

FINANCIAL REPORT OF THE BUDIMEX GROUP FOR 2022

INTRODUCTION FROM PRESIDENT ARTUR POPKO

Dear all,

Clients, Investors and Employees of the Budimex Group,

We present to you the Financial Report of the Budimex Group for 2022. It was a challenging period for many reasons, dominated by the turbulent geopolitical and economic situation. After the COVID-19 pandemic, which had an enormous impact on the operations of enterprises, other unpredictable events have occurred that strongly affect the construction industry. The outbreak of war in Ukraine, the increase of raw material prices that amplifies inflation and another disruption of supply chains significantly raised the costs of implementing investments, weakening the situation of many companies in the industry.

In the Budimex Group, we have maintained a stable position, despite the difficult market conditions. This is a result of our well-thought-out purchasing policy and the efforts undertaken towards the valorisation of contracts as well as the diversification and constant balancing of the business activity. In 2022, we developed our companies in neighbouring countries and invested in the green competence pillar of the Group, which we will reinforce in the coming years. We reinforced the potential of the FBSerwis and Mostostal Kraków companies by expanding their scope of operation and their portfolio for external clients. All this helped us achieve good financial results with a positive forecast for the future.

In 2022, the net profit of Budimex Group, attributable to the shareholders of Budimex SA, amounted to PLN 534 million and the operating profit amounted to PLN 562 million. The gross profit reached the level of PLN 649 million, which equates to a 17% increase compared to 2021. The Group noted an improvement of sales revenue, both in the construction and service segment, which contributed to generating a higher revenue on continued operations amounting to over PLN 8.6 billion, with PLN 7.9 billion in 2021. The difficult macroeconomic situation did not affect the profitability. As regards the construction segment of our Group, the operating profitability remained stable at 6%. In the service segment, with revenue of PLN 821 million, the operating profitability increased from 10.4% in 2021 to 11.2% in 2022. The construction segment achieved a sales revenue of PLN 7,821 million, noting an improvement of 7.4% y/y.

What fills us with optimism for the foreseeable future is the record-breaking cash resources accumulated in 2022 by the Budimex Group, amounting to PLN 3.2 billion. We plan to use this for such things as investments in the fields of renewable energy sources, electromobility, PPP and M&A.

The Budimex Group has maintained the tradition of providing an annual dividend for shareholders for 13 years. In 2022, the secure financial situation enabled us to pay another tranche for 2021 in the amount of PLN 23.47 per share. The total dividend for 2021 per share amounted to PLN 38.37.

The value of the portfolio of construction orders of the Budimex Group achieved the level of PLN 13.3 billion at the end of 2022, which secures our work for the whole 2023 and most of 2024. Road investments constitute almost a half of the contracts, and 26% of the portfolio is projects in the area of general construction. At the same time, despite stable conditions for the continuation of the business, we are concerned about the current situation in the railway industry. Due to the limited access to the EU funding, most of the tenders announced by PKP PLK have not been settled. We hope for an improvement of the

situation and successful completion of ongoing tendering processes from national funds, for example. The value of our pending railway contracts amounts to PLN 2.6 billion.

Taking into consideration the sustainable direction of growth of the Budimex Group, we see strong potential in the development of the service segment. The FBSerwis Group, responding to constantly increasing demand in the area of processing and recycling waste, improved their financial results once again. The revenue of the FBSerwis Group in 2022 reached the level of PLN 818 million, which translates into a 4.8% increase compared to the previous year. The operating profit amounted to PLN 93 million. In the coming years, we plan to invest in new waste management assets, including the production of alternative fuels – sludge incineration and electricity generation from biomethane.

The outbreak of war beyond our eastern border significantly limited the supply of steel from Ukraine, Belarus and Russia as a result of sanctions imposed against the aggressor. In 2021, 25% of steel used on the Polish market was imported from these countries. At the same time, despite the fall in the prices of this raw material observed for several months, the costs are still higher by 20% than before the conflict began. Unbalanced prices resulted in a decrease in the gross margin on sales of Mostostal Kraków from PLN 29 million in 2021 to PLN 16 million in 2022. However, the expanded scope of the activity improved the revenue of the company by PLN 165 million compared to last year.

The foreign operations of the Budimex Group being developed are focused on the German market, in which in 2022 we created a company that handles railway contracts – RailBx, as well as on the Czech and Slovakian markets. Last year, the entities established in those countries submitted 40 bids. Their total value amounts to PLN 3.7 billion. Signing the D1/D4 Bratislava-Triblavina contract, covering the construction of a highway junction, was an important success concerning the foreign expansion of the infrastructural construction segment. In 2023, we look forward to increasing the effectiveness of the bids and further scaling the business in the Czech Republic and Slovakia. In the latter, we are awaiting the outcome of a procedure worth PLN 374 million. We are also looking forward to emphasising the presence of Budimex in the Baltic states, regarding the participation in the tender for the construction of Rail Baltica and the procedure for a new energy connection – Harmony Link.

Ambitious development plans require taking courageous decisions, important in terms of the future of the company and the next generations. In the Budimex Group, we go beyond the realm of traditional activities of a construction company through active participation in the process of energetic transformation. Currently, we own two special-purpose entities – Magnolia Energy and Fotowoltaika – which are building a wind farm and a photovoltaic farm with a total power of more than 20 MW. We support the development of low-emission transport using the resources and experience of our Group. In less than a year, our company Budimex Mobility acquired 109 charging stations located in Bydgoszcz, Gorzów Wielkopolski, Poznań and Szczecin, with a plan to increase the number of stations to 200 in the main urban centres. As we are aware of the emissivity of our industry and aim to make the operations of Budimex Group green, we established a new company, Circular Construction, the purpose of which is to collect, store, process and reuse construction waste.

We are pleased that our efforts and endeavours are seen and appreciated by the social and business environment. In 2022, Budimex SA was awarded the title of “the Construction Company of the Year” by the jury of “the Infrastructure and Construction Diamonds” competition. Once again, we achieved the title of the strongest brand in the category of construction companies in the Top Brand 2022 ranking. The investments

we implemented were also appreciated and received 7 “Construction of the Year 2021” awards granted by the Polish Association of Building Engineers and Technicians (PZITB).

The priority of the Budimex Group is to implement projects that improve the quality of life of their beneficiaries and to support the communities in whose vicinity we run our business. All the more, we appreciate the awards granted for our commitment in the area of CSR. In 2022, we were awarded with a prestigious “CSR Golden Leaf” by the Polityka weekly and the Prize of the Year of the Federation of Polish Entrepreneurs (FPP) in the category of Sustainable Development Leader.

I would like to thank our Employees, Investors and Clients for this year; for their commitment and daily contribution to the development of the Budimex Group. We are looking forward with hope to the coming months. We have a crew of 7022 people on board, a wide range of partners towards whom we feel responsible and a strong commitment to growth and further development of the Budimex Group’s potential.

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