)**	**(20 863)**	**(12 052)**	**(6 571)**	**-**	**(56 641)**
Depreciation for the period	(1 001)	(4 691)	(1 762)	(855)	-	**(8 309)**
Disposals	41	787	864	27	-	**1 719**
Depreciation and impairment losses as at 31 December 2022	**(18 115)**	**(24 767)**	**(12 950)**	**(7 399)**	**-**	**(63 231)**
Depreciation and impairment losses as at 1 January 2023	**(18 115)**	**(24 767)**	**(12 950)**	**(7 399)**	**-**	**(63 231)**
Depreciation for the period	(1 065)	(3 740)	(1 969)	(1 142)	-	**(7 916)**
Disposals	18	1 090	1 180	467	-	**2 755**
Depreciation and impairment losses as at 31 December 2023	**(19 162)**	**(27 417)**	**(13 739)**	**(8 074)**	**-**	**(68 392)**
Carrying amounts						
As at 1 January 2022	5 221	11 620	9 808	2 021	436	**29 106**
As at 31 December 2022	4 214	11 032	10 889	1 339	6 432	**33 906**
As at 1 January 2023	4 214	11 032	10 889	1 339	6 432	**33 906**
As at 31 December 2023	3 735	10 848	15 393	3 799	3 667	**37 442**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Impairment losses

As at 31 December 2023 and 31 December 2022 there were no indicators, which would require the Group to test property, plant and equipment for impairment.

Property, plant and equipment under construction

As at 31 December 2023 property, plant and equipment under construction included expenditures related to i.a. the introduction of automatic toll collection (collection without a collector) in additional lanes of the Toll Plazas.

Collateral

As at 31 December 2023 and 31 December 2022, no collateral has been established on the Group's property, plant and equipment.

15. Intangible assets

	Concession intangible assets	Other concessions, licences, software and other	Other intangible assets	Intangible assets not ready for use	Total
Cost as at 1 January 2022	**1 073 853**	**23 520**	**970**	**2 189**	**1 100 532**
Acquisitions	-	1 557	-	243	**1 800**
Transfer from intangible assets not ready for use	-	1 064	-	(1 064)	**-**
Transfer to property, plant and equipment under construction	-	-	-	(86)	**(86)**
Revaluation of concession intangible assets	(3 226)	-	-	-	**(3 226)**
Disposals	-	(21)	-	(1 282)	**(1 303)**
Cost as at 31 December 2022	**1 070 627**	**26 120**	**970**	**-**	**1 097 717**
Cost as at 1 January 2023	**1 070 627**	**26 120**	**970**	**-**	**1 097 717**
Acquisitions	-	86	-	576	**662**
Transfer from intangible assets not ready for use	-	247	-	(247)	**-**
Revaluation of concession intangible assets	45 606	-	-	-	**45 606**
Disposals	-	(3)		(59)	**(62)**
Cost as at 31 December 2023	**1 116 233**	**26 450**	**970**	**270**	**1 143 923**
Amortisation and impairment losses as at 1 January 2022	**(662 363)**	**(10 831)**	**(970)**	**-**	**(674 164)**
Amortisation for the period	(72 352)	(3 769)	-	-	**(76 121)**
Disposals	-	9	-	-	**9**
Amortisation and impairment losses as at 31 December 2022	**(734 715)**	**(14 591)**	**(970)**	**-**	**(750 276)**
Amortisation and impairment losses as at 1 January 2023	**(734 715)**	**(14 591)**	**(970)**	**-**	**(750 276)**
Amortisation for the period	(79 087)	(3 277)	-	-	**(82 364)**
Disposals	-	3	-	-	**3**
Amortisation and impairment losses as at 31 December 2023	**(813 802)**	**(17 865)**	**(970)**	**-**	**(832 637)**
Carrying amounts					
As at 1 January 2022	411 490	12 689	-	2 189	**426 368**
As at 31 December 2022	335 912	11 529	-	-	**347 441**
As at 1 January 2023	335 912	11 529	-	-	**347 441**
As at 31 December 2023	302 431	8 585	-	270	**311 286**

During the current reporting period the Group revalued concession intangible assets recognized in relation to estimated costs of Phase II and liabilities due to Concession fees:

i due to changes of discount rates used for valuation of provision for capital expenditures (see note 29), which resulted in their increase by TPLN 9,129 (2022: decrease of TPLN 25,426);

ii due to changes of estimates regarding construction works schedule and capital expenditures, which according to the Concession Agreement are to be executed by the Group before the end of the concession period (see note 29), resulting in the increase of concession intangible assets by TPLN 34,686 (2022: increase of TPLN 21,010);

iii due to remeasurement of Concession fees (indexation), which resulted in their increase by TPLN 1,791 (2022: increase of TPLN 1,190).

The amortisation charge on concession intangible assets is recognized in cost of sales. The amortisation charge on other intangible assets is recognized in administrative expenses.

The quarterly amortization rate calculated based on estimated quarterly motorway traffic during the concession period equalled 5.59% in I quarter 2023, 5.94% in II quarter 2023, 6.31% in III quarter 2023 and 6.79% in IV quarter 2023 (I quarter 2022: 4.52%; II quarter 2022: 4.72%, III quarter 2022: 4.95%; IV quarter 2022: 5.15%). According to the amortisation schedule drawn up as at 31 December 2023, based on updated estimates of traffic growth, the quarterly depreciation rates will range from 7.47% to 100% during the remaining concession period.

Impairment losses

As at 31 December 2023 and 31 December 2022 there were no indicators, which would require the Group to test concession intangible assets for impairment.

As at 31 December 2023 and 31 December 2022 Group’s other intangible assets (including intangible assets not ready for use) weren’t subject to any impairment.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

16. Investment property

	Right-of-use assets	Other investment property	Total
Cost as at 1 January 2022	**3 247**	**30 879**	**34 126**
Transfer from property, plant and equipment under construction	-	74	**74**
Remeasurement of lease liabilities	1 759	-	**1 759**
Cost as at 31 December 2022	**5 006**	**30 953**	**35 959**
Cost as at 1 January 2023	**5 006**	**30 953**	**35 959**
Cost as at 31 December 2023	**5 006**	**30 953**	**35 959**
Depreciation and impairment losses as at 1 January 2022	**(138)**	**(28 646)**	**(28 784)**
Depreciation for the period	(46)	(512)	**(558)**
Depreciation and impairment losses as at 31 December 2022	**(184)**	**(29 158)**	**(29 342)**
Depreciation and impairment losses as at 1 January 2023	**(184)**	**(29 158)**	**(29 342)**
Depreciation for the period	(72)	(205)	**(277)**
Depreciation and impairment losses as at 31 December 2023	**(256)**	**(29 363)**	**(29 619)**
Carrying amounts			
As at 1 January 2022	3 109	2 233	**5 342**
As at 31 December 2022	4 822	1 795	**6 617**
As at 1 January 2023	4 822	1 795	**6 617**
As at 31 December 2023	4 750	1 590	**6 340**

Investment property comprises the Group-owned part of the building property at Mickiewicza St. in Katowice including the land (subject to perpetual usufruct) on which the office building and the adjacent parking lot are situated, as well as the parking lot property at Sokolska St. in Katowice, consisting of land (subject to perpetual usufruct) on which parking lot and garages are situated.

Based on property expert's valuation conducted in November 2023, as at 31 December 2023 the fair value of the Group-owned part of the building at Mickiewicza St. (appraised using income-based approach, investment method, simple capitalization technique of net income) and the fair value of perpetual usufruct of land on which aforementioned building is situated (appraised using the comparative approach, paired comparison method) were estimated at PLN 12.5 million – the fair value of the investment property situated at Sokolska St. was estimated at PLN 19.9 million (the perpetual usufruct of land was appraised using the comparative approach, paired comparison method and the building component using replacement cost method, index technique). The fair value measurement for all of the Group's investment properties has been categorised as a Level 3 of fair value hierarchy.

Consolidated rental income (office and parking space) in 2023 amounted to TPLN 4,394 (in 2022: TPLN 3,762) and was presented in the consolidated statement of comprehensive income under "Revenue" - attributable costs amounting to TPLN 5,764 (in 2022: TPLN 5,327) were presented under "Cost of sales".

(all amounts in PLN thousand (TPLN), unless stated otherwise)

17. Deferred tax

Deferred tax assets and liabilities are attributable to the following items of assets and liabilities:

	Assets		Liabilities		Net	
	31 December 2023	*31 December 2022**	*31 December 2023*	*31 December 2022**	*31 December 2023*	*31 December 2022**
Property, plant and equipment and intangible assets	47 646	40 207	(58 566)	(64 883)	**(10 920)**	**(24 676)**
Investment property	-	-	(820)	(795)	**(820)**	**(795)**
Other non-current investments	-	-	(13)	(12)	**(13)**	**(12)**
Finance lease receivables	-	-	(43)	(78)	**(43)**	**(78)**
Trade and other receivables	346	344	(62)	(63)	**284**	**281**
Inventories	33	7	-	-	**33**	**7**
Current investments	269	295	-	-	**269**	**295**
Cash and cash equivalents	-	-	(201)	(131)	**(201)**	**(131)**
Lease liabilities	943	943	-	-	**943**	**943**
Other non-current liabilities	1 517	1 701	(366)	(303)	**1 151**	**1 398**
Deferred income	512	671	-	-	**512**	**671**
Contract liabilities	1 842	1 796	-	-	**1 842**	**1 796**
Employee benefits	2 036	1 632	-	-	**2 036**	**1 632**
Provisions	111 913	113 417	-	-	**111 913**	**113 417**
Trade and other payables	15 494	10 132	-	-	**15 494**	**10 132**
Deferred tax assets/liabilities on temporary differences	**182 551**	**171 145**	**(60 071)**	**(66 265)**	**122 480**	**104 880**
Tax loss carry-forwards	235	1 426	-	-	**235**	**1 426**
Deferred tax assets/liabilities	**182 786**	**172 571**	**(60 071)**	**(66 265)**	**122 715**	**106 306**
Set off of tax	(60 071)	(66 265)	60 071	66 265	**-**	**-**
Unrecognised temporary differences and tax losses	(25 995)	(28 158)	-	-	**(25 995)**	**(28 158)**
Net deferred tax assets/liabilities as in consolidated statement of financial position	**96 720**	**78 148**	**-**	**-**	**96 720**	**78 148**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

17.1. Changes of deferred tax during the period

	1 January 2023*	Change of deferred tax on temporary differences recognised in: profit or loss for the period	Change of deferred tax on temporary differences recognised in: other comprehensive income	31 December 2023
Property, plant and equipment and intangible assets	**(24 676)**	13 756	-	**(10 920)**
Investment property	**(795)**	(25)	-	**(820)**
Other non-current investments	**(12)**	-	(1)	**(13)**
Finance lease receivables	**(78)**	35	-	**(43)**
Trade and other receivables	**281**	3	-	**284**
Inventories	**7**	26	-	**33**
Current investments	**295**	(1)	(25)	**269**
Cash and cash equivalents	**(131)**	(70)	-	**(201)**
Lease liabilities	**943**	-	-	**943**
Other non-current liabilities	**1 398**	(247)	-	**1 151**
Deferred income	**671**	(159)	-	**512**
Contract liabilities	**1 796**	46	-	**1 842**
Employee benefits	**1 632**	302	102	**2 036**
Provisions**	**113 417**	(1 504)	-	**111 913**
Trade and other payables**	**10 132**	5 362	-	**15 494**
Tax loss carry-forwards	**1 426**	(1 191)	-	**235**
Unrecognised temporary differences and tax losses	**(28 158)**	2 163	-	**(25 995)**
Total	**78 148**	**18 496**	**76**	**96 720**

	1 January 2022*	Change of deferred tax on temporary differences recognised in: profit or loss for the period	Change of deferred tax on temporary differences recognised in: other comprehensive income	31 December 2022*
Property, plant and equipment and intangible assets	**(43 254)**	18 578	-	**(24 676)**
Investment property	**(475)**	(320)	-	**(795)**
Other non-current investments	**(12)**	1	(1)	**(12)**
Finance lease receivables	**(70)**	(8)	-	**(78)**
Trade and other receivables	**276**	5	-	**281**
Inventories	**7**	-	-	**7**
Current investments	**288**	-	7	**295**
Cash and cash equivalents	**(39)**	(92)	-	**(131)**
Lease liabilities	**611**	332	-	**943**
Other non-current liabilities	**2 543**	(1 145)	-	**1 398**
Deferred income	**828**	(157)	-	**671**
Contract liabilities	**2 163**	(367)	-	**1 796**
Employee benefits	**1 999**	(335)	(32)	**1 632**
Provisions	**97 510**	15 907	-	**113 417**
Trade and other payables	**8 353**	1 779	-	**10 132**
Tax loss carry-forwards	**2 058**	(632)	-	**1 426**
Unrecognised temporary differences and tax losses	**(20 512)**	(7 646)	-	**(28 158)**
Total	**52 274**	**25 900**	**(26)**	**78 148**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.
** As at 1 January 2023 the amount of TPLN 9,001 related to Payments to the State Treasury was reclassified from provisions to trade and other payables.

As at 31 December 2023, the Group reassessed the tax deductibility of the undepreciated amount of non-current assets shown in the tax records as at the date of their transfer to the State Treasury following the end of the concession period. On the basis of the tax analysis performed, it was decided to include the above in the projected tax results, which form the basis for assessing the appropriateness of recognition of the excess of temporary deductible differences and tax losses over temporary taxable differences in the deferred tax calculation. Based on the forecasts mentioned above, made for the periods of expected realisation of the aforementioned surplus, the Group did not recognise deferred tax assets in respect of the portion of the surplus that is not probable to be realised.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

17.2. Tax losses

As at 31 December 2023 the amount of tax losses remaining to be utilized amounted to TPLN 1,239 (31 December 2022: TPLN 7,504). As at 31 December 2023 the Group recognised the corresponding deferred tax assets in full, i.e. TPLN 235 (31 December 2021: TPLN 1,426).

Year of tax loss		**2021**
Expected utilization date		
	2024	1 239
Total		***1 239***
Remaining tax loss		**1 239**
Deferred tax assets recognised		**235**

18. Income tax liabilities

Income tax liabilities of TPLN 10,216 (31 December 2022: TPLN 21,240) represent the difference between payments made for the previous and current tax year and the amount of tax payable.

19. Trade and other receivables

	31 December 2023	***31 December 2022***
Trade receivables from related parties	2 294	2 276
Trade receivables from other parties	20 400	15 435
Receivables from taxes, duties, social and health insurances and other benefits	8 147	392
Other receivables from other parties	842	1 847
Total	**31 683**	**19 950**

Receivables from contracts with customers included within trade and other receivables amounted to TPLN 19,669 as at 31 December 2023 and TPLN 15,168 as at 31 December 2022.

Information about the Group's exposure to credit and market risks, as well as information on impairment losses are included in notes 32.1 and 32.2.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

20. Cash and cash equivalents

	31 December 2023	*31 December 2022**
Non-current cash and cash equivalents		
Bank deposits	415 799	490 550
Total	**415 799**	**490 550**
Cash and cash equivalents		
Cash in hand	107	108
Bank balances	40 648	32 128
Bank deposits	594 156	443 122
Cash in transit (including accrued interest)	3 334	1 529
Cash and cash equivalents in the consolidated statement of financial position	**638 245**	**476 887**
Non-current cash and cash equivalents	415 799	490 550
Cash and cash equivalents in the consolidated statement of cash flows	**1 054 044**	**967 437**
including restricted balances comprising:	604 000	633 430
- account for capital expenditures of Phase F2b	342 146	367 220
- account for future maintenance expenditures	253 178	257 772
- account for uninsured loss	8 193	7 719
- accrued interest	259	*222*
- VAT accounts	224	*497*

*Restated due to changes desribed in the note 5.2.3.

Restricted cash and cash equivalents concern dominantly the amounts deposited by the Concession Holder in so-called reserve accounts, established in accordance with the provisions of Concession Agreement, which can be used exclusively for Phase F2b construction works, future maintenance expenditures and uninsured losses, respectively.

21. Equity

21.1. Share capital

	31 December 2023	*31 December 2022*
Number of ordinary shares at the beginning of the period	247 262 023	247 262 023
Number of ordinary shares at the end of the period (fully paid)	247 262 023	247 262 023
Nominal value of 1 share (PLN)	0,75	0,75
Nominal value of A-series issue	6 256	6 256
Nominal value of B-series issue	370	370
Nominal value of D-series issue	3 000	3 000
Nominal value of E-series issue	71 196	71 196
Nominal value of F-series issue	37 500	37 500
Nominal value of G-series issue	67 125	67 125
Total	**185 447**	**185 447**

All shares entitle the shareholders to Company’s assets in the same extent in case of its division. The holders of ordinary shares are entitled to dividends as declared and are entitled to one vote per share at General Meeting of the Company.

21.2. Fair value reserve

All gains and losses from valuation of investments in equity instruments measured at fair value through other comprehensive income are attributed to this equity item.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

21.3. Other reserve capitals and supplementary capital

Other reserve capitals may be created by the General Meeting from a part or total of approved profits of the companies constituting the Group. The General Meeting may also define a particular aim to which such resources should be assigned.

21.4. Dividends

2023

On 4 April 2023 the Ordinary General Meeting of the Company decided to pay out the dividend in amount of TPLN 49,452, i.e. PLN 0.20 per share. The dividend date was set for 13 April 2023 and the dividend payment date for 25 April 2023.

On 30 March 2023 the Ordinary General Meeting of VIA4 S.A. decided to pay out dividend amounting to TPLN 14,241, out of which TPLN 6,409 was attributed to non-controlling interest.

On 10 October 2023 the Supervisory Board of VIA4 decided to pay out the interim dividend for 2023 in amount of TPLN 3,000, out of which TPLN 1,350 was attributed to the non-controlling interest.

2022

On 4 April 2022 the Ordinary General Meeting of the Company decided to pay out the dividend in amount of TPLN 59,343, i.e. PLN 0.24 per share. The dividend date was set for 13 April 2022 and the dividend payment date for 25 April 2022.

On 29 March 2022 the Ordinary General Meeting of VIA4 S.A. decided to pay out dividend amounting to TPLN 10,818, out of which TPLN 4,868 was attributed to non-controlling interest.

21.5. Non-controlling interest

The following table summarizes the information relating to VIA4 S.A. Group's sole subsidiary with a non-controlling interest, before any intra-group eliminations.

	31 December 2023	*31 December 2022*
Non-controlling interest %	**45%**	**45%**
Non-current assets	20 818	16 532
Current assets	21 066	22 706
Non-current liabilities	(12 836)	(11 159)
Current liabilities	(15 203)	(12 279)
Net assets	**13 845**	**15 800**
Net assets attributable to non-controlling interest	6 230	7 110
Revenues	70 147	61 322
Profit for the period	15 413	14 190
Other comprehensive income	(127)	51
Total comprehensive income for the period	**15 286**	**14 241**
Profit for the period attr. to non-controlling interest	6 936	6 385
Total comprehensive income attr. to non-controlling interest	6 879	6 408
Net cash from operating activities	20 242	21 655
Net cash used in investing activities	(322)	(203)
Net cash used in financing activities	(22 471)	(14 586)
Net change in cash and cash equivalents	**(2 551)**	**6 866**
Dividends paid during the period attributable to non-controlling interest	(7 759)	(4 868)

22. Earnings per share

The calculation of basic earnings per share was performed based on the net profit attributable to shareholders of the Company of TPLN 109,230 (2022: profit of TPLN 36,551) and a weighted average number of ordinary shares at the reporting date of 247,262 thousand (31 December 2022: 247,262 thousand).

Net profit per ordinary share attributable to shareholders of the Company

	2023	*2022**
Profit for the period attributable to shareholders of the Company (in TPLN)	109 230	36 551
Weighted average number of ordinary shares at the end of the period (thousands of shares)	247 262	247 262
Profit for the period per ordinary share attributable to shareholders of the Company (in PLN)	**0,44**	**0,15**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4.

As at 31 December 2023 and 31 December 2022 no factors were determined that would result in dilution of profit per one share.

23. Loans and borrowings

Neither at 31 December 2023 nor at 31 December 2022 did the Group have any loans and borrowings.

24. Lease liabilities

As the result of IFRS 16 introduction the Group recognised a lease liability amounting to the present value of payments for perpetual usufruct that are not yet paid (the perpetual usufruct expires in December 2089), discounted using the Company's incremental borrowing rate (3.67%) as of initial application date, i.e. 1 January 2019.

	31 December 2023	*31 December 2022*
Non-current lease liabilities	4 778	4 787
Current lease liabilities	185	177
Total	**4 963**	**4 964**

Reconciliation of movements of lease liabilities has been presented in note 31.2.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

25. Employee benefits

	31 December 2023	*31 December 2022*
Non-current		
Retirement benefits	1 540	1 151
Disability benefits	53	47
Jubilee bonuses liabilities	3 181	2 413
Other employee benefits	2 072	609
Total	**6 846**	**4 220**
Current		
Retirement benefits	504	469
Disability benefits	11	10
Jubilee bonuses liabilities	349	309
Other employee benefits	-	1 356
Total	**864**	**2 144**

Amounts of future liabilities due to retirement benefits, disability benefits and jubilee bonuses were calculated on the basis of actuarial appraisal model.

Other employee benefits as at 31 December 2023 comprise accrued amounts of bonuses, attributable to the members of the Management Boards of companies constituting the Group under non-current incentive programmes for years 2022-2023 (assuming the maximum level of benefits awarded).

Other employee benefits as at 31 December 2022 constituted Group's expectations for payment of bonuses under non-current incentive programmes, which embrace members of the Management Boards of companies constituting the Group, as well as liability in amount of TPLN 533, in respect of cash severance pay due to CEO of the Company and SAM S.A. under the termination agreements of 28 November 2022, which was settled in 2023.

25.1. Movement in employee benefits

	Post-employment benefits		Jubilee bonuses liabilities		Other employee benefits		Total	
	2023	*2022*	*2023*	*2022*	*2023*	*2022*	*2023*	*2022*
As at 1 January	1 677	1 738	2 722	2 728	1 965	3 948	6 364	8 414
Included in profit or loss	205	165	1 132	267	1 579	1 611	2 916	2 043
Current service cost	119	118	253	259	1 601	1 965	**1 973**	**2 342**
Past service cost	-	-	212	-	-	-	**212**	**-**
Gains arising from settlements	-	-	-	-	(22)	(354)	**(22)**	**(354)**
Interest cost	86	47	174	86	-	-	**260**	**133**
Actuarial (profit)/loss	-	-	493	(78)	-	-	**493**	**(78)**
Included in other comprehensive income	539	(170)	-	-	-	-	539	(170)
Actuarial (profit)/loss arising from:	539	(170)	-	-	-	-	**539**	**(170)**
- demographic assumptions	52	(4)	-	-	-	-	**52**	**(4)**
- financial assumptions	268	(348)	-	-	-	-	**268**	**(348)**
- other assumptions	219	182	-	-	-	-	**219**	**182**
Benefits paid	(313)	(56)	(324)	(273)	(1 472)	(3 594)	(2 109)	(3 923)
As at 31 December	2 108	1 677	3 530	2 722	2 072	1 965	7 710	6 364

25.2. Actuarial assumptions

Liabilities due to retirement benefits, disability benefits and jubilee bonuses were calculated according to following assumptions:

	31 December 2023	*31 December 2022*
Discount rate	5,0%	6,8%
Future remuneration increase	0,0%-11,9%	2,60%-23,41%
Probability of resignation	1,4%-5,1%	1,8%-5,1%

(all amounts in PLN thousand (TPLN), unless stated otherwise)

The weighted-average duration of liabilities due to particular employee benefits as at the current reporting date was as follows:

(in years)	*31 December 2023*	*31 December 2022*
Retirement benefits	6-14	6-15
Disability benefits	7-10	7-10
Jubilee bonuses liabilities	9-10	4-9

25.3. Sensitivity analysis

A sensitive analysis has been disclosed below, showing how reasonably possible changes of material actuarial assumptions made at the reporting date, holding other assumptions constant, would have impacted the liabilities due to employee benefits.

	Discount rate change		**Remuneration increase change**		**Probability of resignation change**	
31 December 2023	- 0,5 pp	+ 0,5 pp	- 0,5 pp	+ 0,5 pp	- 0,5 pp	+ 0,5 pp
Retirement benefits	2 112	1 981	2 018	2 074	2 067	2 018
Disability benefits	64	61	61	63	63	61
Jubilee bonuses liabilities	3 631	3 434	3 543	3 520	3 085	3 430
Total	**5 807**	**5 476**	**5 622**	**5 657**	**5 215**	**5 509**
31 December 2022	- 0,5 pp	+ 0,5 pp	- 0,5 pp	+ 0,5 pp	- 0,5 pp	+ 0,5 pp
Retirement benefits	1 668	1 575	1 573	1 669	1 662	1 570
Disability benefits	59	57	57	59	59	57
Jubilee bonuses liabilities	2 784	2 661	2 659	2 786	2 789	2 655
Total	**4 511**	**4 293**	**4 289**	**4 514**	**4 510**	**4 282**

26. Other non-current liabilities

	31 December 2023	*31 December 2022*
Liabilities due to Concession fees	7 987	8 953
Other payables to other parties	8 772	6 418
Total	**16 759**	**15 371**

Other non-current liabilities constitute amounts retained as performance guarantee in relation to construction contracts and guarantee deposits concerning already completed construction works with a due date exceeding 12-month period.

Concession fees include (i) rent for the use (right to use and receive profits) of a road strip of the A-4 Katowice-Kraków section of the motorway subject to the concession, and (ii) refund of GDDKiA's costs of supervision and control (for more details see note 6.2).

27. Deferred income

	31 December 2023	*31 December 2022*
Non-current		
Deferred rental income (mainly passengers service areas)	1 840	2 667
Other	23	29
Total	**1 863**	**2 696**
Current		
Deferred rental income (mainly passengers service areas)	826	826
Other	6	6
Total	**832**	**832**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

28. Contract liabilities

	31 December 2023	*31 December 2022*
Current		
Prepaid tolls for passage through A-4 Katowice - Kraków motorway	9 692	9 454
Total	**9 692**	**9 454**

The prepayments amounting to TPLN 6,755 recognised as contract liabilities at the beginning of the reporting period have been recognised as revenue in 2023 (in 2022: TPLN 6,861).

29. Provisions

Non-current provisions	**Provisions for motorway resurfacing**	**Provisions for capital expenditures (Phase II)**	**Total**
Balance at 1 January 2022*	**90 849**	**326 047**	**416 896**
Additions, including:	38 351	15 672	**54 023**
- due to discounting	*6 699*	*15 672*	***22 371***
Change of estimates	76 288	30 185	**106 473**
Reclassifications	(46 350)	(99 086)	**(145 436)**
Balance at 31 December 2022*	**159 138**	**272 818**	**431 956**
Balance at 1 January 2023*	**159 138**	**272 818**	**431 956**
Additions, including:	74 422	14 690	**89 112**
- due to discounting	*8 722*	*14 690*	***23 412***
Change of estimates	(6 902)	53 021	**46 119**
Reclassifications	(102 220)	(101 679)	**(203 899)**
Balance at 31 December 2023	**124 438**	**238 850**	**363 288**
Current provisions			
Balance at 1 January 2022*	**25 596**	**70 719**	**96 315**
Additions, including:	2 890	4 375	**7 265**
- due to discounting	*2 890*	*4 375*	***7 265***
Change of estimates	16 266	(34 601)	**(18 335)**
Utilisation	(11 108)	(54 601)	**(65 709)**
Reclassifications	46 350	99 086	**145 436**
Balance at 31 December 2022*	**79 994**	**84 978**	**164 972**
Balance at 1 January 2023*	**79 994**	**84 978**	**164 972**
Additions, including:	5 583	6 119	**11 702**
- due to discounting	*5 583*	*6 119*	***11 702***
Change of estimates	(14 191)	(9 206)	**(23 397)**
Utilisation	(63 366)	(68 080)	**(131 446)**
Reclassifications	102 220	101 679	**203 899**
Balance at 31 December 2023	**110 240**	**115 490**	**225 730**

* Restated due to revised approach to measurement of provision for motorway resurfacing costs - see note 5.2.1 and 5.2.4. In addition, the disclosures of the changes in provisions recorded in the respective periods have been adjusted.

Provisions for motorway resurfacing and Phase II capital expenditures constitute the present value of future construction costs to be incurred in relation to Katowice-Kraków section of A4 motorway, due to obligations undertaken by Concession Holder under the Concession Agreement (see note 4).

During the current period the Group changed estimates regarding discount rates used for calculation of the present value of provisions for resurfacing and provision for capital expenditures of Phase II (in both cases as at 31 December 2022 the rates ranged from 6.39% to 7.20%, currently from 4.82% to 5.10%). As result of those changes the provision for resurfacing increased by TPLN 7,932 (2022: decrease of TPLN 10,207), which in line with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* was recognized as an increase of operating expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 9,129 (2022: decrease of TPLN 25,426), which was recognized as an increase of concession intangible assets.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

During the current period the Group also conducted a revaluation of provision for resurfacing and provision for capital expenditures of Phase II following the change of estimates regarding expected expenditures and future construction works schedule. As result of these changes the provision for resurfacing decreased by TPLN 29,025 (2022: increase of TPLN 102,761), which in line with IAS 37 decreased operating expenses for the period. At the same time the provision for capital expenditures (Phase II) increased by TPLN 34,686 (2022: increase of TPLN 21,010), which was recognized as an increase of concession intangible assets.

The scope and technology of construction works are gradually clarified throughout implementation of individual stages of the investment process, mainly at the stages preceding the formulation and conclusion of the contract. Final decisions regarding the scope and technology to be applied may also take place at the stage of the construction works itself. The above conditions cause significant uncertainty in the estimation of provisions related to construction works performed in fulfillment of the obligations arising from the Concession Agreement. Provisions estimates for the uncontracted scope of works are based on the Group's previous experience and expertise. As of 31 December 2023, 100% of the expected works related to the motorway resurfacing have been contracted (2022: 12%), and this indicator in the case of Phase II works was 20% (2022: 12%). As presented in the note 33, in 2022 and 2023 the Group concluded a number of contracts for works related to the resurfacing of the motorway and Phase II investments, which allowed for a more precise determination of the expected scope of works, the level of expenses related to them, and their time-schedule.

30. Trade and other payables (current)

	31 December 2023	*31 December 2022*
Trade payables to related parties	205	84
Trade payables to other parties	43 252	34 044
Amounts due to taxes, duties, social and health insurance and other benefits	3 550	3 278
Payroll liabilities	3 573	3 103
Liabilities due to Concession fees (note 6.2, 26)	4 317	3 744
Payments to the State Treasury (note 4, 6.2)	75 572	47 372
Tender security deposits received from other parties	-	100
Other payables and accruals to other parties	13 952	10 468
Total	**144 421**	**102 193**

The balance of other payables and accruals consists mainly of amounts retained as performance guarantee in relation to construction contracts and guarantee deposits concerning already completed construction works. The value of abovementioned payables amounted to TPLN 8,582 as at 31 December 2023 (31 December 2022: TPLN 9,904).

The changes in the balance of the liabilities due to Payments to the State Treasury recorded in years 2022-2023 are shown below.

	31 December 2023	*31 December 2022*
Payments to the State Treasury at the beginning of the reporting period	**47 372**	**42 305**
including VAT	-	-
Recognition of net liability as at calculation date (see note 6.2)	126 713	47 372
Recognition of VAT	22 659	9 730
Payment of the liability	(121 172)	(52 035)
Payments to the State Treasury at the end of the reporting period	**75 572**	**47 372**
including VAT	-	-

(all amounts in PLN thousand (TPLN), unless stated otherwise)

31. Financial instruments

31.1. Classification and fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2023		Carrying amount			Fair value			
	Note	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments**		1 330	-	**1 330**	-	-	1 330	**1 330**
		1 330	**-**	**1 330**				
Financial assets not measured at fair value								
Finance lease receivables		-	227	**227**				
Trade and other receivables***	19	-	23 536	**23 536**				
Non-current cash and cash equivalents	20	-	415 799	**415 799**				
Cash and cash equivalents	20	-	638 245	**638 245**				
		-	**1 077 807**	**1 077 807**				
Financial liabilities not measured at fair value								
Lease liabilities	24	-	(4 963)	**(4 963)**				
Liabilities due to Concession fees	26,30	-	(12 304)	**(12 304)**				
Payments to the State Treasury	4,30	-	(75 572)	**(75 572)**				
Trade and other payables***	30	-	(64 094)	**(64 094)**				
		-	**(156 933)**	**(156 933)**				

(all amounts in PLN thousand (TPLN), unless stated otherwise)

*31 December 2022**		Carrying amount			Fair value			
	Note	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity instruments**		1 180	-	**1 180**	-	-	1 180	**1 180**
		1 180	**-**	**1 180**				
Financial assets not measured at fair value								
Finance lease receivables		-	410	**410**				
Trade and other receivables***	19	-	19 558	**19 558**				
Non-current cash and cash equivalents	20	-	490 550	**490 550**				
Cash and cash equivalents	20	-	476 887	**476 887**				
		-	**987 405**	**987 405**				
Financial liabilities not measured at fair value								
Lease liabilities	24	-	(4 964)	**(4 964)**				
Liabilities due to Concession fees	26,30	-	(12 697)	**(12 697)**				
Payments to the State Treasury	4,30	-	(47 372)	**(47 372)**				
Trade and other payables***	30	-	(49 372)	**(49 372)**				
		-	**(114 405)**	**(114 405)**				

* Restated due to presentation changes described in note 5.2.3.

** Equity instruments belonging to the Group are not listed on financial markets, the Group has also no information on recent observable arm's length transactions in these instruments. Considering the above, the fair value of the equity instruments determined based on the Group's share in nett assets of their issuers as at 31 December 2023 or at the end of the last reporting period for which the Group has adequate financial data. In 2023 the Group recorded a profit due to valuation of aforementioned equity instruments amounting TPLN 150 (2022: loss of TPLN 37), presented within item "Change in fair value of equity instruments" of the consolidated statement of comprehensive income.

*** Without consideration of receivables due to VAT/payables due to taxes, duties, social and health insurance and other benefits, payroll liabilities, liabilities due to Concession fees and Payments to the State Treasury.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

Hierarchy of financial instruments carried at fair value

Financial instruments carried at fair value can be classified according to the following valuation methods:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly,
- Level 3: inputs that are not based on observable market data (unobservable inputs).

31.2. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Financial liabilities		Total
	Lease liabilities	Liabilities due to Concession fees	
Balance as at 1 January 2023*	**4 964**	**12 697**	**17 661**
Changes from financing cash flows	**(178)**	**(4 920)**	**(5 098)**
Payment of lease liabilities	(178)	-	**(178)**
Payment of Concession fees (net)	-	(4 920)	**(4 920)**
Other changes	**177**	**4 527**	**4 704**
Remeasurement of Concession fees	-	1 791	**1 791**
Interest expense	177	2 736	**2 913**
Balance as at 31 December 2023	**4 963**	**12 304**	**17 267**
Balance as at 1 January 2022*	**3 217**	**13 126**	**16 343**
Changes from financing cash flows	**(127)**	**(4 251)**	**(4 378)**
Payment of lease liabilities	(127)	-	**(127)**
Payment of Concession fees (net)	-	(4 251)	**(4 251)**
Other changes	**1 874**	**3 822**	**5 696**
Remeasurement of lease liabilities	1 759	-	**1 759**
Remeasurement of Concession fees	-	1 190	**1 190**
Interest expense	115	2 632	**2 747**
Balance as at 31 December 2022*	**4 964**	**12 697**	**17 661**

*Restated due to changes desribed in the note 5.2.2.

32. Financial risk management

32.1. Credit risk

Credit risk is a risk of financial loss to the Group if a customer or a counterparty fails to meet its contractual obligations, and it arises principally from the Group's receivables from customers and investment securities.

The Group places its cash and cash equivalents (including non-current) in financial institutions with high financial credibility. Considering the above, the Group assesses that aforementioned financial instruments had low credit risk.

The following table shows the Group's maximum exposure to the credit risk:

	Note	***31 December 2023***	***31 December 2022****
Other non-current investments		107	95
Current investments		1 223	1 085
Finance lease receivables		227	410
Trade and other receivables**	19	23 536	19 558
Non-current cash and cash equivalents	20	415 799	490 550
Cash and cash equivalents	20	638 245	476 887
Total		**1 079 137**	**988 585**

* Restated due to changes desribed in the note 5.2.3.
** Excluding receivables due to taxes, duties, social and health insurance and other benefits.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

In relation to trade receivables the Group measures loss allowances at an amount equal to lifetime expected credit losses.

As at 31 December 2023 for trade receivables the Group determined the amount of expected credit losses using a provision (allowance) matrix, defined on the basis of historical credit loss experience.

The following tables provide information about the exposure to credit risk and also allowances for expected credit losses for trade receivables as at 31 December 2023 and 31 December 2022.

31 December 2023	Weighted-average loss rate	Trade receivables (gross)	Secured amount (up to gross receivables)	Trade receivables (gross) exceeding secured amount	Loss allowance
Current (not past due)	0,00%	21 226	20	21 206	-
1-30 days past due	0,02%	696	18	678	-
31-90 days past due	0,92%	240	8	232	2
91-180 days past due	5,37%	34	8	26	1
181-365 days past due	3,20%	506	-	506	16
366-730 days past due	30,23%	16	-	16	5
more than 730 days past due	100,00%	664	-	664	664
Total		**23 382**	**54**	**23 328**	**688**

31 December 2022	Weighted-average loss rate	Trade receivables (gross)	Secured amount (up to gross receivables)	Trade receivables (gross) exceeding secured amount	Loss allowance
Current (not past due)	0,00%	17 266	-	17 266	-
1-30 days past due	0,08%	348	30	318	-
31-90 days past due	3,74%	58	8	50	2
91-180 days past due	10,27%	37	28	9	1
181-365 days past due	30,13%	3	-	3	1
366-730 days past due	66,58%	9	-	9	6
more than 730 days past due	100,00%	664	-	664	664
Total		**18 385**	**66**	**18 319**	**674**

As at 31 December 2023, the payment of trade receivables due to rental of investment property amounting to TPLN 54 (31 December 2022: TPLN 66) was secured by the guarantee deposits received by the Group.

Other receivables are subject to loss allowance in amount of TPLN 91,329. These receivables derive from activities discontinued in previous periods and mainly result from loan guarantees granted to entities which were not able to settle their liabilities.

The movement in loss allowances in respect of trade and other receivables and other was as follows:

	2023	*2022*
Balance as at 1 January	**(92 003)**	**(91 981)**
Net remeasurement of loss allowance	(9)	(21)
Amounts written off	1	5
Reclassifications	(6)	(6)
Balance as at 31 December	**(92 017)**	**(92 003)**
Net remeasurement of loss allowance on trade receivables or contract assets arising from contracts with customers	-	(29)

(all amounts in PLN thousand (TPLN), unless stated otherwise)

32.2. Market risk

Market risk is the risk that changes in market demand, supply and prices, as well as other factors will affect the Group's financial results and controlled assets value (such as foreign exchange rates, interest rates and cost of capital). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

The Group's exposure to the interest rate risk relates mainly to cash and cash equivalents with floating interest rates based on WIBOR + margin. In 2023 the Group did not hedge against the risk of interest rate fluctuations.

The table below presents susceptibility profile of the Group (maximum exposure) to the risk of interest rate fluctuations by means of presentation of financial instruments according to fixed and floating interest rate:

	Nominal amount *31 December 2023*	Nominal amount *31 December 2022**
Fixed-rate instruments		
Non-current cash and cash equivalents	415 799	490 550
	415 799	**490 550**
Floating-rate instruments		
Finance lease receivables	227	410
Cash and cash equivalents	638 245	476 887
	638 472	**477 297**

*Restated due to changes desribed in the note 5.2.3.

While managing interest rate risk, the Group, in addition to transactions described above, aims to reduce the impact of interest rate fluctuations via current monitoring of financial market. Moreover, some investments are independent of WIBOR rate fluctuations.

The Group has conducted sensitivity analysis of floating interest rate financial instruments and hedge derivatives to changes of market interest rates. The table below presents the impact of increase or decrease of interest rate by 100 basis points on profit or loss for the period and equity. The analysis assumes that all other variables such as foreign exchange rates remain constant. The analysis was performed for current and comparable reporting periods.

	Profit or loss for the period		Equity	
	increase 100 bp	decrease 100 bp	increase 100 bp	decrease 100 bp
31 December 2023				
Floating interest rate instruments	6 385	(6 385)	6 385	(6 385)
31 December 2022*				
Floating interest rate instruments	4 773	(4 773)	4 773	(4 773)

*Restated due to changes desribed in the note 5.2.3.

Foreign currency risk

At the end of 2023 foreign currency risk concerned cash and cash equivalents and trade and other payables, amounts of which, and therefore the Group's exposure to the risk in question, are considered immaterial.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

32.3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, possession of financial means necessary to fulfil Group's financial and investment liabilities using the most attractive sources of financing.

Liquidity management focuses on detailed analysis, planning and undertaking suitable actions related to working capital and net financial indebtedness.

The table below shows the Group's maximum exposure to liquidity risk:

31 December 2023

Non-derivative financial liabilities	Carrying value	Contracted cash flow value	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Other non-current liabilities	**8 772**	**(10 702)**	-	-	(4 670)	(6 032)	-
Lease liabilities	**4 963**	**(12 908)**	(185)	-	(187)	(587)	(11 949)
Liabilities due to Concession fees	**12 304**	**(17 223)**	(2 460)	(2 460)	(4 921)	(7 382)	-
Payments to the State Treasury	**75 572**	**(75 572)**	(75 572)	-	-	-	-
Trade and other payables	**64 532**	**(64 532)**	(62 319)	(2 213)	-	-	-
Total	**166 143**	**(180 937)**	**(140 536)**	**(4 673)**	**(9 778)**	**(14 001)**	**(11 949)**

31 December 2022

Non-derivative financial liabilities	Carrying value	Contracted cash flow value	up to 6 months	6-12 months	1-2 years	2-5 years	over 5 years
Other non-current liabilities	**6 418**	**(8 014)**	-	-	(1 265)	(6 749)	-
Lease liabilities	**4 964**	**(13 086)**	(178)	-	(187)	(587)	(12 134)
Liabilities due to Concession fees	**12 697**	**(19 481)**	(2 135)	(2 135)	(4 269)	(10 942)	-
Payments to the State Treasury	**47 372**	**(47 372)**	(47 372)	-	-	-	-
Trade and other payables	**51 077**	**(51 077)**	(50 499)	(578)	-	-	-
Total	**122 528**	**(139 030)**	**(100 184)**	**(2 713)**	**(5 721)**	**(18 278)**	**(12 134)**

(all amounts in PLN thousand (TPLN), unless stated otherwise)

32.4. Capital management

The Group's policy is to maintain strong capital base, which should be foundation for positive perception of the Group by investors, creditors and market and should also lead to further business development. The Group monitors the changes in ownership, return on equity and debt/equity ratios.

The Group aims is to achieve a return on equity ratio at the level considered satisfactory by the shareholders.

The Company and its subsidiaries, which are the joint stock companies, are subject to the regulation resulting from art. 396 § 1 of the Polish Commercial Companies Code, which requires that at least 8% of profit for a given financial year should be assigned to supplementary capital, until this capital reaches at least 1/3 of the share capital. As at 31 December 2023, all joint stock companies constituting the Group, already achieved the aforementioned level of supplementary capital.

The net debt to total equity ratio at the end of the reporting period was as follows:

	31 December 2023	*31 December 2022**
Total liabilities	785 474	760 042
minus		
Provisions for capital expenditures (Phase II)	354 340	357 796
Bank deposits (non-current investments)	415 799	490 550
Cash and cash equivalents	638 245	476 887
Net debt	**(622 910)**	**(565 191)**
Total equity	**757 929**	**699 287**
Net debt to total equity ratio	**(0,82)**	**(0,81)**

*Restated due to changes desribed in the note 5.2.

There were no changes in the capital management policy during the financial year.

33. Motorway infrastructure obligations

The most significant contracts of the motorway business that generate capital expenditures (including those subject to provision for capital expenditures – note 29), as well as expenditures related to motorway resurfacing (note 29), which have been carried out in 2023, are set out below.

On 30 November 2018 SAM S.A., VIA4 S.A. and Autostrade Tech S.p.A (currently Movyon S.p.A.) signed a Software Service Agreement pursuant to which SAM S.A. is entitled to commission investment projects related to the development of the toll collection system. During the year 2023, under the said agreement, works were carried out, among others, in relation to the introduction of automatic toll collection in additional lanes of the Toll Plazas. The value of capital expenditures for projects commissioned under the Software Maintenance Agreement amounted to TPLN 2,242 in the year 2023.

On 4 February 2019 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract HM-4-2019 „Resurfacing 2019-2020" for the resurfacing of motorway sections with a total length of 42.4 km, resurfacing of bridges and the partial reconstruction of linear drainage within the motorway median. The final value of the contract amounted to TPLN 68,821 (including change orders). As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 68,821 (100% of the contract value), out of which TPLN 44 was recorded in 2023.

On 25 June 2020 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract F2b-12-2020 "Reconstruction of A-4 motorway drainage – part IV" including reconstruction of drainage for 13 catchments in Małopolskie voivodeship. The final value of the contract amounted to TPLN 73,593 (including change orders). As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 73,593 (100% of the contract value), out of which TPLN 2,391 was recorded in 2023.

On 4 January 2022 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract ROM4610 "Repair of bridge structures No. M04, M06, M10P and M10L", comprising repair of bridge structures No. M04, M06, M10P and M10L and replacement of steel modular expansion joints of bridge structure M11L. The final value of the contract amounted to TPLN 31,664 (including change orders). As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 31,664 (100% of the contract value), out of which TPLN 19,086 was recorded in 2023.

On 19 April 2022 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract F2b-13-2021 "Reconstruction of A-4 motorway drainage – part V" including reconstruction of drainage for 17 catchments in Małopolskie voivodeship amounting currently to TPLN 50,246 (including change orders). As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 41,320 (82% of the contract value), out of which TPLN 34,638 was recorded in 2023.

On 26 July 2022 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract HM-5-2022 "Resurfacing of motorway junctions and emergency crossings" currently amounting to TPLN 68,668 (including change orders). As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 66,297 (97% of the contract value), out of which TPLN 60,847 was recorded in 2023.

On 8 September 2022 SAM S.A. and Pavimental Polska Sp. z o.o. signed a contract for the renovation of internal roads, pavements, storage yards and associated infrastructure at the Motorway Service Area "Brzęczkowice" amounting TPLN 2,081. As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 2,081 (100% of the contract value), out of which TPLN 1,218 was recorded in 2023.

On 9 September 2022 SAM S.A. and OAT Sp. z o.o. signed a contract for repairs of concrete pavements at the Brzęczkowice and Balice Toll Plazas (part I) ultimately amounting to TPLN 5,471. As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 5,471 (100% of the contract value), out of which TPLN 1,368 was recorded in 2023.

On 7 March 2023 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract F2b-14-2022 "Reconstruction of A-4 motorway drainage – part VI" including reconstruction of drainage for 12 catchments in Małopolskie voivodeship amounting to TPLN 79,481. As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 17,353 (22% of the contract value).

On 5 June 2023 SAM S.A. and Pavimental Polska Sp. z o.o. signed the contract HM-6-2022 "Pavement repairs with accompanying works on the main carriageway of the A4 Katowice-Kraków motorway" amounting to TPLN 422,940. As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 20,333 (5% of the contract value).

On 5 July 2023 SAM S.A. and Saferoad Grawil Sp. z o.o. signed a contract for the replacement of road safety barriers located in the road strip of the Katowice-Krakow A4 motorway ultimately amounting to TPLN 2,035. As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 2,035 (100% of the contract value).

On 31 July 2023 SAM S.A. and OAT Sp. z o.o. signed a contract for repairs of concrete pavements at the Brzęczkowice and Balice Toll Plazas (part II) ultimately amounting to TPLN 8,538. As at 31 December 2023 the financial progress of the project (value of works recorded) amounted to TPLN 8,538 (100% of the contract value).

34. Collateral established on Group's property

As at 31 December 2023 and 31 December 2022 there was no collateral established on Group's property.

35. Contingent assets and liabilities

35.1. Contingent assets

As at 31 December 2023 the Group had no contingent assets - as at 31 December 2022 the contingent assets amounted to TPLN 2,234.

35.2. Contingent liabilities

Both as at 31 December 2023 and 31 December 2022 the Group had no contingent liabilities.

(all amounts in PLN thousand (TPLN), unless stated otherwise)

36. Related party transactions

36.1. Intragroup receivables and liabilities

31 December 2023	Trade and other receivables	Finance lease receivables	Trade and other payables
Biuro Centrum Sp. z o.o.	1	104	205
Associates	***1***	***104***	***205***
Telepass S.p.A.*	2 293	-	-
Other related entities	***2 293***	***-***	***-***
Total	**2 294**	**104**	**205**

31 December 2022	Trade and other receivables	Finance lease receivables	Trade and other payables
Biuro Centrum Sp. z o.o.	2	142	84
Associates	***2***	***142***	***84***
Telepass S.p.A.*	2 274	-	-
Other related entities	***2 274***	***-***	***-***
Total	**2 276**	**142**	**84**

* Subsidiary of Mundys S.p.A.

36.2. Related party transactions amounts

2023	Revenue	Other income	Finance income (other)	Cost of acquired goods and services	Capital expenditures and resurfacing works
Biuro Centrum Sp. z o.o.	268	-	11	(5 227)	(2)
Associates	***268***	***-***	***11***	***(5 227)***	***(2)***
Telepass S.p.A.	25 716	-	-	-	-
Other related entities	***25 716***	***-***	***-***	***-***	***-***
Total	**25 984**	**-**	**11**	**(5 227)**	**(2)**

2022	Revenue	Other income	Finance income (other)	Cost of acquired goods and services	Capital expenditures and resurfacing works
Biuro Centrum Sp. z o.o.	236	-	12	(4 487)	(74)
Associates	***236***	***-***	***12***	***(4 487)***	***(74)***
Pavimental Polska Sp. z o.o.*	37	10	-	(1 657)	(14 477)
Telepass S.p.A.	23 516	-	-	-	-
Movyon S.p.A.*	-	-	-	(1 280)	(1 967)
Other related entities	***23 553***	***10***	***-***	***(2 937)***	***(16 444)***
Total	**23 789**	**10**	**12**	**(7 424)**	**(16 518)**

* As on 5 May 2022 Atlantia S.p.A. (currently Mundys S.p.A.) finalised the sale of its entire shareholding in Autostrade per l'Italia S.p.A. (the parent company of the entity to which the footnote relates), the disclosed value of the transactions for I semester 2022 only covers 4 months of 2022, the period during which the said entity had the status of a related party to the Group.

Related party transactions were at an arm’s length basis (see also point 5.3 of the Management Board`s Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2023).

36.3. Transactions with key personnel

The cost of employee benefits for the key and supervising personnel of the Company was as follows:

the Company	*2023*	*2022*
Management Board	***2 267***	***2 089***
Employee benefits	1 011	854
Movement in employee benefits liabilities (note 25)	1 301	1 255
Supervisory Board	***298***	***197***
Employee benefits	298	197

In 2023 and 2022 the Group did not grant any loans to the Members of Management Board or Supervisory Board Members of the companies constituting the Group. The Group did not grant to the above-mentioned individuals any advance payments or guarantees.

37. Remuneration of the entity conducting audit of the financial statements and its related entities

Information regarding the remuneration of entity authorised to audit financial statements has been provided within point 5.23 of the Management Board`s Report on the activities of the Company and the Capital Group of Stalexport Autostrady S.A. in 2023.

38. Subsequent events

- As of 16 January 2024, the preferential toll rate for passage through the section of the A4 Katowice-Kraków motorway subject to the concession with the use of automatic payments (A4Go, Telepass, videotolling) for category 1 vehicles (other than motorcycles), has ceased to apply.

- On 30 January 2024, SAM S.A. made an application to the GDDKiA for authorization of a change, as of 1 April 2024, of toll rates for passage through the section of the A4 Katowice-Kraków motorway subject to the concession collected at each toll plaza, i.e. for:
    - vehicle category 1 (other than motorcycles) - from PLN 15 to PLN 16;
    - vehicle category 2, 3, 4, 5 - from PLN 46 to PLN 49.

Explanation

This document constitutes a translation of the consolidated financial statements of Stalexport Autostrady S.A. Capital Group, which were originally issued in Polish. In case of ambiguities in interpretation of terminology, the original Polish terminology should be treated as binding.