WEL CO ME...

Half-Year Report 2023

KEY DATA

Operating data

in EUR m	1-6/2023	1-6/2022	Change
Production output[1]	3,017	2,766	9.1%
Foreign share	55.2%	53.8%	1.4 PP
Order backlog	8,995	8,049	11.7%
Order intake	3,808	3,046	25.0%
Staffing level (average)	20,135	20,181	-0.2%

Earnings indicators

in EUR m	1-6/2023	1-6/2022	Change
Revenue	2,891.1	2,595.9	11.4%
EBITDA	136.7	125.8	8.7%
EBIT	34.1	32.0	6.4%
EBT	27.5	22.1	24.6%
Profit/loss for the period	18.6	15.6	19.1%

Financial position indicators

in EUR m	30.06.2023	31.12.2022	Change
Total assets	4,280	4,147	3.2%
Equity (incl. non-controlling interests)	790	799	-1.1%
Equity ratio	18.5%	19.3%	-0.8 PP
Net debt	224	-59	< -100.0%

Cash flow and investments

in EUR m	1-6/2023	1-6/2022	Change
Cash flow from operating activities	-85.1	-104.2	-18.3%
Cash flow from investing activities	-101.7	-44.5	> 100.0%
Cash flow from financing activities	-21.7	-155.5	-86.1%
CAPEX[2]	152.1	114.2	33.3%
Depreciation/amortisation/impairment	102.6	93.7	9.4%

Key data regarding shares

in EUR m	30.06.2023	31.12.2022	Change
Number of shares	39,278,250	39,278,250	-
Market capitalisation	509.0	461.9	10.2%

[1] The production output corresponds to the output of all companies and consortiums (fully consolidated, equity method, proportional or those of minor significance) in line with the interest held by PORR AG.
[2] Investments in property, plant and equipment and intangible assets

The figures have been rounded off using the compensated summation method. Absolute changes are calculated using the rounded values, relative changes (in percent) are derived from the non-rounded values.

CONTENTS

GROUP MANAGEMENT REPORT

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2023

Dear shareholders and stakeholders,

PORR has managed to build on its momentum from the start of the year to achieve a powerful increase: Compared to the same period last year, we saw more than 9% growth in production output, an 11.7% increase in the order backlog, and an order intake that rose by 25%. We have impressive and challenging projects to thank for this success. At the same time, PORR is able to deliver the best results in the infrastructure sector with its distinctive strengths. Earnings before taxes (EBT) rose to EUR 27.5m – a significant increase of 24.6%.

I am particularly pleased that the steady expansion of our sustainability measures is bearing fruit. PORR was awarded the Silver medal in the EcoVadis ESG rating, making it a top company in the industry in terms of sustainability.

So, at half-time 2023, PORR is right on track. Of course, we are not resting on that: I can also promise you exciting projects for the second half of the year, which we will be driving forward shoulder to shoulder. As always, I would like to thank you for the trust you have placed in us and look forward to further shared successes!

August 2023, Vienna

Sincerely,
Your Executive Board

Karl-Heinz Strauss
Chairman of the Executive Board and CEO

Klemens Eiter
Executive Board member and CFO

Josef Pein
Executive Board member and COO

Jürgen Raschendorfer
Executive Board member and COO

HIGHLIGHTS

Top
in sustainability

PORR is one of the top sustainability performers in the construction industry. For this it has received the silver medal for responsible corporate governance from the internationally recognised sustainability rating agency EcoVadis. The agency rates more than 100,000 companies worldwide. PORR was assessed in the areas of Environment, Labor & Human Rights, Ethics and Sustainable Procurement. The focus on sustainability is already firmly anchored in the “Green and Lean” Group strategy. PORR has set itself the goal of becoming the market leader in resource-friendly, circular construction.

Delivering
on healthcare

With an investment volume of EUR 234m, this is the largest public health construction project in Lower Silesia, Poland. The new hospital in Wrocław offers medical services in the fields of oncology, haematology and lung diseases. The building complex covers a usable area of more than 100,000 square metres on four floors above ground and one below ground. 26 wards, 30 outpatient units, over 670 beds and more than 14 operating theatres allow for up to 10,000 procedures per year. PORR is handling the design & build contract as general contractor.

Austria’s
biggest lot

Two single-track main tunnel tubes with a total length of 25.2 kilometres, 3.6 kilometres of exploratory and cross-cutting tunnel sections and a total contract value of EUR 959m. All of this makes construction lot H53 Pfons-Brenner the largest in Austria’s history. In April, BBT SE awarded the contract for this important section of the Brenner Base Tunnel to a consortium of PORR Bau GmbH, MARTI GmbH and MARTI Tunnel AG. Construction will take around six years.

Building block in
energy transition

PORR is turning a storage and run-of-river power plant into a pumped storage power plant. It secured the contract for Lot 2 “Construction trades” for the conversion of the Rudolf Fettweis plant for EnBW Energie Baden-Württemberg in Forbach with a total volume of EUR 98.4m. The project includes the cavity and shell construction of caverns, water reservoirs and tunnels, the construction of two pressure shafts, and specialist civil engineering work. In daily storage operation, the capacity of the power plant will be around 456 megawatt hours.

A tunnel
for the wind

Germany wants to be climate-neutral by 2045. That’s why sustainable energy should flow from the windy north to the south. The high-performance electricity line SuedLink is needed for this purpose: Two underground cables will transport four gigawatts through the country via high-voltage direct current transmission. The European grid operator TenneT TSO has commissioned PORR with the SuedLink Elbquerung construction project: A tunnel that will be situated 20 metres below the River Elbe. Since the shafts for both the start and end points are located in groundwater, the excavation pits must first be made flood-proof. They will then be excavated, drained and secured with steel girders.

With the energy
of the sun

In the coming years, around 30 PORR sites in Austria will be equipped with photovoltaic systems. The electricity yield of just under nine gigawatt hours per year will primarily be used for the Group’s own operations. In addition, former landfill sites will be used to generate electricity from solar energy. In cooperation with the energy company Verbund, systems will be erected at five locations, generating a yield of thirteen gigawatt hours. Together, these will cover a good third of PORR’s total annual electricity demand in Austria.

PORR 2025

The PORR 2025 future programme aims to sustainably secure the foundation for profitable growth and improve resilience to market cycles and geopolitical influences. Far-reaching targeted measures are being taken to adjust cost structures, the organisation and the portfolio. At the same time, growth topics and digital technologies are being promoted in order to secure PORR's future viability.

	STRATEGY	TARGETS
Markets	**Greater focus** PORR remains convinced of the long-term potential of its seven European home markets. The goal is to safeguard and further expand this powerful market position in Europe with a focus on selective, results-oriented and sustainable construction and growth.	· Unite **economy, environment and society** in construction · Intelligent growth with **Green and Lean** · **Expand on leading position** in the home markets · Build on **general contractor/design-build approach**
Operational excellence and digitalisation	**Realising future potential** With the transformation currently underway, uniform standards should be secured across the entire Group along with connected processes. Digital, efficient solutions across the entire construction value chain and new, data-based business models open up a new dimension in terms of potential.	· **Innovation leader** in construction and technology · Utilise **digital opportunities** · Optimise **construction processes** · Increase **project margins** by a further 1.1% to 1.3% by 2025 (based on 2021)
Staff and organisation	**Greater efficiency** The rapidly changing market environment demands new flexibility. With a lean and efficient organisation PORR should be strong and well prepared for (un)foreseeable external impacts. A modern and appreciative working environment is intended to provide an ongoing Best Place to Work.	· **LEAN Management** – flat hierarchies and fast decision paths · **Best Place to Work**: increase staff satisfaction and reduce fluctuation · Cut overheads – **increase EBT margin** by a further 0.2% to 0.4% (based on 2021)
Finance	**Enhancing value** The changing market conditions and PORR's strong growth in the last few years have necessitated an improvement in earnings power and cost structures along with optimising capital employed and the capital structure.	· **Improve capital employed:** Sustainable increase in free cash flow, reduce working capital, maintain adequate liquidity · **Optimising the capital structure:** Improve equity ratio (20% to 25%) through capital measures and organic growth, reduce hybrid capital (medium-term equity < 30%), significant reduction in financial liabilities

	MILESTONES IN THE FIRST HALF OF 2023	MEASURES 2025
Markets	· Record **output:** EUR 3,017m · Highest **order backlog:** EUR 8,995m · Record **order intake** in infrastructure, industrial and other building construction: Significant new orders for the energy transition (Forbach pumped storage power plant, ElbX tunnel) · Expansion of **permanent business:** Strong increase in output in Poland (+45.0%) and Romania (+52.7%)	· Promote **sustainable construction** (energy-efficient buildings, smart mobility/infrastructure, renewable energy) · Extend **value chain** · Expand **permanent business** · Optimal **portfolio mix** via Heatmap – expand high-margin product areas
Operational excellence and digitalisation	· **Building Information Modelling (BIM) in civil engineering** with three new pilot projects · BIM and LEAN **education and training programme** further expanded · Rollout of **LEAN transformation** in permanent business: Eight projects launched	· Group-wide rollout of **BIM and LEAN** · Task Force to avoid and continue to reduce **loss-making construction sites** · Digitalise the **supply chain** and **construction processes** through innovative IT solutions (Sequello, DigiTun, ISHAP) · Increase efficiency in **project management** – Group-wide rollout of iTwo for construction
Staff and organisation	· **Employer branding:** Introduction of barrier-free application options · **PORR Academy** with new e-learning courses (e.g. ESG, Diversity & Inclusion and Compliance) · Global roll-out of the **leadership programme** at all management levels completed	· Digitalise administrative processes/ **process automation** with Robotics · Expand **PORR Academy** · **Leadership programme** at every management level
Finance	· Increased **financial performance:** – Focus on strict working capital management – Net debt seasonally stable at EUR 224m – Liquidity: EUR 452m Liquidity reserve EUR ~800m · Improvement of **capital structure:** – Equity up by EUR 48m compared to HY 2022 (+6.5%) – Increase in equity ratio to 18.5% (HY 2022: 18.4%) with higher capital requirements – Reduction in hybrid capital as share of equity to 31% – Stable net debt development despite higher inflation and interest rates	· **Optimise financial performance/capital employed:** – Reduce receivables and working capital through cash conversion – Intensify investment controlling – Reduce total assets · **Optimise capital structure:** – Reduce financial liabilities through cash/ reduction in working capital – Strengthen equity by increasing profitability and securing sustainable payout ratio of 30% to 50%

PORR ON THE STOCK EXCHANGE

Stock markets remain under pressure

The international trading hubs initially recorded a mildly positive start to the year. The first easing of the high inflation rates as well as an end to the strict COVID policy in China lifted expectations. However, these positive developments were clouded by continuous hikes in base rates by international central banks. In March, troubles with several American regional banks and a major Swiss bank having to be rescued put a burden on the stock market environment.

After a brief recovery phase in April, renewed economic concerns and interest rate hikes dampened the global market climate. The debate about the US debt ceiling, which lasted until mid-June, further aggravated the situation. Towards the end of the first half of the year, however, there were signs that the interest rate hikes were coming to an end, to which the international markets reacted with renewed price increases.

The considerable turbulence in the banking sector put additional pressure on the leading American index, the Dow Jones Industrial Average. Nevertheless, it ended the first half of 2023 up by 3.8%. In Europe, the leading indices EURO STOXX 50 and DAX 40 performed in unison and were both 16.0% higher than at the end of the previous year. This was due to particularly pleasing corporate results in the first quarter. In contrast, the Austrian leading index ATX was also affected by the uncertainties in the banking sector and recorded only a slight increase of 0.9% against the end of the previous year.

PORR share stable

The PORR share started the year on 2 January at its year low of EUR 11.72. It was then able to increasingly outperform the market. After an extended lateral movement from March onwards, the share reached its current year high of EUR 14.80 on 22 May. From there it was no longer able to escape the weakening market environment due to interest rate hikes. The closing price on 30 June was EUR 12.96, 10.2% higher than at the end of the previous year. Market capitalisation was EUR 509.0m.

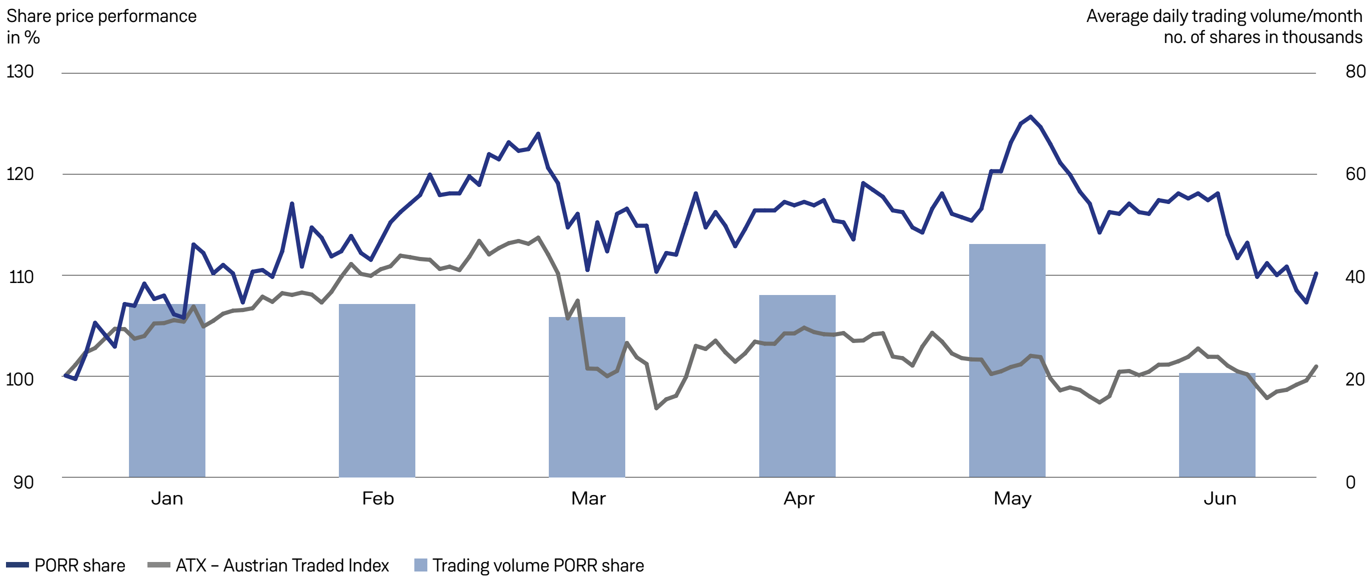
Share buyback programme ends

A total of 785,565 shares were acquired as part of the share buyback programme. PORR AG therefore held a total of 1,002,060 treasury shares as of 30 June 2023.

International shareholder structure

The syndicate (Strauss Group, IGO Industries Group) holds the majority of the shares outstanding with 50.4%. According to an analysis from July 2023, the free float of 49.6% was distributed primarily in Austria (24.4%) and the USA (11.6%). Investors from the UK and Germany held around 6.4% and 5.4% of the free float, respectively. Around 11.6% of the shares were distributed across the rest of Europe. 36.5% of the free float shares were held by retail investors.

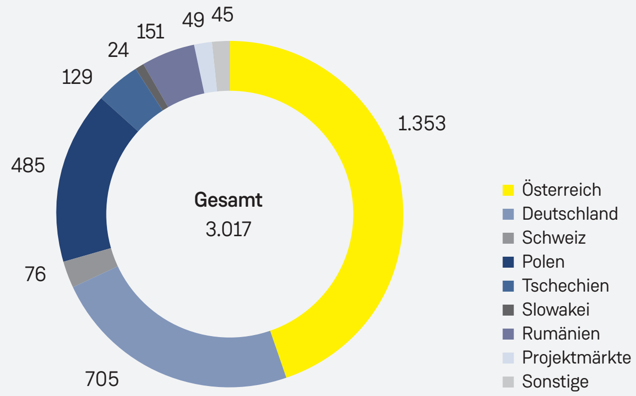
Share price and trading volumes of the PORR share in the first half of 2023 (index)



GROUP MANAGEMENT REPORT

Produktionsleistung nach Märkten

(in EUR Mio.)



152,1

CAPEX in EUR Mio.

+25 %

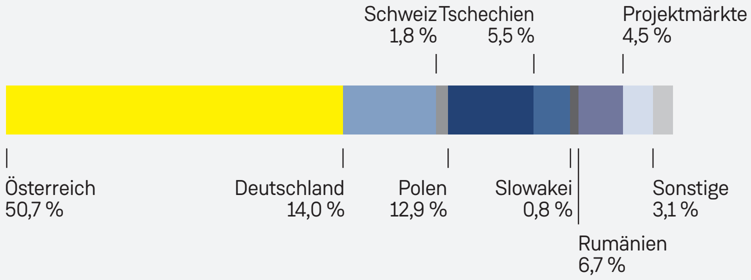
Auftragseingang

8.995

Auftragsbestand in EUR Mio.

Silbermedaille von EcoVadis - Top in der Baubranche

Durchschnittliche Beschäftigte nach Märkten



18,5 %

Eigenkapital-Quote

451,5

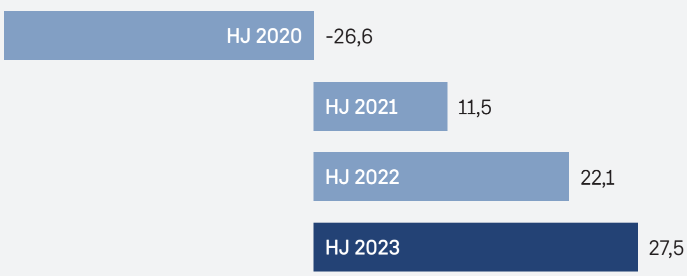
Liquide Mittel in EUR Mio.

+9,1 %

Produktionsleistung

EBT

(in EUR Mio.)



Alle Kennzahlen werden summenerhaltend gerundet. Absolute Veränderungen werden von den gerundeten Werten berechnet, relative Veränderungen (in Prozent) werden von den genauen Werten berechnet.

MARKETS AND PERFORMANCE

Economic environment

Delayed recovery expected

The world economy is at the start of a recovery phase. Negative influences are subsiding due to falling energy prices and declining inflation. The normalisation of international supply chains and a robust labour market are providing positive impetus. On the other hand, core inflation remains high, driven by pandemic-related catch-up effects in the service sector. However, experts assume that this impact will also decrease in the second half of the year. The previously high inventories in industry have been reduced and the need to replenish them is leading to rises in new orders. This should contribute to an increase in value added from the second half of the year. For 2023 as a whole, the International Monetary Fund (IMF) forecasts global economic growth of 3.0%.

Despite ongoing weak growth, the Federal Reserve raised base rates in the US to 5.5%. Although headline inflation has already been reduced, the adjusted core inflation rate remains at a high level. A still robust labour market is causing persistently high inflation rates. Overall, experts assume a growth in economic output by 1.8% in 2023.

Most recently, the European Central Bank (ECB) raised the base rate to 4.25%. Falling prices for energy and food are already causing the high inflation rates to decline. However, due to the strong dynamics in the service sector, the core inflation rate remains high. The stable labour market is now only providing slight support for consumer spending. After restrained growth in industrial production in the first half of the year – due to lower exports and destocking – experts see more positive impetus from the third quarter onwards. Uncertainties related to the Ukraine war, such as possible renewed disruptions in international supply chains, price increases for agricultural commodities, and geopolitical risks continue to cloud expectations. The European Commission therefore expects growth of 1.1% in the eurozone in 2023.

The Austrian economy was unable to escape the subdued economic situation prevailing worldwide. In the first half of the year, consumer spending was negatively affected by decreases in real income. The first noticeable effects of the easing price pressure on energy and food are expected in the second half of the year. The core inflation rate, on the other hand, remains at a high level – especially due to the positive development in the service sector. The experts of the Österreichische Nationalbank expect a significant economic recovery from the second half of the year. For 2023 as a whole, they have forecast economic growth of 0.5%.

In Germany, too, consumer spending was burdened by lower real income as a result of high inflation. In the wintry half-year, unexpectedly low industrial exports to China additionally dampened economic growth. In the course of the year, however, the easing of international supply bottlenecks on the one hand along with high order backlogs on the other should lead to a recovery. Experts also anticipate increased investments, especially due to high corporate savings and new requirements related to a shift in supply chains. Nevertheless, economic growth in Germany is expected to stagnate in 2023.

In addition to high inflation, the economies of countries in Southern and Eastern Europe are also negatively affected by the weak momentum in Germany. The tighter monetary policy framework is adding to the uncertainty in the market. Despite this, PORR's home markets are proving to be largely resilient. This is due to the robust labour market and an improved situation with international supply chains. At the same time, countries are taking national measures to curb rising energy prices and reduce their dependency on Russian energy supplies. In addition, experts anticipate a clearly positive impact on investments from the financial resources of the European Union. The Vienna Institute for International Economic Studies expects economic growth of between 0.2% and 1.0% in most of PORR's home markets. Romania is a welcome exception with growth expected to reach 2.8% in 2023.

Construction sector in conflict

The European construction industry saw a mixed performance in part. In most home markets, total construction production volumes increased in the first half of the year. Romania even saw remarkable growth of 12.8% on average compared to the same period of the previous year.

However, the individual construction sectors reported significant differences. While building construction stagnated at the level of the previous year, civil engineering recorded growth of well above 2% in most countries. Infrastructure construction thereby remains an important pillar of the construction industry. The experts at Euroconstruct expect a marginal decline in construction volumes in 2023, which will be slowed in particular by record-high order backlogs.

The construction industry is benefiting from the recovery of international supply chains. In addition, inflation rates for construction and energy costs are already declining or at least stable. On the other hand, second-round effects from inflation, such as increases in staff costs, are to be expected at present. However, these have already been fully factored in by most construction companies. That said, a major limiting factor remains the persistent shortage of labour.

General interest rate levels have been raised in order to curb the high core inflation rate. The strict financing environment is having a particularly negative impact on new orders in residential construction. In civil engineering and infrastructure construction, the financial resources of the European Union are providing stable demand. At the same time, the first distributions within the framework of the NextGenerationEU budget and the last funds from the EU budget, which already expired in 2020, are providing positive stimulus in contract award activity. In industrial construction, a stable investment volume is still expected due to the economic recovery in the second half of the year.

Development of output

The indicator production output covers all classic design, planning and construction services, services from landfill operations and raw materials sales, i.e. all significant services rendered by PORR. For companies fully included in the consolidated group, this output broadly corresponds to the revenue defined and reported in accordance with IFRS. In contrast to revenue, production output also includes the output from consortiums and companies accounted for under the equity method, as well as those of minor significance, in line with the interest held by the Group. Differences in definitions are also reconciled pursuant to commercial criteria.

In the first half of 2023, PORR generated production output of EUR 3,017m. The 9.1% increase is due in particular to output growth in Polish building construction. In addition, Romania as a whole as well as the areas of railway construction in Austria and Poland also showed pleasing growth.

PORR's focus is on its seven European home markets. It achieved 96.9% of its production output there in the first half of the year. Austria remains the largest market with a share of 44.8%. Germany is in second place with 23.4%. Poland, the third largest home market, contributes 16.1% of total production output. The Czech Republic and Slovakia together account for 5.1%, while Romania produced 5.0% and Switzerland 2.5% of the output.

Order balance

The order intake rocketed by 25.0% to EUR 3,808m. In addition to a significant increase in tunnelling, the growth is primarily due to the areas of building construction Poland and large-scale building construction projects. As a result of these developments, the order backlog as of 30 June was EUR 8,995m, an increase of 11.7% year on year.

The largest new contract is the H53 Pfons-Brenner construction lot as part of the Brenner Base Tunnel. Together with partners in a consortium, PORR is responsible for the construction of two single-track main tunnel tubes with a total length of 25.2 kilometres. In tunnelling, other important projects were added as part of the targeted energy transition. These include the SuedLink Elb crossing ElbX, the Forbach pumped storage power plant in Germany, and the refurbishment of the Weissenstein Tunnel in Switzerland. In building construction, PORR won three major contracts, including the extension of Terminal 3 at Vienna Airport, the construction of an oncology hospital in Wrocław, Poland, and the construction of DC Tower 2 in Vienna. In industrial construction, the expansion of clean room capacities for ams-OSRAM was an additional major project in Austria. In residential construction, PORR was awarded several major projects in both Germany and Austria, such as two construction lots as part of the "Village im Dritten" urban development in Vienna.

Financial performance

The construction industry is subject to seasonal fluctuations typical for the sector. The first half of the year usually reports weaker earnings due to the lower construction output in the winter months. It therefore only allows limited conclusions to be drawn for the year as a whole.

In the first half of 2023, PORR generated revenue of EUR 2,891.1m. In addition to the general price increases in the construction industry, the 11.4% increase in revenue is primarily due to the rise in production output. Income from companies accounted for using the equity method fell to EUR 20.0m, which is due to the lower level of profit contributions from shares in consortiums compared to the previous year.

The cost of materials and other related production services amounted to EUR 1,971.0m rising by 12.3%. Accordingly, their share of revenue increased slightly by 0.5PP. While the cost of materials developed disproportionately slowly compared to revenue, purchased services increased faster than revenue, by 16.5%. Staff expenses also increased less sharply than revenue, by only 3.9%. Totalling EUR 695.7m, staff expenses as a share of revenue decreased by 1.7PP. Own construction costs (total of material and staff expenses) accounted for 44.4%, which was 3.3PP below the previous year's value.

While other operating income decreased slightly by 6.4% to EUR 83.0m, other operating expenses increased by 12.9% to EUR 192.2m. The latter is due in particular to the project-related expenses included in this item.

Due to the disproportionately low increase in expenses compared to revenue, and despite the lower profit transfers from companies accounted for using the equity method and other operating income, EBITDA rose by EUR 10.9m to EUR 136.7m (+8.7%). While depreciation, amortisation and impairment expense grew by EUR 8.9m, the financial result (total income from non-current and current financial assets and financing expenses) improved by

EUR 3.4m. Earnings before tax (EBT) thereby rose to EUR 27.5m (1-6/2022: EUR 22.1m) or by 24.6%. The EBT margin in relation to production output improved by 0.1 PP to 0.9%.

The tax result was EUR 2.4m below the previous year's value at EUR -8.9m. This results in a net profit of EUR 18.6m for PORR in the first half of 2023, which corresponds to an improvement of 19.1% or EUR 3.0m. Earnings per share improved by 90.7% to EUR 0.31.

Financial position

As of the reporting date of 30 June 2023, PORR's total assets stood at EUR 4,279.7m and were thereby 3.2% above the value as of 31 December 2022.

There were increases in both non-current and current assets. On the one hand, property, plant and equipment rose as a result of higher investment activity, while on the other hand, trade receivables underwent seasonal growth in line with the increase in revenue. This was offset by a decrease in cash and cash equivalents.

Equity decreased slightly by 1.1% to EUR 790.0m compared to 31 December 2022 due to the payment of dividends and hybrid interest. Compared to 30 June 2022, equity increased by EUR 47.9m (+6.5%). The equity ratio was 18.5% at the end of the reporting period.

Liabilities rose by a total of 4.2% to EUR 3,489.7m. This development is mainly due to the significant increase in trade payables in connection with the increase in revenue. Lease liabilities also recorded an increase, which resulted primarily from index adjustments of long-term rental agreements. In contrast, other liabilities declined due to the seasonal processing of project-related advances and tax payments.

As of 30 June 2023, net debt had thereby increased to EUR 224.4m (31 December 2022: EUR -59.0m) due to seasonal factors. Compared to 30 June 2022, there was only a slight increase of EUR 25.9m, which is almost entirely due to IFRS 16-related index adjustments of rental agreements.

Cash flows

The operating cash flow amounted to EUR 129.3m, marking an improvement of EUR 12.8m or 11.0%. Cash flow from operating activities improved by 18.3% to EUR -85.1m (+ EUR 19.1m) due to lower growth in working capital compared to the previous year.

The cash flow from investing activities decreased to EUR -101.7m because of higher payments for investments in property, plant and equipment.

The cash flow from financing activities was EUR -21.7m. The proceeds from bonded loans (Schuldscheindarlehen) were offset by payments for dividends and interest on hybrid capital as well as outlay for the share buyback programme. In the previous year, the repayment of hybrid capital totalling 51.1m had a significant impact on this item.

Cash and cash equivalents totalled EUR 451.5m as of 30 June 2023 (31 December 2022: EUR 655.8m). Compared to 30 June 2022, these broadly held steady (30 June 2022: EUR 461.9m). The liquidity reserve increased slightly compared to the previous year to around EUR 800m.

Investments

Investment activity is measured by applying the CAPEX indicator (capital expenditure). This includes investments in intangible assets, property, plant and equipment, and assets under construction including finance leases.

In the first half of 2023, investments mainly involved those to replace or buy new construction equipment, as well as some aperiodic major investments. CAPEX increased by EUR 38.0m to EUR 152.1m compared to the same quarter of the previous year, resulting in a CAPEX ratio of 5.0% in relation to production output (1-6/2022: 4.1%).

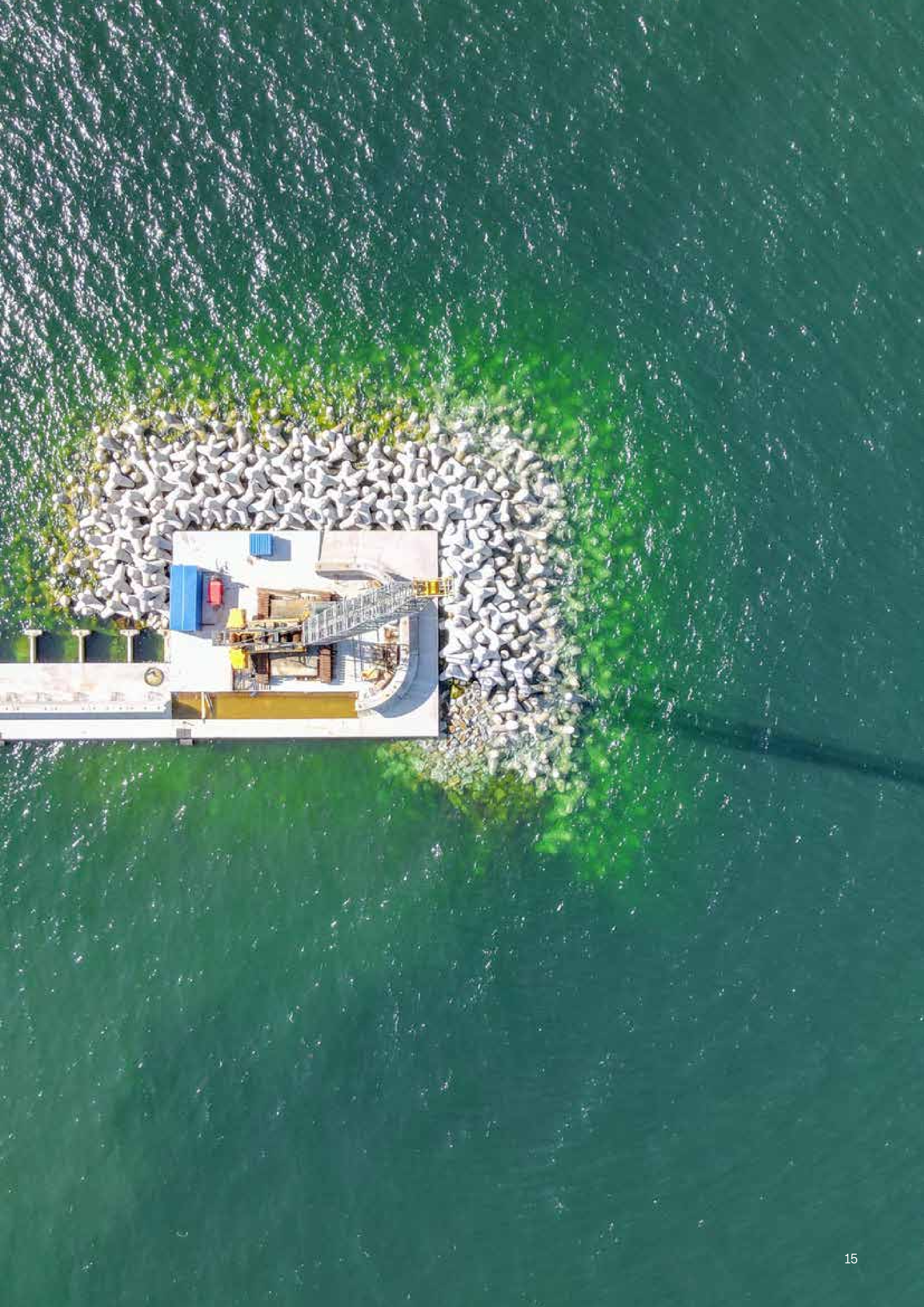
Staff

In the first half of 2023, PORR employed 20,135 people on average, almost the same number as in the previous year. The slight decrease amounts to 0.2%.

Opportunity and risk management

Active risk management is an integral part of responsible corporate management at PORR and secures the company's competitiveness long term. Should risks have an impact on one of PORR's business fields or markets, this could have a negative effect on the company's earnings. That's why the aim of risk management is to identify risks and minimise them while still maintaining the company's earnings potential. The required organisational processes and controls, which help to pinpoint risks early on, as well as measures to counteract them, should be continuously developed and improved along with measures to counter those risks.

Since the 2022 Annual and Sustainability Report, there have been no significant changes to the opportunity/risk profile from which new or changed risks for PORR can be derived. So, the description in the Risk Report of the 2022 Annual and Sustainability Report from page 125 onwards remains valid.



FORECAST REPORT

The world economy is at the start of a recovery phase. The negative effects of high energy costs and unstable international supply chains are increasingly weakening. A major limiting factor remains the high core inflation rate, which continues to be influenced by pandemic-related catch-up effects. Nevertheless, the IMF expects growth of 3.0% for the current year, 2023.

The eurozone economy remains exposed to heightened uncertainties related to the Ukraine conflict. In order to curb the persistently high inflation, the ECB recently raised its base rate to 4.25%. Inflation, especially for food and services, is currently still well above the ECB's inflation target of 2.0%. This means that further interest rate adjustments cannot be completely ruled out. The European Commission currently expects economic growth of 1.1% for the eurozone in 2023, which points to an accelerating recovery in the second half of the year.

In Austria, the decline in high inflation rates set in comparatively late. The estimates for economic growth in 2023 are correspondingly low at 0.5%. For the German economy, which is heavily dependent on exports, experts forecast that economic output will stagnate.

The European construction industry has proven resilient so far. In most of PORR's home markets, growth in the construction sector is continuing. The recovery of international supply chains and an easing or reversal of energy cost increases are also having a positive effect here. Nevertheless, the shortage of labour and skilled workers remains a limiting factor for the growth of the entire industry. PORR is countering this bottleneck with extensive HR development measures and an attractive range of training and further education courses. Due to positive experiences with Indian workers in Qatar, PORR also employs non-European workers in its home markets. There are currently around 300 Indian workers in Romania and around 200 in the Czech Republic and Slovakia.

There are considerable differences in how demand is changing in the various construction sectors. Private residential construction in particular is under significant pressure due to higher interest rates and strict financing conditions. In miscellaneous and industrial building construction, an increased need for investment can be observed. High corporate savings need to be reduced and international supply chains realigned and relocated as a result of the Supply Chain Act. Civil engineering remains robust. In addition to the European Recovery and Resilience Facility and the NextGenerationEU Budget, national investment programmes in the road and rail sectors are providing for a solid order situation.

The medium to long-term trends in the construction sector remain in place. In parallel with the European green and digital transformation, the construction industry is moving towards the decarbonisation and digitalisation of building processes and structures. Thermal refurbishment and the renovation of existing structures will play a significant role in the future. The shift in international supply chains and their increasingly local orientation are part of the trend towards deglobalisation. Demographic change – more people and larger population groups with higher care and welfare needs – ensures sustained high demand for social housing and healthcare facilities.

PORR currently has a record order backlog of just under EUR 9 bn and thereby order books spanning well over a year. Residential construction projects play a minor role in PORR's order backlog. As is the case for the market as a whole, residential construction has declined and currently accounts for 8.2% of the order backlog. Civil engineering, which is less dependent on economic cycles, accounts for 57.7%.

The current framework conditions continue to see high inflation, both in terms of costs and revenue. Based on PORR's full order books and current performance, the Executive Board expects production output in the range of EUR 6.5 bn to EUR 6.7 bn and a further increase in earnings for the 2023 business year.

The assessment of how the business will perform is based on the current goals in the individual segments as well as the opportunities and risks arising in the respective markets. The geopolitical situation may have stabilised recently but should the situation with the Ukraine conflict or with energy supply intensify again, this could have a negative impact on PORR and its business activities. Any assessment of economic development is therefore subject to forecasting risks.

SEGMENT REPORT

Segment AT / CH

Key data

in EUR m	1-6/2023	1-6/2022	Change
Production output	1,559	1,502	3.8%
EBT	31.7	21.5	47.3%
Order backlog	3,631	3,329	9.1%
Order intake	1,878	1,676	12.1%
Average staffing levels	10,310	10,258	0.5%

The segment AT / CH includes country responsibility for the two home markets of Austria and Eastern Switzerland. PORR is represented here with its full range of services. In addition to the permanent business – with the focal points of residential construction, office construction, industrial construction and road construction – the national competencies in railway and structural engineering, specialist civil engineering, steel construction and environmental engineering are bundled in this segment. The areas of large-scale building construction projects, German industrial construction and Slab Track Austria for Europe are also housed here. In addition, the equity interests pde Integrale Planung, IAT, ÖBA, Prajo, TKDZ and ALU-SOMMER are integrated in the segment AT / CH.

The segment AT / CH generated production output of EUR 1,559m in the first half of 2023. In addition to railway and civil engineering, the 3.8% increase is primarily attributable to the provinces of Vienna and Styria as well as German industrial construction. EBT of the segment AT / CH grew significantly by 47.3% to EUR 31.7m. This increase is mainly due to improved results in the permanent business in Austria.

The order intake increased in the first six months by 12.1% to EUR 1,878m. Significant growth was recorded above all in the area of large-scale building construction projects and in the province of Lower Austria. Parallel to this, the order backlog also rose in these areas in particular. As of the reporting date, it amounted to EUR 3,631m and was thereby 9.1% higher than in the previous year. The most significant new orders came from building construction, including the expansion of Terminal 3 at Vienna Airport. PORR is also a key player in the construction of DC Tower 2 – a 180-metre high residential and office building in Vienna. In industrial construction, PORR is also responsible for the expansion of clean room capacities for ams-OSRAM in Premstätten. In road construction, two major new contracts were won with the restoration of the Arlberg Tunnel on the S16 and the general renovation of the A10 near Eben. PORR was able to acquire two large-scale projects as part of the “Village im Dritten” urban development in Vienna. New residential complexes with a total of around 200 residential units, underground garages, and commercial space are being built on plots 7 and 11B.

The production volume of the Austrian construction industry achieved slight growth in the first six months. As in the European market as a whole, civil engineering is providing significant positive impetus. In Switzerland, on the other hand, construction volumes held steady and were mainly supported by robust public building construction.

In both Austria and Switzerland, construction costs have recently come close to stabilising at a high level. Some areas even saw a temporary downward trend. The increased construction prices and the tighter financing framework conditions are particular factors impacting demand in private residential construction. Nevertheless, the demand for new housing remains high, especially in Switzerland. PORR is only represented in residential construction with a comparatively small share of the portfolio, which means that decreasing demand is not impacting the overall picture at present.

In infrastructure construction, which is less dependent on economic cycles, more stable activity in new orders is expected. Here, the investment programmes of the national road and rail operators ensure continuous contract awarding.

Segment DE

Key Data

in EUR m	1-6/2023	1-6/2022	Change
Production output	458	400	14.7%
EBT	0.2	-6.3	< -100.0%
Order backlog	1,274	1,122	13.5%
Order intake	297	294	0.9%
Average staffing levels	2,252	2,183	3.2%

The majority of PORR's activities in Germany are bundled in the segment DE. Here the company offers building construction, specialist civil engineering and infrastructure services with a high level of vertical integration using its own qualified personnel. PORR therefore has a strong position on the German infrastructure market with its discrete areas of structural engineering, tunnelling and traffic route construction. The segment DE is home to the German equity interests, including PORR Oevermann and Stump-Franki Spezialtiefbau. This allows PORR to cover the entire value chain in civil engineering.

In the segment DE, production output was EUR 458m, which was 14.7% above the comparable period. In addition to PORR Oevermann, the areas of building construction south, foundation engineering Stump-Franki, and government services also recorded pleasing growth. The segment DE is on the right track. EBT improved by EUR 6.5m and was already positive at EUR 0.2m.

The order intake remained almost unchanged at EUR 297m, with a plus of 0.9%. The order backlog stood at EUR 1,274m. The increase of 13.5% is mainly due to the areas of structural engineering and foundation engineering Stump-Franki. The largest new order is part of the expansion of the SuedLink wind-power line. As part of the German energy transition, PORR is responsible for the tunnel construction that will cross below the River Elbe. PORR won other major contracts in residential construction, including the new build of the Havelufer Quartier in Berlin and the Quartier Cospuden in Markkleeberg.

Revenue in the German construction industry recorded an increase of around 5.0% in the year to date. Civil engineering was again the main growth driver with a rise of over 7.0%. The order intake was somewhat subdued in line with overall economic trends and was slightly down on average. This is due to building construction, where there was a significant decline in residential construction in particular. In contrast, the order intake increased in civil engineering. At the same time, construction costs and producer prices for the most important building materials stabilised at a high level.

The experts of the OECD (Organisation for Economic Cooperation and Development) anticipate an increase in investment spending in the second half of the year due to the economic recovery. The shift in international supply chains, increased incentives for investments in renewable energy and green investments as well as growth in public spending are leading to cautious optimism in commercial and public construction. Here, the road and rail operators Autobahn GmbH and Deutsche Bahn are contributing to robust construction activity.

Residential construction volumes, on the other hand, are expected to decline significantly due to increased financing costs. It is predicted that the German government will again miss its target of 400,000 new apartments per year. The housing shortage is thereby likely to intensify further. Due to the rise in construction prices, the experts of the Hauptverband der deutschen Bauindustrie nevertheless expect a slight increase in revenue in the construction industry.

Segment PL

Key Data

in EUR m	1-6/2023	1-6/2022	Change
Production output	478	314	52.5%
EBT	7.6	7.6	0.2%
Order backlog	1,397	1,459	-4.3%
Order intake	410	304	34.8%
Average staffing levels	2,590	2,509	3.2%

The segment PL holds the country responsibility for Poland, PORR's third largest home market. All Polish equity interests held by PORR are included in this segment. In civil engineering PORR is one of the leading providers in the fields of road, infrastructure and railway construction, as well as specialist civil engineering. In building construction, the focus is on office, industrial and hotel construction as well as on buildings and facilities for the public sector.

The production output of the segment PL rose by 52.5% to EUR 478m. The building construction division in particular achieved comprehensive growth, with the infrastructure and railway construction areas also recording extremely pleasing increases. Totalling EUR 7.6m, EBT in the segment PL remained at the level of the previous year.

The order intake totalled EUR 410m, increasing by 34.8%. This development is mainly due to the building construction division. The order backlog slipped back slightly by 4.3% and amounted to EUR 1,397m at the end of the reporting period. While there was a significant decline in the infrastructure sector, building construction in particular achieved extremely positive growth. Appropriately, the largest new order in the first half of the year came from the building construction sector. PORR is responsible for building an oncology hospital in Wrocław with space for over 670 hospital beds. Another significant new contract is The FORM office building in the centre of the capital, Warsaw. In road construction, several significant projects were won as part of the bypass road offensive.

Polish economic growth is clearly influenced by the German economy, which has recently been weak. Nevertheless, Polish production volume in construction increased by about 1.5% in the first six months. While building construction, especially residential construction, underwent a material decline, the performance of civil engineering was extremely favourable. At the same time, prices for building materials and labour rose again.

The Polish industry is also set to benefit from the global economic recovery in the second half of the year. In addition, the European Recovery and Resilience Facility is providing further positive impetus in civil engineering and significantly supporting investment activity. The road management company GDDKiA is planning project tenders of around EUR 4 bn in 2023. In railway construction, the national rail operator PKP PLK is currently waiting for the disbursement of financial resources from EU funds. In the last few years, there has been an annual investment need of about EUR 2 bn here as well.

In residential construction, public support measures for first-time-home owners should provide positive stimulus from the second half of the year. In non-residential building construction, the main focus is on healthcare facilities, which are financed mainly by the public sector at present. Demand for data centres and warehouses is also holding steady at a high level.

Segment CEE

Key Data

in EUR m	1-6/2023	1-6/2022	Change
Production output	285	249	14.5%
EBT	1.2	0.2	> 100,0 %
Order backlog	870	904	-3.8%
Order intake	290	393	-26.3%
Average staffing levels	2,505	2,215	13.1%

The segment CEE focuses on the home markets of the Czech Republic, Slovakia and Romania. The local equity interests are also integrated here. In this segment, PORR offers construction services in building construction and civil engineering, whereby the goal is to provide complete coverage in the Czech Republic and Romania. Selected major projects in the infrastructure sector are also undertaken.

The segment CEE generated production output of EUR 285m. This corresponds to an increase of 14.5% compared to the previous year, which is primarily attributable to the areas of building construction and civil engineering in Romania. The segment CEE achieved EBT of EUR 1.2m and were thereby EUR 1.0m higher than in the previous year.

In the first half of 2023, the segment CEE recorded an order intake of EUR 290m. The decline of 26.3% is mainly due to the acquisition of several major projects in the comparable period of the previous year. The order backlog recorded a slight decrease of 3.8%, which was mainly due to the completion of major projects in the area of building construction Romania. The most important new order in the segment CEE is a road modernisation project in Oradea, Romania. PORR also won the contract to improve the port infrastructure in Giurgiu, Romania. The largest new contract in the Czech Republic involves the modernisation of the Branický Bridge near Prague.

Both the Czech and Slovakian economies are heavily influenced by economic developments in Germany, some of which have been negative. Nevertheless, there was a slight increase in production volume in construction in Slovakia. In Romania it even rose by an average of 12.8% in the first six months. Across the segment, civil engineering in particular recorded solid growth rates. In terms of costs, experts anticipate a further stabilisation, mainly caused by national price caps for energy. Recently, declining inflation was already observed in the Czech Republic. In addition, the recovery of international supply chains is reducing price pressure.

The return to economic growth of trading partners is leading to rising expectations in the Czech Republic, Slovakia and Romania. Higher exports in particular should provide positive stimulus. An increase in direct investment is ensuring stable volumes in industrial construction, while residential construction is likely to play a subordinate role for a longer time due to the tighter financing environment.

Civil engineering remains the most important pillar of construction activity. Financial resources and investments are coming mainly from the European Recovery and Resilience Facility. In Slovakia, there are also unused funds from the previous EU budget. In total, a public investment budget of 5.7% of GDP has been allocated. In the Czech Republic and Romania, the current NextGenerationEU budget has led to a significant increase in investment in infrastructure construction.

Segment Infrastructure International

Key Data

in EUR m	1-6/2023	1-6/2022	Change
Production output	185	261	-29.4%
EBT	0.6	1.3	-55.1%
Order backlog	1,713	1,131	51.5%
Order intake	894	312	> 100.0%
Average staffing levels	1,328	1,538	-13.7%

The segment Infrastructure International is home to PORR's expertise in international tunnelling, railway construction and specialist civil engineering as well as Slab Track International. The area of Major Projects and the responsibility for the project markets of Norway, the United Kingdom (UK), Qatar and the United Arab Emirates (UAE) are also integrated here. In this area, PORR focuses on contracts in infrastructure construction and on cooperation with local partners. PORR export products are offered from here for the international markets in a highly selective way and only when there is clear value added.

The segment Infrastructure International recorded production output of EUR 185m, which declined by 29.4%. Compared to the previous year, this is mainly due to the completion of several major projects in tunnelling. The newly acquired contracts will mostly only enter the execution phase in the second half of 2023. From 2024 onwards, their contribution to output will increase. The segment Infrastructure International was again able to achieve positive EBT of EUR 0.6m in the first half of the year.

The order intake more than doubled in the first half of 2023, reaching EUR 894m. The acquisition of several large tunnelling projects was a decisive factor here. As a result, the order backlog also increased significantly by 51.5% to EUR 1,713m. PORR's largest order in the first half of the year is construction lot H53 Pfons-Brenner. This is part of the historic Brenner Base Tunnel project – the longest underground rail link in the world. Other important projects in the segment Infrastructure International also come from tunnelling. These include, for example, the construction of the Elbe crossing for the SuedLink wind-power line and the conversion of the Forbach power plant into a pumped storage power plant in Germany. The renovation of the Weissenstein Tunnel in Switzerland and the Cramberg and Fachingen Tunnels in Germany are also assigned to this segment.

There are also signs of stabilising inflation rates in PORR's four project markets. The national governments are focusing in particular on normalising inflation in energy costs.

Across all project markets, PORR is focusing on selective growth with strict risk management in civil engineering. PORR is positioned as an established partner with a stable and diversified project pipeline in infrastructure construction. In Norway, for example, there are significant opportunities as a result of the government's plans to expand the transport infrastructure. In the UAE and Qatar, the focus is on small and medium-sized projects with a sharpened risk profile. In the UK, PORR is strongly positioned with its own team in railway construction.

In tunnelling, significant positive impetus is coming from the planned expansion of the trans-European TEN-T rail network. The European Recovery and Resilience Facility and the multiannual NextGenerationEU budget will secure long-term financing. PORR is supplementing its range of rail construction services with the patented Slab Track Austria system, which enables an increase in efficiency, quality and speed in rail transport. The international demand for sustainable mobility is ensuring a good order situation.

The Major Projects division supports PORR's operating segments in processing and delivering major projects across all markets.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2023

CONSOLIDATED INCOME STATEMENT

in TEUR	1-6/2023	1-6/2022	4-6/2023	4-6/2022
Revenue	2,891,133	2,595,911	1,624,848	1,485,077
Own work capitalised in non-current assets	1,372	826	971	421
Income from companies accounted for under the equity method	20,016	35,862	15,131	18,164
Other operating income	82,959	88,652	48,082	47,672
Cost of materials and other related production services	-1,970,976	-1,755,469	-1,104,095	-1,016,129
Staff expenses	-695,658	-669,750	-395,370	-373,933
Other operating expenses	-192,160	-170,263	-106,923	-85,851
EBITDA	**136,686**	**125,769**	**82,644**	**75,421**
Depreciation, amortisation and impairment expense	-102,601	-93,746	-58,434	-49,431
EBIT	**34,085**	**32,023**	**24,210**	**25,990**
Income from financial investments and other current financial assets	13,082	5,502	8,755	2,959
Finance costs	-19,658	-15,444	-9,934	-7,445
EBT	**27,509**	**22,081**	**23,031**	**21,504**
Income tax expense	-8,927	-6,479	-7,094	-6,252
Profit for the period	**18,582**	**15,602**	**15,937**	**15,252**
of which attributable to shareholders of the parent	11,852	6,306	13,712	11,443
of which attributable to holders of profit-participation rights/hybrid capital	7,058	7,058	3,545	3,545
of which attributable to non-controlling interests	-328	2,238	-1,320	264
Basic earnings per share, total (in EUR)	0.31	0.16	0.36	0.29
Diluted earnings per share, total (in EUR)	0.31	0.16	0.36	0.29

STATEMENT OF COMPREHENSIVE INCOME

in TEUR	1–6/2023	1–6/2022	4–6/2023	4–6/2022
Profit for the period	**18,582**	**15,602**	**15,937**	**15,252**
Other comprehensive income				
Remeasurement of defined benefit obligations	3,287	8,379	159	5,324
Change in fair value of equity instruments	-	-185	-	483
Income tax on other comprehensive income	-674	-2,318	175	-1,401
Items which cannot be reclassified to profit or loss (non-recyclable)	**2,613**	**5,876**	**334**	**4,406**
Exchange rate differences	7,578	-441	5,901	-1,271
Gains from cash flow hedges				
in the period under review	2,011	-605	1,426	-1,119
Income tax on other comprehensive income	-462	128	-328	258
Items which can subsequently be reclassified to profit or loss (recyclable)	**9,127**	**-918**	**6,999**	**-2,132**
Other comprehensive income	**11,740**	**4,958**	**7,333**	**2,274**
Total comprehensive income for the period	**30,322**	**20,560**	**23,270**	**17,526**
of which attributable to shareholders of the parent	23,565	11,105	20,873	13,556
of which attributable to holders of profit-participation rights/hybrid capital	7,058	7,058	3,545	3,545
of which attributable to non-controlling interests	-301	2,397	-1,148	425

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	1–6/2023	1–6/2022
Profit for the period	18,582	15,602
Depreciation, impairment and reversals of impairment on fixed assets and financial assets	102,475	96,564
Interest income/expense	7,833	8,644
Income from companies accounted for under the equity method	-1,299	-300
Dividends from companies accounted for under the equity method	4,101	3,574
Profits from the disposal of fixed assets	-6,260	-4,662
Decrease in long-term provisions	-1,993	-4,058
Deferred income tax	5,906	1,212
Operating cash flow	**129,345**	**116,576**
Increase/decrease in short-term provisions	22,393	-58,909
Increase in tax liabilities	2,746	4,135
Increase in inventories	-2,569	-36,341
Increase in receivables	-260,592	-246,023
Increase in payables (excluding banks)	28,747	127,036
Interest received	7,968	5,620
Interest paid	-12,845	-13,000
Other non-cash transactions	-333	-3,290
Cash flow from operating activities	**-85,140**	**-104,196**
Proceeds from the disposal of intangible assets	23	-
Proceeds from sale of property, plant and equipment and disposal of investment property	11,371	11,776
Proceeds from the sale of financial assets	773	25,414
Proceeds from repayment of loans	1,751	710
Investments in intangible assets	-2,358	-3,579
Investments in property, plant and equipment and investment property	-111,913	-76,205
Investment in financial assets	-514	-1,340
Investment in loans	-830	-1,200
Proceeds from the sale of consolidated companies less cash and cash equivalents	-	85
Payouts for the purchase of subsidiaries less cash and cash equivalents	-	-113
Cash flow from investing activities	**-101,697**	**-44,452**
Paid dividends and interest from profit-participation rights/hybrid capital	-33,482	-30,118
Payouts to non-controlling interests	-1,247	-1,670
Acquisition of non-controlling interests	-	-296
Acquisitions of own shares	-7,033	-
Repayment of profit-participation rights/hybrid capital	-	-51,075
Proceeds from bonded loans (Schuldscheindarlehen)	140,000	-
Repayment of bonded loans (Schuldscheindarlehen)	-109,000	-30,000
Obtaining loans and other financing	26,878	5,501
Repayment loans and other financing	-37,809	-47,865
Cash flow from financing activities	**-21,693**	**-155,523**
Cash flow from operating activities	**-85,140**	**-104,196**
Cash flow from investing activities	**-101,697**	**-44,452**
Cash flow from financing activities	**-21,693**	**-155,523**
Change to cash and cash equivalents	**-208,530**	**-304,171**
Cash and cash equivalents as of 1 Jan	655,803	765,035
Currency differences	4,253	1,040
Cash and cash equivalents as of 30 Jun	**451,526**	**461,904**
Tax paid	1,134	1,451

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in TEUR	30.6.2023	31.12.2022
Assets		
Non-current assets		
Intangible assets	191,120	194,128
Property, plant and equipment	1,127,301	1,055,267
Investment property	34,419	33,923
Shareholdings in companies accounted for under the equity method	76,676	78,408
Other financial assets	8,499	8,372
Other non-current financial assets	70,665	70,700
Deferred tax assets	24,337	17,502
	1,533,017	**1,458,300**
Current assets		
Inventories	126,887	124,323
Trade receivables	1,910,593	1,665,040
Other financial assets	153,606	147,658
Other receivables and current assets	69,163	61,215
Cash and cash equivalents	451,526	655,803
Assets held for sale	34,904	34,456
	2,746,679	**2,688,495**
Total assets	**4,279,696**	**4,146,795**

Equity and liabilities		
Equity		
Share capital	39,278	39,278
Capital reserve	358,833	358,833
Profit-participation rights/hybrid capital	244,121	247,526
Other reserves	114,993	118,968
Equity attributable to shareholders of parent	**757,225**	**764,605**
Non-controlling interests	32,772	34,320
	789,997	**798,925**
Non-current liabilities		
Provisions	142,734	144,512
Non-current lease liabilities	341,874	318,778
Non-current financial liabilities	199,108	166,827
Other non-current financial liabilities	4,027	2,647
Deferred tax liabilities	52,722	41,425
	740,465	**674,189**
Current liabilities		
Provisions	293,153	271,338
Current lease liabilities	59,577	55,640
Current financial liabilities	75,562	55,743
Trade payables	1,533,493	1,233,040
Other current financial liabilities	44,566	33,947
Other current liabilities	717,302	1,000,921
Tax payables	21,165	18,574
Liabilities held for sale	4,416	4,478
	2,749,234	**2,673,681**
Total equity and liabilities	**4,279,696**	**4,146,795**

STATEMENT OF CHANGES IN GROUP EQUITY

in TEUR	Share capital	Capital reserve	Revaluation reserve	Remeasurement of defined benefit obligations	Measurement of equity instruments
Balance as of 31 Dec 2021	39,278	358,833	11,225	-36,301	-214
Adjustment according to new or changed IFRS	-	-	-	-	-
Balance as of 1 Jan 2022	**39,278**	**358,833**	**11,225**	**-36,301**	**-214**
Total profit for the period	-	-	-	-	-
Other comprehensive income	-	-	406	5,594	269
Total comprehensive income for the period	**-**	**-**	**406**	**5,594**	**269**
Dividend payout	-	-	-	-	-
Profit-participation rights/hybrid capital	-	-	-	-	-
Income tax on interest for holders of profit-participation rights/hybrid capital	-	-	-	-	-
Changes to the consolidated group/ acquisition of non-controlling interests	-	-	-	-	-
Balance as of 30 Jun 2022	**39,278**	**358,833**	**11,631**	**-30,707**	**55**
Balance as of 1 Jan 2023	**39,278**	**358,833**	**13,929**	**-37,178**	**180**
Total profit for the period	-	-	-	-	-
Other comprehensive income	-	-	-	2,604	-
Total comprehensive income for the period	**-**	**-**	**-**	**2,604**	**-**
Dividends/interest from profit-participation rights/hybrid capital	-	-	-	-	-
Income tax on interest of holders of profit-participation rights/hybrid capital	-	-	-	-	-
Acquisitions of treasury shares	-	-	-	-	-
Equity-settled share options	-	-	-	-	-
Balance as of 30 Jun 2023	**39,278**	**358,833**	**13,929**	**-34,574**	**180**

Foreign currency translation reserves	Reserve for cash flow hedges	Profit-participation rights/hybrid capital	Retained earnings and non-retained profit	Equity attributable to shareholders of parent	Non-controlling interests	Total
-503	-422	299,954	118,691	790,541	33,869	824,410
-	-	-	-22,125	-22,125	-	-22,125
-503	**-422**	**299,954**	**96,566**	**768,416**	**33,869**	**802,285**
-	-	7,058	6,306	13,364	2,238	15,602
-576	-477	-	-417	4,799	159	4,958
-576	**-477**	**7,058**	**5,889**	**18,163**	**2,397**	**20,560**
-	-	-10,587	-19,531	-30,118	-1,670	-31,788
-	-	-49,904	-1,201	-51,105	-	-51,105
-	-	-	2,435	2,435	-	2,435
-	-	-	-141	-141	-155	-296
-1,079	**-899**	**246,521**	**84,017**	**707,650**	**34,441**	**742,091**
-265	**1,863**	**247,526**	**140,439**	**764,605**	**34,320**	**798,925**
-57	-	7,058	11,909	18,910	-328	18,582
8,049	1,549	-	-489	11,713	27	11,740
7,992	**1,549**	**7,058**	**11,420**	**30,623**	**-301**	**30,322**
-	-	-10,463	-23,019	-33,482	-1,247	-34,729
-	-	-	2,406	2,406	-	2,406
-	-	-	-7,033	-7,033	-	-7,033
-	-	-	106	106	-	106
7,727	**3,412**	**244,121**	**124,319**	**757,225**	**32,772**	**789,997**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2023

1. General information

The PORR Group consists of PORR AG and its subsidiaries. PORR AG is a public limited company according to Austrian law and has its registered head office at Absberggasse 47, 1100 Vienna, Austria. The company is registered with the commercial court of Vienna under reference number FN 34853f. The Group deals mainly with the planning and execution of a whole range of building construction activities.

The interim consolidated financial statements of the PORR Group have been prepared in accordance with IAS 34, Interim Financial Reporting in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union, the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the standards to be applied for the first time from 1 January 2023. The effects of the first-time application of the new standards are presented in note 3.

In accordance with IAS 34, the interim consolidated financial statements do not contain all the disclosures required in the annual financial statements. Therefore, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the PORR Group as of 31 December 2022. The consolidated results of the interim financial statements according to IAS 34 are not necessarily indicative of the annual results.

The euro is the reporting currency as well as the functional currency of PORR AG and the majority of its subsidiaries included in these interim consolidated financial statements.

2. Consolidated group and acquisitions

In these interim financial statements, one company was liquidated from the consolidated group. No significant assets or liabilities were excluded as a result.

A total of 53 (previous year: 53) domestic and 36 (previous year: 38) foreign associated companies and joint ventures were accounted for using the equity method.

3. Accounting policies and measurement methods

The accounting policies and measurement methods applied in the consolidated financial statements as of 31 December 2022, which are presented in the notes to the consolidated annual financial statements, have been applied unchanged to the interim consolidated financial statements with the exception of the following standards and interpretations applied for the first time, whereby their first-time application has not had a material impact on the Group.

New standard or amendment	Date of publication by IASB	Date of adoption into EU law	Date of entry into force
IFRS 17 Insurance Contracts	18.5.2017	19.11.2021	1.1.2023
Amendments to IFRS 17	25.6.2020	19.11.2021	1.1.2023
IAS 1 Disclosure of Accounting Policies	12.2.2021	2.3.2022	1.1.2023
IAS 8 Definition of Accounting Estimates	12.2.2021	2.3.2022	1.1.2023
IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	7.5.2021	11.8.2022	1.1.2023
IFRS 17 Initial Application of IFRS 17 and IFRS 9 - Comparative Information	9.12.2021	8.9.2022	1.1.2023

The following standards and interpretations have been published since the preparation of the consolidated financial statements as of 31 December 2022 but are not yet mandatory or have not yet been adopted by the European Union.

Standards and interpretations not yet adopted by the European Union

New standard or amendment	Date of publication by IASB	Date of entry into force
Amendments to IAS 12 International Tax Reform - Pillar Two Model Rules	23.5.2023	1.1.2023
Changes to IAS 1 Classification of Liabilities as Current or Non-Current	23.1.2020	1.1.2024
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	22.9.2022	1.1.2024
Amendment to IAS 1 Non-Current Liabilities with Covenants	31.10.2022	1.1.2024
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	25.5.2023	1.1.2024

Amendments to IAS 12 – International Tax Reform – Pillar 2

The amendments to IAS 12 introduce a temporary exemption for deferred tax accounting as part of implementing the OECD's global minimum tax (Pillar Two model rules). This is intended to help ensure consistency in financial statements while facilitating implementation of the rules. Targeted disclosure requirements will also be introduced to help investors better understand the impact in terms of the supplementary taxes on the company resulting from the reform, especially before the country-specific legislation implementing the minimum taxation comes into force. The impact of the implementation of the global minimum tax is currently being evaluated in the Group.

Overall, no material impact is expected from the amendments to the standards and interpretations not yet adopted.

The interim consolidated financial statements as of 30 June 2023 use the same consolidation methods and basis for currency translation as were used in the annual financial statements as of 31 December 2022.

4. Sources of estimation uncertainty

Producing interim consolidated financial statements in accordance with IFRSs requires management to make estimates and assumptions that affect the amount and disclosure of assets and liabilities in the statement of financial position, income and expense, as well as entries regarding contingent liabilities in the interim report. Actual results may deviate from these estimates.

Changes to comparative information

The reclassification of the provision-related expense items between other operating expenses and the cost of other related production services serves to enable a more precise and appropriate allocation of the provisions for impending losses and liabilities, as these contribute to a more consistent and relevant information content of the earnings situation of the PORR Group. There is no difference in the amounts shown in the income statement as of the reporting dates, the only change is in the presentation.

in TEUR	30.6.2023	30.6.2022 after adjustment	30.6.2022 before adjustment
Cost of materials and other related production services	-1,970,976	-1,755,469	-1,728,920
Other operating expenses	-192,160	-170,263	-196,812
EBITDA	**136,686**	**125,769**	**125,769**
EBIT	**34,085**	**32,023**	**32,023**
EBT	**27,509**	**22,081**	**22,081**

5. Seasonal influence in the construction sector and impacts of the Ukraine crisis

In comparison to other industry sectors, the construction industry experiences seasonal variations with regard to revenue and profit due to weather-related factors. Revenue and profit are, as a rule, lower in the winter months than in the summer months. As a result of the fixed costs that exist, earnings are lower in the first half of the year than in the second. These seasonal fluctuations are less pronounced in building construction than in civil engineering and road construction.

There has been no material change in the impacts of the Ukraine crisis and climate-related aspects on the financial position, cash flows and financial performance of the company since 31 December 2022.

6. Revenue

1-6/2023 in TEUR	AT / CH	DE	PL	CEE	Infrastructure International	Holding	Group
Revenue							
Building construction							
Commercial/office construction	120,641	16,159	67,143	1,877	-	-	205,820
Industrial engineering	191,369	5,859	43,435	32,472	-	-	273,135
Miscellaneous building construction	201,973	134,113	20,755	9,240	-	-	366,081
Residential construction	190,534	53,978	45,896	33,156	-	33,720	357,284
Civil engineering							
Railway construction	110,707	14,499	116,913	31,687	14,830	-	288,636
Bridge/overpass construction	42,938	19,176	23,599	13,834	15,251	-	114,798
Miscellaneous civil engineering	192,768	101,926	37,491	25,803	45,327	6,508	409,823
Road construction	171,107	72,843	100,860	123,121	7,582	-	475,513
Tunnelling	7,107	16,902	18,073	-	90,920	-	133,002
Other sectors	167,429	46,055	18,841	4,874	6,377	23,465	267,041
Revenue	**1,396,573**	**481,510**	**493,006**	**276,064**	**180,287**	**63,693**	**2,891,133**
Revenue recognised over time	1,316,795	478,812	492,886	275,521	180,287	61,784	2,806,085
Revenue recognised at a point of time	79,778	2,698	120	543	-	1,909	85,048

1-6/2022 in TEUR	AT / CH	DE	PL	CEE	Infrastructure International	Holding	Group
Revenue							
Building construction							
Commercial/office construction	111,914	7,089	33,080	7,358	-	-	159,441
Industrial engineering	125,498	-	699	10,511	-	-	136,708
Miscellaneous building construction	171,020	118,278	11,187	24,406	-	-	324,891
Residential construction	240,477	32,263	23,139	25,264	-	-	321,143
Civil engineering							
Railway construction	82,668	15,513	94,355	30,936	16,193	-	239,665
Bridge/overpass construction	49,788	17,566	44,085	6,940	29,852	-	148,231
Miscellaneous civil engineering	217,308	97,286	31,527	17,490	36,564	3,405	403,580
Road construction	158,342	59,604	77,396	113,238	11,107	-	419,687
Tunnelling	15,031	16,699	18,798	-	102,267	-	152,795
Other sectors	192,606	41,648	15,023	2,360	2,119	36,014	289,770
Revenue	**1,364,652**	**405,946**	**349,289**	**238,503**	**198,102**	**39,419**	**2,595,911**
Revenue recognised over time	1,281,215	402,281	349,289	238,503	198,102	35,945	2,505,335
Revenue recognised at a point of time	83,437	3,665	-	-	-	3,474	90,576

7. Earnings per share

in TEUR	1-6/2023	1-6/2022
Profit for the year attributable to shareholders of parent	11,852	6,306
Weighted average number of issued shares	38,493,487	39,061,755
Basic earnings per share	**0.31**	**0.16**
Diluted earnings per share	**0.31**	**0.16**

Diluted earnings per share are the same as basic earnings per share because the issuance of employee shares under the LTIP is linked to performance criteria and the potential impact of future performance only affects diluted earnings per share once the defined performance conditions are met at the end of the reporting period.

Long-term incentive programme

The strategic orientation of PORR AG strives for sustainable growth and a long-term increase in the value of the company. For this reason, the Supervisory Board of PORR AG has approved a share-based, long-term incentive programme (LTIP) with a grant date of 31 May 2023. The programme is a performance-based share remuneration model which extends over a three-year term (performance period) and requires a personal investment by the participants based on an annual retention as a percentage of the bonus and premium agreement payments in cash and, for Executive Board members, at least 20,000 shares by the end of the term. Remuneration is paid in the form of ordinary shares (a maximum of 500,000 shares will be issued) after three years of meeting the annual EBT targets for 2023-2025 set by the Supervisory Board. The annual share allocation is calculated in each case as 25% of the bonus base value set in the individual target agreement at a strike price of EUR 13.67. The aim of the LTIP is to bind the members of the Executive Board and other executives to the company long term and to increase their motivation and the way they identify with the company's goals. The programme is also intended to further enhance the appeal of the PORR Group as an employer.

The fair value of the share-based remuneration on the grant date is EUR 13.44 per expected share, giving the LTIP with a three-year term a maximum value of EUR 3,833,021. Staff expense and provisions as of 30 June 2023 amounted to EUR 106,473.

Accounting policies

The share-based remuneration is recognised at fair value on the grant date, which is determined by the price of the PORR AG ordinary share on the grant date, and is earned over the performance period of the beneficiaries. The impacts of share-based remuneration are recognised in the consolidated financial statements pro rata over the three-year performance period in staff expense and in equity reserves. No ongoing remeasurement is needed as the remuneration is to be settled in the form of equity (ordinary shares).

8. Non-current assets and liabilities held for sale

The composition of non-current assets and liabilities held for sale is unchanged compared to the consolidated financial statements as of 31 December 2022.

9. Share capital

	No. 2023	EUR 2023	No. 2022	EUR 2022
Ordinary bearer shares	39,278,250	39,278,250	39,278,250	39,278,250
Total share capital	**39,278,250**	**39,278,250**	**39,278,250**	**39,278,250**

Following a proposal by the Executive Board and Supervisory Board, the Annual General Meeting of PORR AG passed a resolution, on 28 April 2023, to pay out a dividend of EUR 0.60 per share entitled to dividends from the net retained profits for the 2022 business year.

In the course of a share buyback programme, the company acquired a total of 785,565 treasury shares between October 2022 and June 2023. As of 30 June 2023, the number of treasury shares amounted to 1,002,060, which corresponds to approximately 2.55% of the share capital.

Authorised capital

By resolution of the Annual General Meeting of 28 April 2023, the Executive Board was authorised, with the approval of the Supervisory Board and within five years from 30 June 2023, to increase the share capital of the company by up to EUR 3,927,825 by issuing up to 3,927,825 no-par value bearer shares in exchange for cash or contribution in kind – in either case also in multiple tranches – also by way of indirect subscription rights in accordance with Section 153 Paragraph 6 of the Stock Corporation Act (authorised capital) and to determine the issue price, which may not be lower than the pro rate share of share capital, the conditions of issue, the subscription ratio and the further details of the implementation to be determined with the approval of the Supervisory Board. The Executive Board has been authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part:

- if the capital increase is in exchange for contribution in kind; or
- if the capital increase is in exchange for cash and
  - the arithmetic total of the cash consideration of the share of share capital in the company, under exclusion of subscription rights, does not exceed the limit of 10% (ten percent) of the company's share capital at the time the authorisation is exercised, or
  - the exclusion of subscription rights is for the purpose of servicing an over-allotment option (greenshoe) in the capital increase, or
  - the exclusion of subscription rights in this respect is used to balance out fractional amounts.

The Supervisory Board is authorised to rule on changes to the company statutes resulting from the use of this authorisation by the Executive Board.

10. Financial instruments

The carrying amount of the financial instruments as per IFRS 9 corresponds to the fair value, with the exception of bonds subject to fixed interest rates (fair value hierarchy level 3) and liabilities to banks subject to fixed interest rates (fair value hierarchy level 3).

in TEUR	Meas-urement category	Carrying amount as of 30.6.2023	Measured at amor-tised cost	Fair value other com-prehensive income	Fair value affecting net income	Fair value hierarchy	Fair value as of 30.6.2023
Assets							
Other financial assets	FVTOCI	2,779		2,779		Level 3	2,779
Other financial assets	FVTPL	396			396	Level 3	396
Other financial assets	FVTPL	5,324			5,324	Level 1	5,324
Trade receivables	AC	1,110,086	1,110,086				
Other financial assets	AC	185,050	185,050				
Other financial assets	FVTPL	235			235	Level 1	235
Other financial assets	FVTPL	24,614			24,614	Level 3	24,614
Derivatives (without hedges)	FVTPL	9,188			9,188	Level 2	9,188
Derivatives (with hedges)		5,182		5,182		Level 2	5,182
Cash and cash equivalents		451,526	451,526				
Liabilities							
Bonded loans (Schuldscheindarlehen)							
at fixed interest rates	AC	25,973	25,973			Level 3	25,896
at variable interest rates	AC	186,343	186,343				
Bank loans							
at fixed interest rates	AC	11,497	11,497			Level 3	11,541
at variable interest rates	AC	50,858	50,858				
Lease obligations[1]		401,451	401,451				
Trade payables	AC	1,533,492	1,533,492				
Other financial liabilities	AC	40,014	40,014				
Derivatives (without hedges)	FVTPL	8,578			8,578	Level 2	8,578
by category							
Financial assets at amortised cost	AC	1,295,136	1,295,136				
Cash and cash equivalents		451,526	451,526				
Fair value through profit & loss	FVTPL	31,179			31,179		
Fair value through OCI	FVTOCI	2,779		2,779			
Financial liabilities at amortised cost	AC	1,848,177	1,848,177				

[1] Lease obligations are subject to application of IFRS 16

in TEUR	Meas-urement category	Carrying amount as of 31.12.2022	Measured at amor-tised cost	Fair value other com-prehensive income	Fair value affecting net income	Fair value hierarchy	Fair value as of 31.12.2022
Assets							
Other financial assets	FVTOCI	2,779		2,779		Level 3	2,779
Other financial assets	FVTPL	396			396	Level 3	396
Other financial assets	FVTPL	5,197			5,197	Level 1	5,197
Trade receivables	AC	1,058,138	1,058,138				
Other financial assets	AC	186,707	186,707				
Other financial assets	FVTPL	135			135	Level 1	135
Other financial assets	FVTPL	23,614			23,614	Level 3	23,614
Derivatives (without hedges)	FVTPL	4,996			4,996	Level 2	4,996
Derivatives (with hedges)		3,041		3,041		Level 2	3,041
Cash and cash equivalents		655,803	655,803				
Liabilities							
Bonded loans (Schuldscheindarlehen)							
at fixed interest rates	AC	47,975	47,975			Level 3	47,129
at variable interest rates	AC	133,423	133,423				
Bank loans							
at fixed interest rates	AC	13,071	13,071			Level 3	11,555
at variable interest rates	AC	28,101	28,101				
Lease obligations[1]		374,418	374,418				
Trade payables	AC	1,233,040	1,233,040				
Other financial liabilities	AC	30,970	30,970				
Derivatives (without hedges)	FVTPL	5,624			5,624	Level 2	5,624
by category							
Financial assets at amortised cost	AC	1,244,845	1,244,845				
Cash and cash equivalents		655,803	655,803				
Fair value through profit & loss	FVTPL	28,714			28,714		
Fair value through OCI	FVTOCI	2,779		2,779			
Financial liabilities at amortised cost	AC	1,486,580	1,486,580				

[1] Lease obligations are subject to application of IFRS 16

11. Segment report

The segment report has been prepared in accordance with the internal reporting structure and steering of the PORR Group.

in TEUR 1–6/2023	AT / CH	DE	PL	CEE	Infrastructure International	Holding	Group
Production output (Group)	1,559,471	458,496	477,854	285,170	184,572	51,605	3,017,168
Segment revenue	1,396,573	481,510	493,006	276,064	180,287	63,693	2,891,133
Intersegment revenue	28,554	3,626	24	62	16	63,381	
EBT (Earnings before tax = segment earnings)	31,678	246	7,638	1,208	585	-13,846	27,509

in TEUR 1-6/2022	AT / CH	DE	PL	CEE	Infrastructure International	Holding	Group
Production output (Group)	1,501,687	399,854	313,422	249,059	261,408	40,413	2,765,843
Segment revenue	1,364,652	405,946	349,289	238,503	198,102	39,419	2,595,911
Intersegment revenue	10,121	409	135	136	2,092	57,379	
EBT (Earnings before tax = segment earnings)	21,502	-6,314	7,622	241	1,302	-2,272	22,081

12. Related party disclosures

There have been no material changes in relationships between affiliated companies or any resultant obligations or guarantees since 31 December 2022.

Transactions in the reporting period between companies included in the PORR Group's consolidated financial statements and the UBM Group companies primarily relate to purchased construction services.

In addition to subsidiaries and associates, related parties include the companies of the IGO Industries Group as they or their controlling entity has a significant influence over PORR AG through the shares they hold as well as the Strauss Group, as a member of the Executive Board of PORR AG also has significant influence over it. In addition to people who have significant influence over PORR AG, related parties also include the members of the Executive and Supervisory Boards of PORR AG as well as their close family members.

13. Audit disclosure

These interim financial statements of the PORR Group have neither been audited nor subjected to an audit opinion.

14. Events after the reporting period

As of mid-August 2023, EUR 44.5m of bonded loans (Schuldscheindarlehen) had been repaid early. Of this total, EUR 13.5m relates to tranches with an original maturity date of February 2024 and EUR 31.0m to tranches with an original maturity date of August 2026. The presentation of the maturity of the bonded loans (Schuldscheindarlehen) as of 30 June 2023 has been amended accordingly.

PORR Bau GmbH acquired 60% of the shares in Sanitär-Elementbau Gesellschaft m.b.H. from IGO Technologies GmbH by way of a purchase and transfer agreement dated 11 July 2023; closing is expected to take place in September 2023. The purchase price amounts to TEUR 1,680. This is a transaction between related parties.

29 August 2023, Vienna

The Executive board

Karl-Heinz Strauss m.p
Klemens Eiter m.p.
Jürgen Raschendorfer m.p.
Josef Pein m.p.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

August 2023, Vienna

Karl-Heinz Strauss
Chairman of the Executive Board and CEO

Klemens Eiter
Executive Board Member and CFO

Josef Pein
Executive Board Member and COO

Jürgen Raschendorfer
Executive Board Member and COO

FINANCIAL CALENDAR

20.11.2023	**Interest payment** hybrid bond 2021
23.11.2023	**Publication** report on the 3rd quarter 2023

CONTACT

Investor Relations & Strategy
ir@porr-group.com

Group Communications
comms@porr-group.com

The report on the first half of 2023 can be requested free of charge from the company, Absberggasse 47, 1100 Vienna, and can also be downloaded from **https://porr-group.com/en/ir-interimreports/**.

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Media proprietor

PORR AG
Absberggasse 47, 1100 Vienna
T +43 50 626-0
office@porr-group.com
porr-group.com

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Translation

Collet Ltd.

Disclaimer

This half-year report also contains statements relating to the future which are based on estimates and assumptions which are made by the management to the best of their current knowledge. Future-related statements may be identified as such by expressions such as “expected”, “target” or similar constructions. Forecasts related to the future development of the Group take the form of estimates based on information available at the time of the interim report going to press. Actual results may differ from the forecast if they are shown to be based on inaccurate assumptions or are subject to unforeseen risks.

Every care has been taken to ensure that all information contained in every part of this half-year report is accurate and complete. The figures have been rounded off using the compensated summation method. We cannot rule out possible round-off, typesetting and printing errors.

This report is a translation into English of the half-year report issued in the German language and is provided solely for the convenience of English-speaking users. In the event of a discrepancy or translation error, the German-language version prevails.

PORR AG
Absberggasse 47
1100 Vienna
T +43 50 626-0
porr-group.com