



**BUDIMEX SA**

**CONDENSED FINANCIAL STATEMENTS**

**for III quarters of 2022**

**prepared in accordance with  
International Financial Reporting Standards  
endorsed by the European Union**

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**Statement of financial position**

<b>ASSETS</b>	<b>30 September 2022</b> <i>not audited</i>	<b>31 December 2021</b> <i>audited</i>
<b>Non-currents assets (long-term)</b>		
Property, plant and equipment	171 079	193 109
Intangible assets	34 930	36 949
Investments in subsidiaries	421 109	375 648
Investments in associates	191	191
Investments in other entities	3 266	3 266
Other financial assets	55 582	37 713
Trade and other receivables	22 226	27 462
Retentions for construction contracts	78 025	82 482
Deferred tax assets	636 931	626 804
<b>Total non-current assets (long-term)</b>	<b>1 423 339</b>	<b>1 383 624</b>
<b>Current assets</b>		
Inventories	602 812	403 525
Trade and other receivables	1 083 771	1 029 354
Retentions for construction contracts	86 217	89 158
Valuation of construction contracts	883 272	699 701
Other financial assets	10 363	3 014
Cash and cash equivalents	2 106 605	2 379 932
<b>Total current assets (short-term)</b>	<b>4 773 040</b>	<b>4 604 684</b>
<b>TOTAL ASSETS</b>	<b>6 196 379</b>	<b>5 988 308</b>

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**Statement of financial position (cont.)**

<b>EQUITY AND LIABILITIES</b>	<b>30 September 2022</b> <i>not audited</i>	<b>31 December 2021</b> <i>audited</i>
<b>Equity</b>		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	55 053	55 053
Cumulative translation differences	6 288	5 857
Retained earnings	481 134	760 903
<b>Total equity</b>	<b>768 522</b>	<b>1 047 860</b>
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Loans, borrowings and other external sources of finance	49 887	71 278
Retentions for construction contracts	216 534	227 318
Provision for long-term liabilities and other charges	581 392	546 794
Retirement benefits and similar obligations	9 624	9 624
Other financial liabilities	6 405	1 621
<b>Total long-term liabilities</b>	<b>863 842</b>	<b>856 635</b>
<b>Short-term liabilities</b>		
Loans, borrowings and other external sources of finance	51 356	54 414
Trade and other payables	1 597 753	1 157 619
Retentions for construction contracts	201 578	200 047
Provision for construction contract losses	832 801	510 843
Valuation of construction contracts	1 282 696	1 563 706
Deferred income	342 556	279 524
Provisions for current liabilities and other charges	240 182	262 385
Current income tax payable	3 469	51 700
Retirement benefits and similar obligations	1 407	1 407
Other financial liabilities	10 217	2 168
<b>Total short-term liabilities</b>	<b>4 564 015</b>	<b>4 083 813</b>
<b>Total liabilities</b>	<b>5 427 857</b>	<b>4 940 448</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6 196 379</b>	<b>5 988 308</b>

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**Income statement**

	Note	9-month period ended 30 September		3-month period ended 30 September	
		2022	2021	2022	2021
		not audited		not audited	
<b>Continuing operations</b>					
Net sales of finished goods, goods for resale, raw materials and services	3, 7	5 572 962	4 950 409	2 090 429	2 031 530
Cost of finished goods, goods for resale, raw materials and services sold		(5 034 171)	(4 550 103)	(1 888 673)	(1 861 016)
<b>Gross profit on sales</b>		<b>538 791</b>	<b>400 306</b>	<b>201 756</b>	<b>170 514</b>
Selling expenses	3	(9 353)	(7 988)	(3 111)	(2 785)
Administrative expenses	3	(175 662)	(153 674)	(60 367)	(50 727)
Other operating income	4	33 518	54 320	13 769	15 845
Other operating expenses	4	(38 345)	(30 414)	(11 154)	(23 062)
<b>Operating profit</b>		<b>348 949</b>	<b>262 550</b>	<b>140 893</b>	<b>109 785</b>
Finance income	5	84 865	762 104	43 618	1 107
Finance costs	5	(27 419)	(29 341)	(9 915)	(10 896)
<b>Gross profit</b>		<b>406 395</b>	<b>995 313</b>	<b>174 596</b>	<b>99 996</b>
Income tax	6	(86 973)	(151 804)	(31 878)	(18 266)
<b>Net profit from continuing operations</b>		<b>319 422</b>	<b>843 509</b>	<b>142 718</b>	<b>81 730</b>
<b>Net profit for the period</b>		<b>319 422</b>	<b>843 509</b>	<b>142 718</b>	<b>81 730</b>

Basic and diluted earnings per share attributable to the shareholders (in PLN)

12.51	33.04	5.59	3.20
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**Statement of comprehensive income**

	9-month period ended 30 September		3-month period ended 30 September	
	2022	2021	2022	2021
	not audited		not audited	
<b>Net profit for the period</b>	<b>319 422</b>	<b>843 509</b>	<b>142 718</b>	<b>81 730</b>
<b>Other comprehensive income for the period, which:</b>				
<i>Will be subsequently reclassified to profit or loss:</i>				
Foreign exchange differences on translation of foreign branch	431	(3 430)	12	(639)
Deferred tax related to components of other comprehensive income	-	-	-	-
<i>Will not be subsequently reclassified to profit or loss:</i>				
Actuarial gains/(losses)	-	-	-	-
Income tax related to components of other comprehensive income	-	-	-	-
<b>Other comprehensive income, net of tax</b>	<b>431</b>	<b>(3 430)</b>	<b>12</b>	<b>(639)</b>
<b>Total comprehensive income for the period</b>	<b>319 853</b>	<b>840 079</b>	<b>142 730</b>	<b>81 091</b>

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**Statement of changes in equity**

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
<b>Balance as at 1 January 2022</b> <i>audited</i>	<b>145 848</b>	<b>80 199</b>	<b>55 053</b>	<b>5 857</b>	<b>760 903</b>	<b>1 047 860</b>
Profit for the period	-	-	-	-	319 422	<b>319 422</b>
Other comprehensive income	-	-	-	431	-	<b>431</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>431</b>	<b>319 422</b>	<b>319 853</b>
Dividend paid	-	-	-	-	(599 191)	<b>(599 191)</b>
<b>Balance as at 30 September 2022</b> <i>not audited</i>	<b>145 848</b>	<b>80 199</b>	<b>55 053</b>	<b>6 288</b>	<b>481 134</b>	<b>768 522</b>

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**Statement of changes in equity (cont.)**

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
<b>Balance as at 1 January 2021</b> <i>audited</i>	145 848	80 199	49 993	5 998	588 020	870 058
Profit for the period	-	-	-	-	843 509	843 509
Other comprehensive income	-	-	-	(3 430)	-	(3 430)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(3 430)</b>	<b>843 509</b>	<b>840 079</b>
Dividend paid	-	-	-	-	(426 352)	(426 352)
Interim dividend	-	-	-	-	(380 398)	(380 398)
<b>Balance as at 30 September 2021</b> <i>not audited</i>	145 848	80 199	49 993	2 568	624 779	903 387
Profit for the period	-	-	-	-	136 124	136 124
Other comprehensive income	-	-	5 060	3 289	-	8 349
<b>Total comprehensive income for the period</b>	-	-	<b>5 060</b>	<b>3 289</b>	<b>136 124</b>	<b>144 473</b>
<b>Balance as at 31 December 2021</b> <i>audited</i>	145 848	80 199	55 053	5 857	760 903	1 047 860

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**Cash flow statement**

	9-month period ended 30 September	
	2022	2021
	<i>not audited</i>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Gross profit</b>	<b>406 395</b>	<b>995 313</b>
<b>Adjustments for:</b>		
Depreciation/ amortization	63 011	63 220
Foreign exchange (gains)/ losses	(998)	372
Interest and shares in profits (dividends)	(8 799)	(188 893)
(Profit)/ loss on investing activities	(2 453)	(572 335)
Change in valuation of derivative financial instruments	4 340	1 530
Change in provisions and liabilities arising from retirement benefits and similar obligations	12 395	20 736
Other adjustments	387	(3 468)
<b>Operating profit before changes in working capital</b>	<b>474 278</b>	<b>316 475</b>
Change in receivables and retentions for construction contracts	(45 079)	(81 959)
Change in inventories	(199 287)	18 128
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	430 217	275 438
Change in valuation of construction contracts and provision for construction contract losses	(142 623)	(48 793)
Change in deferred income	63 032	(146 020)
Change in cash and cash equivalents of restricted use	(18 368)	(54 026)
<b>Cash from operating activities</b>	<b>562 170</b>	<b>279 243</b>
Income tax paid	(145 331)	(118 336)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>416 839</b>	<b>160 907</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of intangible assets and property, plant and equipment	2 894	14 747
Purchase of intangible assets and tangible fixed assets	(16 929)	(19 177)
Proceeds from sale of a subsidiary	-	1 321 772
Purchase of shares in related parties	(34 370)	(47 389)
Dividend received	10 349	188 250
Loans granted	(43 638)	(81 834)
Repayment of loans granted	20 593	44 000
Interest received	647	441
<b>NET CASH FROM/ (USED IN) INVESTING ACTIVITIES</b>	<b>(60 454)</b>	<b>1 420 810</b>



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**budimex****Cash flow statement (cont.)**

	9-month period ended 30 September	
	2022	2021
		<i>not audited</i>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(599 191)	(426 352)
Payment of liabilities under lease	(47 719)	(59 655)
Interest paid	(3 276)	(1 976)
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(650 186)</b>	<b>(487 983)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(293 801)</b>	<b>1 093 734</b>
Foreign exchange differences, net	2 106	(290)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note 2.2)</b>	<b>2 357 583</b>	<b>1 644 210</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 2.2)</b>	<b>2 065 888</b>	<b>2 737 654</b>

## 1. General information

Budimex SA (the “Company”, the “Issuer”) with its registered office in Warsaw, ul. Siedmiogrodzka 9, is a joint-stock company entered in the Commercial Register kept by the District Court for the capital city of Warsaw, Commercial Division XIII of the National Court Register under No. KRS 0000001764.

Budimex SA is the parent company of the Budimex Group and serves as an advisory, management and financial centre.

The Company has an unlimited period of operation.

The main areas of the Company’s business activities are widely understood construction and assembly services realised in the system of general contracting at home and abroad and a limited scope of trading.

The Company is part of the Ferrovia Group with Ferrovia SA with its registered office in Madrid, Spain, as its parent company.

## 2. Principles applied for the purpose of preparation of this report

### 2.1. **Accounting policies and basis of preparing the financial statements of the Company**

These condensed financial statements were prepared in accordance with IAS 34 “Interim Financial Reporting” and appropriate accounting standards applicable for preparation of the interim financial statements adopted by the European Union issued and effective when preparing the interim financial statements applying the same principles for the current and comparable period. Details of accounting policies adopted by the Company were described in the financial statements of the Company for the year ended 31 December 2021, published on 25 March 2022.

As at 30 September 2022, 31 December 2021 and 30 September 2021 the Company’s standalone data as part of the consortia (treated as a joint operation in accordance with IFRS 11), include also participation in assets, liabilities, revenues and costs of the following joint operations:

Joint operation	Share in the share capital and in the number of votes		
	30 September 2022	31 December 2021	30 September 2021
Budimex SA Cadagua SA III s.c.	99.90%	99.90%	99.90%
Budimex SA Cadagua SA IV s.c.	99.90%	99.90%	99.90%
Budimex SA Cadagua SA V s.c.	99.90%	99.90%	99.90%
Budimex SA Ferrovia Agroman SA 2 s.c.	95.00%	95.00%	95.00%
Budimex SA Sygnity SA Sp. j.	67.00%	67.00%	67.00%
Budimex SA Ferrovia Construcción SA Sp. j.	50.00%	50.00%	50.00%
Budimex SA Tecnicas Reunidas SA Turów s.c.	50.00%	50.00%	50.00%

### **Amendments to standards effective in the current period**

The Company for the first time adopted amendments to standards:

- Amendments to IFRS 3 “Business combinations”, IAS 16 “Property, plant and equipment” and IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, Annual Improvements to IFRSs (Cycle 2018-2020).

The above amendments to standards did not have a significant impact on the Company’s accounting policy applied so far.

### **Standards and amendments to Standards that were issued, but have not yet become effective**

While authorizing these financial statements, the Company did not apply the following standards and amendments to other standards that were issued and endorsed for use in the EU, but which have not yet become effective:

- Amendments to IAS 1 “Presentation of financial statements” and Handbook of IFRS 2: “Disclosure of accounting rules and principles” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 “Income tax”: “Deferred tax related to assets and liabilities arising from a single transaction” (effective for annual periods beginning on or after 1 January 2023),
- IFRS 17 “Insurance contracts” and Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 “Insurance Contracts” – “Initial Application of IFRS 17 and IFRS 9 – Comparative Information” (effective for annual periods beginning on or after 1 January 2023).

### **Standards and amendments to Standards adopted by the IASB, but not yet endorsed by the EU**

The IFRSs endorsed by the EU do not differ materially from regulations adopted by the International Accounting Standards Board (IASB), except for the below Standards and amendments to Standards, which as at the date of the preparation of these financial statements were not yet adopted for use:

- IFRS 14 “Regulatory Deferral Accounts” – according to the decision of the European Union, standard endorsement process in its draft form will not be initiated before publication of standard’s final version (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – „Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” – work leading to the endorsement of these changes was postponed indefinitely – the date of amendments becoming effective was indefinitely deferred by the IASB,
- Amendments to IAS 1 “Presentation of Financial Statements” – “Classification of Liabilities as Current or Non-current” and “Classification of Liabilities as Current or Non-current – Deferral of Effective Date” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 16 “Leases”: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024).

The above standards and amendments to standards would not have any material impact on the financial statements, had they been applied by the Company at the reporting date.

## **2.2. Cash recognized in the cash flow statement**

The Company recognizes cash of restricted use (including mainly cash of the consortia in the portion attributable to other consortium members and split payment bank accounts) in the statement of financial position under cash and cash equivalents. For the purpose of the statement of cash flow – the balance of cash at the beginning and at the end of the reporting period is reduced by cash of restricted use, and its change in the statement of financial position is recognized under cash flow from operating activities.

	30 September 2022	31 December 2021	30 September 2021
<b>Cash recognised in the statement of financial position</b>	<b>2 106 605</b>	<b>2 379 932</b>	<b>2 795 860</b>
Cash and cash equivalents of restricted use	(40 717)	(22 349)	(58 206)
<b>Cash recognised in the statement of cash flow</b>	<b>2 065 888</b>	<b>2 357 583</b>	<b>2 737 654</b>

### 2.3. Going concern

The financial statements of the Company were prepared on the assumption that the Company will be going concern in the foreseeable future without a significant limitation in its activities. As at the date of preparation of the financial statements, the Management Board of the Company is not aware of any facts or circumstances that would indicate a threat to the Company's continued activities after the reporting date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

### 3. Net sales of finished goods and services, selling expenses, administrative expenses and profitability

Sale of construction-assembly services in Poland is characterized by seasonality mainly connected with atmosphere conditions and the highest revenues are usually achieved in the second and third quarter, while the lowest – in the first quarter.

#### Revenues and profitability

	9-month period ended			3-month period ended		
	30 September 2022	30 September 2021	Change %	30 September 2022	30 September 2021	Change %
Net sales of finished goods and services	5 572 962	4 950 409	12.58%	2 090 429	2 031 530	2.90%
Gross profit on sales	538 791	400 306	34.59%	201 756	170 514	18.32%
<b>Gross profitability on sales</b>	<b>9.67%</b>	<b>8.09%</b>	<b>1.58 p.p.</b>	<b>9.65%</b>	<b>8.39%</b>	<b>1.26 p.p.</b>
Operating profit	348 949	262 550	32.91%	140 893	109 785	28.34%
<b>Operating profitability</b>	<b>6.26%</b>	<b>5.30%</b>	<b>0.96 p.p.</b>	<b>6.74%</b>	<b>5.40%</b>	<b>1.34 p.p.</b>
Gross profit	406 395	995 313*	(59.17%)*	174 596	99 996	74.60%
<b>Gross profitability</b>	<b>7.29%</b>	<b>20.11%* (12.82 p.p.)*</b>		<b>8.35%</b>	<b>4.92%</b>	<b>3.43 p.p.</b>
Net profit	319 422	843 509*	(62.13%)*	142 718	81 730	74.62%
<b>Net profitability</b>	<b>5.73%</b>	<b>17.04%* (11.31 p.p.)*</b>		<b>6.83%</b>	<b>4.02%</b>	<b>2.81 p.p.</b>

\*much higher gross and net profitability in the period of three quarters of 2021 was due to sale of shares in Budimex Nieruchomości Sp. z o.o.

#### Selling and administrative expenses

	9-month period ended			3-month period ended		
	30 September 2022	30 September 2021	Change %	30 September 2022	30 September 2021	Change %
Selling expenses	(9 353)	(7 988)	17.09%	(3 111)	(2 785)	11.71%
Administrative expenses	(175 662)	(153 674)	14.31%	(60 367)	(50 727)	19.00%
<b>Total selling &amp; administrative expenses</b>	<b>(185 015)</b>	<b>(161 662)</b>	<b>14.45%</b>	<b>(63 478)</b>	<b>(53 512)</b>	<b>18.62%</b>
<b>Share of selling &amp; administrative expenses in net sales of finished goods and services</b>	<b>3.32%</b>	<b>3.27%</b>	<b>0.05 p.p.</b>	<b>3.04%</b>	<b>2.63%</b>	<b>0.41 p.p.</b>

#### 4. Other operating income and expenses

##### Other operating income

	9-month period ended		3-month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Gains on the sale of non-financial non-current assets	2 240	6 376	2 100	1 297
Reversal of impairment write-downs against receivables	2 640	11 899	90	2 399
Reversal of provisions for penalties and compensations	-	339	-	-
Reversal of provisions for litigation	-	753	-	753
Penalties/ compensations awarded	24 316	30 364	8 957	10 925
Statute-barred liabilities written-off	3 950	2 205	2 589	1 737
Gains on derivative financial instruments	-	-	(125)	(1 691)
Subsidies received	182	1 262	122	3
Other	190	1 122	36	422
<b>Total</b>	<b>33 518</b>	<b>54 320</b>	<b>13 769</b>	<b>15 845</b>

##### Other operating expenses

	9-month period ended		3-month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Impairment write-downs against receivables	(17 494)	(22 614)	(8 885)	(20 276)
Compensations and liquidated damages paid	(1 848)	(2 740)	(53)	(651)
Donations	(1 865)	(1 268)	(184)	(127)
Court charges	(1 293)	(1 526)	(678)	(236)
Creation of provisions for penalties and compensations	(25)	(922)	-	(922)
Creation of provisions for litigation	(9 452)	(538)	2 810	(72)
Loss on derivative financial instruments	(4 159)	(771)	(4 159)	(771)
Other	(2 209)	(35)	(5)	(7)
<b>Total</b>	<b>(38 345)</b>	<b>(30 414)</b>	<b>(11 154)</b>	<b>(23 062)</b>

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 9 months ended 30 September 2022 and 30 September 2021, there was no transfer between Level 1 and Level 2 of fair value measurements, and no transfer into and out of Level 3 of fair value measurement.

The fair value of financial instruments owned by the Company is similar to their carrying value.

#### 5. Finance income and finance costs

##### Finance income

	9-month period ended		3-month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Dividends	10 604	190 515	10 604	18
Interest earned	72 516	3 158	32 158	1 498
Foreign exchange gains	1 721	140	855	(409)
Profit from the sale of shares in Budimex Nieruchomości Sp. z o. o.	-	568 291	-	-
Other	24	-	1	-
<b>Total</b>	<b>84 865</b>	<b>762 104</b>	<b>43 618</b>	<b>1 107</b>

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**Finance costs**

	9-month period ended		3-month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Interest expense	(3 766)	(3 407)	(1 472)	(685)
Discount of retentions for construction contracts	(5 503)	(3 278)	(2 287)	(1 107)
Cost of bank commissions and guarantees	(17 990)	(20 509)	(6 159)	(6 957)
Impairment write-downs against shares in subsidiaries	-	(2 141)	-	(2 141)
Other	(160)	(6)	3	(6)
<b>Total</b>	<b>(27 419)</b>	<b>(29 341)</b>	<b>(9 915)</b>	<b>(10 896)</b>

**6. Other significant information on activity of Budimex SA in the period of III quarters of 2022****Provisions for liabilities and other charges**

	30 September 2022	31 December 2021
Provisions for litigation	40 471	31 477
Provisions for penalties and other compensations	148 322	166 712
Provisions for warranty repairs	618 899	597 108
Other provisions	13 882	13 882
<b>Total</b>	<b>821 574</b>	<b>809 179</b>
<i>of which:</i>		
- long-term	581 392	546 794
- short-term	240 182	262 385

**Income tax in the profit and loss statement**

	9-month period ended	
	30 September 2022	30 September 2021
Income tax – current	(97 100)	(219 511)
Income tax – deferred	10 127	67 707
<b>Income tax in the profit and loss statement</b>	<b>(86 973)</b>	<b>(151 804)</b>

**Other information**

	9-month period ended	
	30 September 2022	30 September 2021
Reversal of write-downs against inventories	-	247
Value of property, plant and equipment and intangible assets purchased or started to be leased:	39 720	45 779
- of which: plant and machinery	6 153	11 356

As at 30 September 2022 contractual obligations made by the Company for the purchase of property, plant and equipment amounted to PLN 404 thousand, while as at 31 December 2021 contractual investment liabilities amounted to PLN 2 863 thousand and related to the purchase of road equipment.

In the 9-month period of 2022, Budimex SA recorded an increase in short-term trade liabilities compared to 31 December 2021, which was mainly due to the seasonality of construction works and related settlements with subcontractors. The inventory balance also increased, mainly due to the earlier purchase of building materials due to their rising prices. During the three quarters of 2022, the Company also recorded an increase in the valuation of

construction contracts ("underbilling"), which is mainly due to the seasonality and high value of throughputs on construction contracts in the third quarter of the year. In addition, on several contracts that are in the final stage of implementation, final acceptance of works is underway, which will be invoiced in the coming months. The increase in the balance sheet level of provisions for losses results from the creation of provisions on several new construction contracts, mainly in the road infrastructure segment, at which the design stage was completed and construction permits were obtained. Additionally, part of the increase in the level of provisions concerns difficult contracts already in progress. The budgets of all contracts will be periodically monitored, reviewed and updated in the coming quarters. Apart from that, there were no other significant changes in the statement of financial position.

## 7. Revenue from sale of services, goods for resale and raw materials, by category

In the 9-month period of 2022 and 2021 net sales of services, goods for resale and raw materials, by type of good or service, were as follows:

Product/service type	9-month period ended	
	30 September 2022	30 September 2021
Sales of construction and assembly services	5 536 837	4 919 345
Sales of other services	31 907	22 664
Sales of goods for resale and raw materials	4 218	8 400
<b>Total sales of finished goods, goods for resale, raw materials and services</b>	<b>5 572 962</b>	<b>4 950 409</b>

In the 9-month period of 2022 and 2021 net sales of services, goods for resale and raw materials, by geographical area, were as follows:

Region	9-month period ended	
	30 September 2022	30 September 2021
Poland	5 384 981	4 770 302
Germany	168 900	145 654
Other EU countries	19 081	34 453
<b>Total sales of finished goods, goods for resale, raw materials and services</b>	<b>5 572 962</b>	<b>4 950 409</b>

In the 9-month period of 2022 and 2021 net sales of services, goods for resale and raw materials by type of construction was as follows:

Type of construction	9-month period ended	
	30 September 2022	30 September 2021
Land-engineering	2 306 614	1 942 048
Railway	1 312 987	1 266 407
General construction, of which:	1 917 236	1 710 890
- non-residential	1 736 401	1 343 056
- residential	180 835	367 834
Other	36 125	31 064
<b>Total sales of finished goods, goods for resale, raw materials and services</b>	<b>5 572 962</b>	<b>4 950 409</b>

## 8. Related party transactions

Transactions with related parties made in the 9-month period of 2022 and in the 9-month period of 2021 and unsettled balances of receivables and liabilities as at 30 September 2022 and 31 December 2021 are presented in the tables below.

Transactions are made on an arm's length basis.

	Receivables		Liabilities	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Parent Company and related parties (the Ferrovial Group)	-	-	38 172	23 098
Subsidiary companies	62 524	226 184	32 179	25 801
Associates	-	44	-	-
Jointly controlled entities	14 788	20 991	732	1 313
Other related parties – other*	9	7	-	-
<b>Total</b>	<b>77 321</b>	<b>247 226</b>	<b>71 083</b>	<b>50 212</b>

	Loans granted		Loans taken out	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Subsidiary companies	63 699	39 557	-	-
<b>Total</b>	<b>63 699</b>	<b>39 557</b>	<b>-</b>	<b>-</b>

	Sales of finished goods and services and other operating income		Purchase of finished goods and services and other operating expenses	
	9-month period ended 30 September		9-month period ended 30 September	
	2022	2021	2022	2021
Parent Company and related parties (the Ferrovial Group)	-	15	(21 091)	(20 712)
Subsidiary companies	237 720	510 309	(153 132)	(85 764)
Associates	12	-	(151)	(404)
Jointly controlled entities	227	16 228	-	-
Other related entities – other*	1	1	-	(44)
<b>Total</b>	<b>237 960</b>	<b>526 553</b>	<b>(174 374)</b>	<b>(106 924)</b>

	Finance income		Finance costs	
	9-month period ended 30 September		9-month period ended 30 September	
	2022	2021	2022	2021
Subsidiary companies	12 075	190 851	-	-
Associates	-	18	-	-
<b>Total</b>	<b>12 075</b>	<b>190 869</b>	<b>-</b>	<b>-</b>

\*) Other related parties are controlled or jointly controlled entities or entities on which the key management person of the Company or his/her close relative exercises significant influence.

## 9. Description of significant achievements or failures of Budimex SA in the period of III quarters of 2022, key events concerning the Company's operations and significant events after 30 September 2022

Budimex SA in the first three quarters of 2022 noted increase in sales revenue compared to corresponding period of the previous year (by nearly 13%), accompanied by improved operational profitability. Key factors of the revenue



increase were high value of order portfolio and favorable weather conditions. Moreover, part of significant contracts carried out in the design and build formula entered execution phase, which further enhances revenue in this area. The improvement in profitability was primarily due to good results of infrastructure, railway and energy contracts.

The Company puts effort to maintain high value of the order portfolio in railway, road, buildings and energy sectors, which ensures optimal use of production capacity in the coming quarters. During the first nine months of 2022, Budimex SA signed new contracts with a total value of over PLN 4 billion. After the end of the third quarter the Company signed an agreement to design & build S-17 Piaski-Hrebenne expressway with a value of PLN 358 239 thousand. Additionally, the value of tenders where the Company placed the lowest bid or tenders where Company's offer is rated the highest by the Investor is over PLN 3 billion, which gives favorable prospects for the evolution of the order portfolio in the coming quarters and builds the foundations of the business for the years 2023-2024.

Information on the most important contracts signed by the Company or those where the offer of the Company was rated the highest was disclosed in the form of current reports published on the Budimex website.

At the end of the three quarters of 2022, the Company's cash position decreased compared to the end of 2021. Decreased cash position was attributable mainly to payment of dividend amounting to PLN 599 191 thousand. The series of interest rates increases started in October 2021 has brought increase in average interest on bank deposits. As a result, the Company recorded a significant improvement in interest income compared to the same period last year. In the last quarter of 2022 this trend is expected to continue.

Ongoing war in Ukraine has no direct impact on the Company's operations. The Company does not execute contracts in Ukraine, Russia or Belarus. Budimex also has no significant exposure to services provided by entities with Eastern capital. Nevertheless, the reduction of imports of raw materials used in the construction sector, including steel, and fluctuations in oil prices have a significant impact on the functioning of the construction sector. Moreover, the sector observed an outflow of workers from Ukraine. The changes in the prices of key assortments have an impact on the profitability of long-term contracts, especially those at the initial stage of execution. For the above reasons, the Company was cautious about signing contracts for which bids were valued and submitted before the outbreak of the war, resigning from participation in some proceedings.

In the period from 30 September 2022 to the date of preparation of these condensed financial statements no other significant events took place.

## **10. Issue, redemption and repayment of debt and equity securities**

In the first three quarters of 2022 Budimex SA did not issue, redeem or repay debt or equity securities.

## **11. Proceedings pending as at 30 September 2022 before court, competent arbitration body or any public administration authority**

The total value of legal proceedings pending in respect of liabilities and receivables as at 30 September 2022 was PLN 538 728 thousand. Excess of the proceedings against the Company over value of proceedings related to claims of Budimex SA amounted to PLN 4 374 thousand.

On the basis of the information at hand, the total value of legal proceedings pending in respect of liabilities of Budimex SA as at 30 September 2022 was PLN 271 551 thousand. The proceedings pending in respect of Budimex SA relate to the operating activities of the Company.

The largest item in terms of the value of the subject of the dispute was the lawsuit against Budimex SA and Ferrovial Agroman SA in Madrid (currently Ferrovial Construcción SA), members of the consortium related to implementation of the contract "Construction of the new premises for the Silesian Museum in Katowice" concluded on 7 June 2011, filed on 24 July 2017 by the claimant – the Silesian Museum in Katowice. The Claimant requests that the Defendants are either condemned in solidum to pay the amount of PLN 122 758 thousand plus statutory interest from the date the lawsuit was filed for improper performance of the obligation under the Contract, either alternatively the court adjudges the claim for decreasing the price by PLN 34 675 thousand as the reimbursement of part of the remuneration, which was wrongly paid in Claimant's opinion. Article 471 of the Civil Code was specified as the grounds for pursuing the main claim, and the provisions on statutory warranty were specified for the alternative claim.

In the opinion of the Management Board of Budimex SA the claims in the lawsuit are groundless. The irregularities, which in the Claimant's opinion constitute actual grounds of the claims, provided that these do exist, do not result from actions or omissions of the consortium. Moreover, proper performance of the Silesian Museum building in Katowice by the consortium was confirmed by the Claimant issuing the Work Acceptance Certificate and

Implementation Certificate for the building. The Management Board assesses that the provisions for warranty repairs and court proceedings recognised beforehand fully cover the risks related to court case. Budimex SA filed its response to the claim on 31 October 2017 and supplemented it in January 2018. Ferrovia Agroman SA filed a reply to the statement of claim on 22 October 2018. The first hearing took place on 11 March 2019, during which the court ordered the parties to make an advance payment for expert fees, who has not been appointed yet. By a decision of 22 December 2021, the court suspended the proceedings as requested by the parties. Then, by a decision of 29 June 2022, at the plaintiff's request, the court resumed the proceedings, suspended in December 2021, and by a decision of 2 August 2022, the court summoned parties to start mediations, at the same time appointing a mediator for the Arbitration Court at the General Attorney of the Treasury. On 26 August 2022 Budimex SA and Ferrovia Construcción SA agreed to mediation and the appointed mediator.

Another legal proceedings with a material value relate to the claim filed on 5 September 2008 by Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. requesting that the amount of PLN 25 252 thousand be awarded jointly and severally against the consortium to which the Budimex SA and Budimex Dromex SA belonged. The claim relates to the replacement of contractor costs incurred by the investor when the consortium rescinded the contract. The Budimex Group's share in consortium was 90%, therefore the value of the claim for which Budimex SA is liable is PLN 22 727 thousand. On 12 July 2017, the court of the first instance awarded Budimex SA only the amount of PLN 22 thousand (towards reimbursement of the costs of expert opinions commissioned by the claimant), and dismissed the claim in its entirety. An appeal against the judgment was filed both by the claimant (against the entire judgment) and the defendant (against a part of the judgement – i.e. the amount of PLN 22 thousand). Currently, the parties await setting the date for the hearing before the court of the second instance.

As at the date of this report, the final outcome of the remaining proceedings is not known. For all legal proceedings which – according to the Company – may finish in an unfavourable way, provisions were recognised in the amount that takes into account the risk estimated by the Company.

The total value of legal proceedings pending in respect of claims of Budimex SA amounted to PLN 267 177 thousand as at 30 September 2022. The proceedings mainly concern the recovery of overdue receivables from contractors and additional claims for construction works performed. As at the date of this report, the final outcome of the proceedings is not known.

## 12. Contingent receivables and contingent liabilities

	30 September 2022	31 December 2021
<b><u>Contingent receivables</u></b>		
<b>From related parties, of which:</b>	<b>1 816</b>	<b>1 816</b>
– bills of exchange received as security	1 816	1 816
<b>From other entities, of which:</b>	<b>733 307</b>	<b>673 096</b>
– guarantees and sureties received	707 415	667 942
– bills of exchange received as security	25 892	5 154
<b>Other contingent assets</b>	<b>11 844</b>	<b>-</b>
<b>Total contingent receivables</b>	<b>746 967</b>	<b>674 912</b>
<b><u>Contingent liabilities</u></b>		
<b>To related parties, of which:</b>	<b>408 524</b>	<b>352 770</b>
– guarantees and sureties issued	408 524	352 770
<b>To other entities, of which:</b>	<b>3 969 651</b>	<b>3 903 116</b>
– guarantees and sureties issued	3 960 787	3 894 499
– promissory notes issued as performance bond	8 864	8 617
<b>Other contingent liabilities</b>	<b>181</b>	<b>181</b>
<b>Total contingent liabilities</b>	<b>4 378 356</b>	<b>4 256 067</b>
<b>Total off-balance sheet items</b>	<b>(3 631 389)</b>	<b>(3 581 155)</b>

Contingent assets arising from guarantees and sureties represent guarantees and sureties issued by banks or other entities in favour of Budimex SA serving as security for the Company's claims against business partners in connection with executed construction contracts.

**BUDIMEX SA**

Condensed financial statements for III quarters of 2022  
prepared in accordance with International Financial Reporting Standards  
(all amounts are expressed in PLN thousand, unless stated otherwise)

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The logo for Budimex SA, featuring the word "budimex" in a lowercase, bold, sans-serif font. The letters are a bright yellow color.

Contingent liabilities arising from guarantees and sureties comprise mainly guarantees issued by banks to business partners of the Company to secure their claims against the Company that may arise on the grounds of executed construction contracts. The banks are entitled to recourse claims against Budimex SA under these guarantees. Guarantees issued to the investors of the Company represent an alternative, to the retentions held, method of securing potential investor claims relating to construction contracts. At the same time, the risk relating to warranty repairs assessed by the Management Board of the Company as probable was appropriately reflected in the warranty repair provision, as described in note 6 to these condensed financial statements.

The promissory notes issued represent security for liabilities settlement towards strategic suppliers of Budimex SA, while bills of exchange received and recognised under contingent assets represent security for receivables payment due to the Company from their customers.

**President of the Management Board**

**Management Board Member**

**Artur Popko**

**Marcin Węglowski**

Warsaw, 26 October 2022

*This is a translation of condensed financial statements originally issued in Polish. In case of any inconsistencies between the Polish and English version, the Polish version shall prevail.*