



**THE BUDIMEX GROUP**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**for III quarters of 2023**

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

## The BUDIMEX Group

The condensed consolidated financial statements for III quarters of 2023 prepared in accordance with International Financial Reporting Standards



*(all amounts are expressed in PLN thousand)*

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(all amounts are expressed in PLN thousand)

### Consolidated statement of financial position

<b>ASSETS</b>	<b>30 September 2023</b> <i>not audited</i>	<b>31 December 2022</b> <i>audited</i>
<b>Non-current (long-term) assets</b>		
Property, plant and equipment	671 483	640 734
Intangible assets	132 489	145 094
Goodwill of subordinated entities	187 020	178 198
Investments in equity accounted entities	2 590	2 405
Investments in equity instruments	8 206	7 545
Retentions for construction contracts	66 830	83 393
Trade and other receivables	24 989	24 441
Receivables from service concession agreement	46 329	46 511
Other financial assets	12 018	4 777
Deferred tax assets	711 821	685 036
<b>Total non-current (long-term) assets</b>	<b>1 863 775</b>	<b>1 818 134</b>
<b>Current (short-term) assets</b>		
Inventories	565 946	743 778
Trade and other receivables	1 326 248	952 515
Retentions for construction contracts	87 060	83 120
Valuation of construction contracts	815 080	532 484
Current tax assets	136	1 957
Other financial assets	15 415	5 851
Cash and cash equivalents	2 942 242	3 249 369
<b>Total current (short-term) assets</b>	<b>5 752 127</b>	<b>5 569 074</b>
<b>TOTAL ASSETS</b>	<b>7 615 902</b>	<b>7 387 208</b>

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**Consolidated statement of financial position (cont.)**

<b>EQUITY AND LIABILITIES</b>	<b>30 September 2023</b> <i>not audited</i>	<b>31 December 2022</b> <i>audited</i>
<b>Equity</b>		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	56 413	56 413
Cumulative translation differences	6 577	7 092
Retained earnings	959 918	968 832
<b>Shareholders' equity attributable to the shareholders of the Parent</b>	<b>1 248 955</b>	<b>1 258 384</b>
<b>Equity attributable to non-controlling interests</b>	<b>36 847</b>	<b>41 071</b>
<b>Total equity</b>	<b>1 285 802</b>	<b>1 299 455</b>
<b>Liabilities</b>		
<b>Non-current (long-term) liabilities</b>		
Loans, borrowings and other external sources of finance	126 368	148 706
Retentions for construction contracts	235 646	229 963
Provision for long-term liabilities and other charges	659 695	626 314
Retirement benefits and similar obligations	10 293	10 070
Other financial liabilities	8 277	12 807
Deferred tax liabilities	1 249	1 149
<b>Total non-current (long-term) liabilities</b>	<b>1 041 528</b>	<b>1 029 009</b>
<b>Current (short-term) liabilities</b>		
Loans, borrowings and other external sources of finance	67 185	76 435
Trade and other payables	1 857 000	1 516 956
Retentions for construction contracts	226 935	218 039
Provisions for losses on construction contracts	882 322	803 263
Valuation of construction contracts	1 377 856	1 493 517
Deferred income	458 768	578 658
Provision for short-term liabilities and other charges	361 911	337 818
Current tax liability	50 642	29 245
Retirement benefits and similar obligations	2 102	1 578
Other financial liabilities	3 851	3 235
<b>Total current (short-term) liabilities</b>	<b>5 288 572</b>	<b>5 058 744</b>
<b>Total liabilities</b>	<b>6 330 100</b>	<b>6 087 753</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 615 902</b>	<b>7 387 208</b>

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(all amounts are expressed in PLN thousand)

### Consolidated income statement

	Note	9-month period ended 30 September		3-month period ended 30 September	
		2023 <i>not audited</i>	2022	2023 <i>not audited</i>	2022
<b>Continuing operations</b>					
Net sales of finished goods, goods for resale, raw materials and services	4, 9	6 993 893	6 368 396	2 675 949	2 370 167
Cost of finished goods, goods for resale, raw materials and services sold		(6 272 551)	(5 716 567)	(2 356 000)	(2 114 326)
<b>Gross profit on sales</b>		<b>721 342</b>	<b>651 829</b>	<b>319 949</b>	<b>255 841</b>
Selling expenses	4	(9 457)	(9 466)	(3 184)	(3 131)
Administrative expenses	4	(242 519)	(216 367)	(77 449)	(70 779)
Other operating income	5	63 462	38 956	(5 322)	17 074
Other operating expenses	5	(51 102)	(48 210)	(24 903)	(16 963)
<b>Operating profit</b>		<b>481 726</b>	<b>416 742</b>	<b>209 091</b>	<b>182 042</b>
Finance income	6	151 129	82 910	38 846	34 331
Finance costs	6	(40 698)	(33 260)	(12 247)	(12 021)
Share in net profits / (losses) of equity accounted subordinates		239	31	32	(13)
<b>Gross profit</b>		<b>592 396</b>	<b>466 423</b>	<b>235 722</b>	<b>204 339</b>
Income tax	7	(132 870)	(98 185)	(56 977)	(44 751)
<b>Net profit from continuing operations</b>		<b>459 526</b>	<b>368 238</b>	<b>178 745</b>	<b>159 588</b>
<b>Net profit for the period</b>		<b>459 526</b>	<b>368 238</b>	<b>178 745</b>	<b>159 588</b>
<i>of which:</i>					
<b>Attributable to the shareholders of the Parent</b>		<b>450 372</b>	<b>358 583</b>	<b>175 701</b>	<b>157 345</b>
Attributable to non-controlling interests		9 154	9 655	3 044	2 243
<hr/>					
<i>Basic and diluted earnings per share attributable to the shareholders of the Parent (in PLN)</i>		17.64	14.04	6.88	6.16

**The BUDIMEX Group**

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(all amounts are expressed in PLN thousand)

**Consolidated statement of comprehensive income**

	9-month period ended 30 September		3-month period ended 30 September	
	2023	2022	2023	2022
	<i>not audited</i>		<i>not audited</i>	
<b>Net profit for the period</b>	<b>459 526</b>	<b>368 238</b>	<b>178 745</b>	<b>159 588</b>
<b>Other comprehensive income which:</b>				
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions:</i>				
Cumulative translation differences	(515)	1 160	2 483	511
Income tax related to components of other comprehensive income	-	-	-	-
<i>Items not to be subsequently reclassified to profit or loss:</i>				
Actuarial gains/(losses)	-	-	-	-
Income tax related to components of other comprehensive income	-	-	-	-
<b>Other comprehensive income</b>	<b>(515)</b>	<b>1 160</b>	<b>2 483</b>	<b>511</b>
<b>Total comprehensive income for the period</b>	<b>459 011</b>	<b>369 398</b>	<b>181 228</b>	<b>160 099</b>
<i>of which:</i>				
<b>Attributable to the shareholders of the Parent</b>	<b>449 857</b>	<b>359 743</b>	<b>178 184</b>	<b>157 856</b>
<i>Attributable to non-controlling interests</i>	<i>9 154</i>	<i>9 655</i>	<i>3 044</i>	<i>2 243</i>

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(all amounts are expressed in PLN thousand)

### Consolidated statement of changes in equity

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Equity attributable to the shareholders of the Parent, total	Non-controlling interests	Total equity
<b>Balance as at 1 January 2023</b> <i>audited</i>	145 848	80 199	56 413	7 092	968 832	1 258 384	41 071	1 299 455
Profit for the period	-	-	-	-	450 372	450 372	9 154	459 526
Other comprehensive income	-	-	-	(515)	-	(515)	-	(515)
<b>Total comprehensive income</b>	-	-	-	<b>(515)</b>	<b>450 372</b>	<b>449 857</b>	<b>9 154</b>	<b>459 011</b>
Profit distribution - dividend	-	-	-	-	(459 286)	(459 286)	-	(459 286)
Payment of dividend to non-controlling shareholders	-	-	-	-	-	-	(13 378)	(13 378)
<b>Balance as at 30 September 2023</b> <i>not audited</i>	145 848	80 199	56 413	6 577	959 918	1 248 955	36 847	1 285 082

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**Consolidated statement of changes in equity (cont.)**

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Equity attributable to the shareholders of the Parent, total	Non-controlling interests	Total equity
<b>Balance as at 1 January 2022</b> <i>audited</i>	145 848	80 199	53 324	6 289	1 033 580	1 319 240	41 767	1 361 007
Profit for the period	-	-	-	-	358 583	358 583	9 655	368 238
Other comprehensive income	-	-	-	1 160	-	1 160	-	1 160
<b>Total comprehensive income</b>	-	-	-	1 160	358 583	359 743	9 655	369 398
Profit distribution - dividend	-	-	-	-	(599 191)	(599 191)	-	(599 191)
Payment of dividend to non-controlling shareholders	-	-	-	-	-	-	(14 382)	(14 382)
<b>Balance as at 30 September 2022</b> <i>not audited</i>	145 848	80 199	53 324	7 449	792 972	1 079 792	37 040	1 116 832
Profit for the period	-	-	-	-	175 860	175 860	4 031	179 891
Other comprehensive income	-	-	3 089	(357)	-	2 732	-	2 732
<b>Total comprehensive income</b>	-	-	3 089	(357)	175 860	178 592	4 031	182 623
<b>Balance as at 31 December 2022</b> <i>audited</i>	145 848	80 199	56 413	7 092	968 832	1 258 384	41 071	1 299 455



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**Consolidated statement of cash flows**

	<b>9-month period ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<i>not audited</i>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Gross profit</b>	<b>592 396</b>	<b>466 423</b>
<b>Adjustments for:</b>		
Depreciation/ amortization	116 185	110 917
Share in net (profits) of equity accounted companies	(239)	(31)
Foreign exchange (profits)/ losses	(3 704)	(832)
Interest and shares in profits (dividends)	7 566	6 494
(Profit) on investing activities	(6 270)	(4 984)
Change in valuation of derivative financial instruments	(13 697)	2 516
Change in provisions and liabilities arising from retirement benefits and similar obligations	56 631	22 884
Other adjustments	560	2 067
<b>Operating profit before changes in working capital</b>	<b>749 428</b>	<b>605 454</b>
Change in receivables and retentions for construction contracts	(353 878)	(61 233)
Change in inventories	181 948	(211 913)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	318 606	390 986
Change in deferred income	(120 093)	80 880
Change in valuation of construction contracts and in provision for losses	(307 209)	(167 078)
Change in cash and cash equivalents of restricted use	(12 989)	(15 072)
<b>Cash flow from operating activities</b>	<b>455 813</b>	<b>622 024</b>
Income tax paid	(136 399)	(184 583)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>319 414</b>	<b>437 441</b>

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**Consolidated statement of cash flows (continued)**

	<b>9-month period ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<i>not audited</i>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of intangible assets and property, plant and equipment	11 059	4 654
Purchase of intangible assets and property, plant and equipment	(89 800)	(89 293)
Purchase of subsidiaries	(4 989)	(25 336)
Dividends received	53	-
Loans granted	(4 490)	(2 378)
Increase in/contribution to share capital in non-consolidated entities	(4 216)	(336)
Deferred payment for shares in subsidiaries	(5 000)	(17 700)
Proceeds from the liquidation of a related entity	3 118	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(94 265)</b>	<b>(130 389)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of loans and borrowings	(9 642)	(8 065)
Payment of dividend by Budimex SA	(459 286)	(599 191)
Dividends paid to non-controlling shareholders	(13 624)	(14 137)
Payment of lease liabilities	(58 455)	(54 659)
Interest paid	(7 824)	(6 729)
Other finance (inflows) / expenditure	494	153
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(548 337)</b>	<b>(682 628)</b>
<b>TOTAL NET CASH FLOW</b>	<b>(323 188)</b>	<b>(375 576)</b>
Foreign exchange differences on cash and cash equivalents, net	3 072	2 170
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE (note 3.2)</b>	<b>3 221 410</b>	<b>2 684 885</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE (note 3.2)</b>	<b>2 901 294</b>	<b>2 311 479</b>

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### 1. Organization of the Budimex Group and changes in the Group structure

#### 1.1. The Parent Company

The parent company of the Budimex Group is Budimex SA (the „Parent Company”), which main area of business is building, rendering of management and advisory services for the Budimex Group companies.

The main areas of the business activities of the Group are widely understood construction-assembly services realized in the system of general execution at home and abroad, services and production. Budimex SA serves in the Group as an advisory, management and financial center. Realization of these three functions is to facilitate:

- efficient flow of information within Group structures,
- strengthening the efficiency of cash and financial management of individual Group companies,
- strengthening market position of the entire Group.

#### 1.2. Entities subject to consolidation

As at 30 September 2023, 31 December 2022 and 30 September 2022 the following entities were subject to consolidation:

Company name	Registered office	% in the share capital as at		
		30 September 2023	31 December 2022	30 September 2022
<b>Parent company:</b>				
Budimex SA	Warsaw / Poland			
<b>Subsidiaries:</b>				
Mostostal Kraków SA	Cracow / Poland	100.00%	100.00%	100.00%
Mostostal Kraków Energetyka Sp. z o.o.	Cracow / Poland	100.00%	100.00%	100.00%
Budimex Bau GmbH	Berlin/ Germany	100.00%	100.00%	100.00%
Budimex Budownictwo Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Kolejnictwo SA	Warsaw / Poland	100.00%	100.00%	100.00%
FBSerwis SA	Warsaw / Poland	100.00%	100.00%	100.00%
FBSerwis A Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
FBSerwis B Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
FBSerwis Karpatia Sp. z o.o.	Tarnów / Poland	100.00%	100.00%	100.00%
FBSerwis Wrocław Sp. z o.o.	Bielany Wrocławskie / Poland	100.00%	100.00%	100.00%
FBSerwis Dolny Śląsk Sp. z o.o.	Ścinawka Dolna / Poland	100.00%	100.00%	100.00%
FBSerwis Odbiór Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
FBSerwis Paliwa Alternatywne Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
JZE Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
Magnolia Energy Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Most Wschodni SA	Warsaw / Poland	100.00%	100.00%	100.00%
Circular Construction SA	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Mobility SA (Budimex PPP SA) <sup>1</sup>	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Slovakia s.r.o. <sup>2</sup>	Bratislava/ Slovakia	100.00%	100.00%	100.00%
Budimex F Sp. z o.o. <sup>3</sup>	Warsaw / Poland	100.00%	100.00%	100.00%
Zakład Przetwarzania Odpadów Zawisty Sp. z o.o.	Ostrołęka / Poland	100.00%	100.00%	100.00%
Fotowoltaika HIG XIV Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	-
RailBX GmbH	Berlin/ Germany	100.00%	100.00%	-
PPUH Konstalex Sp. z o.o. <sup>4</sup>	Radomsko / Poland	100.00%	-	-
FBSerwis Kamieński Sp. z o.o.	Kamieński / Poland	80.00%	80.00%	80.00%

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Company name	Registered office	% in the share capital as at		
		30 September 2023	31 December 2022	30 September 2022
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	51.00%	51.00%	51.00%

1) On 6 February 2023 Budimex PPP SA changed its name to Budimex Mobility SA.

2) The company was included in the consolidation scope as of December 2022 when it started its operating activities.

3) The company was included in the consolidation scope as of February 2023 when it started its operating activities.

4) The company was included in the consolidation scope as of May 2023. Details in note 1.3.

As at 30 September 2023, 31 December 2022 and 30 September 2022 stand-alone data of Budimex SA and other Group companies, which are partners in consortiums (treated as joint operations according to IFRS 11), included their share in assets, liabilities, revenue and expenses of the following joint operations:

Joint operation name	Share in the issued capital and in the number of votes (%)		
	30 September 2023	31 December 2022	30 September 2022
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 Sygnity SA Sp.j.	67.00%	67.00%	67.00%
Budimex SA Tecnicas Reunidas SA Turów s.c.	50.00%	50.00%	50.00%
ARGE Brücke Oderberg	100.00%	-	-
ARGE Brücke Wittstock	100.00%	-	-
ARGE Oberkrämmer <sup>1</sup>	100.00%	-	-
ARGE Campus Düppel <sup>2</sup>	100.00%	-	-
Budimex SA Ferrovial Construccion SA Sp.j. <sup>3</sup>	-	50.00%	50.00%
Budimex SA Ferrovial Agroman SA 2 s.c. <sup>4</sup>	-	95.00%	95.00%

1) The company was founded on 5 April 2023.

2) The company was founded on 28 June 2023.

3) On 29 December 2022, an application was submitted to remove the company from the National Court Register. On 13 January 2023, the company was removed from the National Court Register.

4) On 17 May 2023, the partners of Budimex SA Ferrovial Agroman SA 2 s.c. adopted a resolution to dissolve the company due to the inability to achieve the economic goal for which the company was established.

As at 30 September 2023, 31 December 2022 and 30 September 2022 equity accounted companies included:

Associate	Share		
	30 September 2023	31 December 2022	30 September 2022
Promos Sp. z o.o.	26.31%	26.31%	26.31%

### 1.3. Description of the changes in the composition of the Group together with the indication of their consequences

In the 9-month period ended 30 September 2023 there were no other changes in the Group structure, except the ones described below.

During the reporting period, no significant activities of any Group company were discontinued, and there are no formal plans to discontinue any significant activities.

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### Purchase of shares in the company PPUH Konstalex Sp. z o.o.

On 15 May 2023, Mostostal Kraków SA, a 100% subsidiary of Budimex SA, concluded an agreement with 2 natural persons for the purchase of 80 shares in Przedsiębiorstwo Produkcyjno-Usługowo-Handlowe Konstalex Sp. z o. o. with a total nominal value of PLN 115 thousand, representing 100.00% of the share capital and entitling to 100.00% of votes at the general meeting of shareholders of the company. The purchase price was set at PLN 12 500 thousand.

The company is a manufacturer of steel structures. The Budimex Group presents the company's data within the construction segment. The purchase of shares in PPUH Konstalex Sp. z o. o. was recognized by the Group as an acquisition of a business.

As at the date of preparation of these condensed consolidated financial statements, the fair value of net assets was determined provisionally in accordance with IFRS 3, par. 45.

Provisional fair values as at the acquisition date are presented in the table below:

#### Net assets identified in the acquired entity (determined provisionally):

	<u>May 2023</u>
<b>Non-current assets</b>	
Property, plant and equipment	2 859
Trade and other receivables	479
<b>Current assets</b>	
Inventories	4 116
Trade and other receivables	6 660
Valuation of construction contracts	14 718
Cash and cash equivalents	7 511
<b>Current and non-current liabilities</b>	
Loans, borrowings and other external sources of finance	(6 500)
Deferred tax liabilities	(105)
Trade and other payables	(21 538)
Valuation of construction contracts	(2 729)
Deferred income	(203)
Provisions for short-term liabilities and other charges	(843)
Retirement benefits and similar obligations	(747)
<b>Acquired net assets at fair values determined provisionally</b>	<b><u>3 678</u></b>
Goodwill identified on acquisition (provisionally determined)	<u>8 822</u>
Cash paid at acquisition date	(12 500)
Cash and cash equivalents in the acquired entity at the time of acquisition	7 511
<b>Cash outflow related to the purchase</b>	<b><u>(4 989)</u></b>

The goodwill identified on the acquisition (determined provisionally) amounted to PLN 8 822 thousand. Neither goodwill nor the value of net assets as at the acquisition date changed in the period from the date of taking control to 30 September 2023. Goodwill was determined as the difference between the purchase price and the fair value of net assets attributable to the Budimex Group (all values recognized provisionally). The Group has not yet assessed whether goodwill includes, among others, intangible assets qualifying for separate recognition. Goodwill will not be tax deductible.

Sales revenue from the acquisition date to 30 September 2023	26 328
Net profit from the acquisition date to 30 September 2023	2 130
Sales revenue from the beginning of the year to 30 September 2023	49 259
Net profit from the beginning of the year to 30 September 2023	2 195

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The gross value of trade receivables as at the date of acquisition of the company was PLN 6 463 thousand, their fair value was PLN 5 077 thousand.

In connection with the takeover of control over the company, no indemnity assets were recognized.

As at the date of preparation of the condensed consolidated financial statements, the Budimex Group incurred costs related to the purchase of shares in PPUH Konstalex Sp. z o. o. in the amount of PLN 412 thousand.

### Consolidation of Budimex F Sp. z o.o.

Budimex F Sp. z o. o. was registered in the National Court Register on 16 May 2014. Due to the commencement of significant operating activities, the company was included in the consolidation scope in February 2023.

### Establishment of civil partnerships under German law

Budimex SA and Budimex Bau GmbH, a 100% subsidiary of Budimex SA, jointly established 4 civil partnerships under German law: ARGE Brücke Oderberg, ARGE Brücke Wittstock, ARGE Oberkrämmer and ARGE Campus Düppel, in which Budimex SA holds 5% of shares, and Budimex Bau GmbH 95% each. The companies are treated as joint operations and have been established to perform construction contracts.

### Establishment of BXF Energia Sp. z o.o.

On 17 May 2023, the founding act of BXF Energia Sp. z o. o. was signed. Budimex SA holds 51% of shares in the newly established company, the remaining 49% is held by Ferrovial Services International SE with its seat in Amsterdam. The company was registered in the National Court Register on 25 September 2023. The company was not included in the consolidation scope due to the lack of significant operating activity.

### Establishment of WMSerwis SA

On 22 May 2023, Budimex SA, as the sole shareholder, founded WMSerwis SA. The company was registered in the National Court Register on 12 July 2023. The company was not included in the consolidation scope due to the lack of significant operating activity.

### Establishment of Green Waste Management 1, 2, 3, 4, 5, 6 Sp. z o.o.

In June and July 2023, FBSerwis SA, a 100% subsidiary of Budimex SA, as the sole shareholder, established 6 limited liability companies. The companies were registered in the National Court Register in June, July and August 2023. The companies were not included in the consolidation scope due to the lack of significant operating activity.

## 2. Shareholders of the Parent Company

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at the report date was as follows:

Shareholder	Type of shares	Number of shares	% of the share capital	Number of votes	% of voting rights at the AGM
Ferrovial Construction International SE	ordinary	12 801 654	50.14%	12 801 654	50.14%
Allianz OFE	ordinary	2 551 331	9.99%	2 551 331	9.99%
Nationale-Nederlanden OFE	ordinary	2 371 487	9.29%	2 371 487	9.29%
Other shareholders	ordinary	7 805 626	30.58%	7 805 626	30.58%
<b>Total</b>		<b>25 530 098</b>	<b>100.00%</b>	<b>25 530 098</b>	<b>100.00%</b>

The above data presents the shareholding structure as at the last General Meeting of Shareholders of 18 May 2023, taking into account the information contained in the current report No 39/2023 of 13 June 2023.

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According to the information held by Budimex SA, the shareholding structure of Budimex SA as at 31 December 2022 was as follows:

Shareholder	Type of shares	Number of shares	% of the share capital	Number of votes	% of voting rights at the AGM
Ferrovial Construction International SE	ordinary	12 801 654	50.14%	12 801 654	50.14%
Nationale-Nederlanden OFE	ordinary	2 353 889	9.22%	2 353 889	9.22%
Allianz OFE	ordinary	2 172 000	8.51%	2 172 000	8.51%
Other shareholders	ordinary	8 202 555	32.13%	8 202 555	32.13%
<b>Total</b>		<b>25 530 098</b>	<b>100.00%</b>	<b>25 530 098</b>	<b>100.00%</b>

The above data presents the shareholding structure as at the General Meeting of Shareholders of 19 May 2022, taking into account the information contained in the current report No 2/2023 of 5 January 2023.

### 3. Principles applied for the purpose of preparation of condensed consolidated financial statements

#### 3.1. Accounting policies and basis of preparing the condensed consolidated financial statements of the Budimex Group

These condensed consolidated financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" and appropriate accounting standards applicable for preparation of the interim consolidated financial statements adopted by the European Union issued and effective when preparing the interim consolidated financial statements applying the same principles for the current and comparable period. Details of accounting policies adopted by the Group were described in the consolidated financial statements of the Group for the year ended 31 December 2022, published on 31 March 2023.

The condensed consolidated financial statements were prepared on the assumption that the Parent Company and all entities included in the Budimex Group will continue as a going concern in the foreseeable future. In the reporting period and as at the date of preparation of these financial statements no circumstances were noted that would indicate a threat to ability to continue as a going concern.

#### **Standards and amendments to standards adopted for the first time in 2023**

The Group for the first time adopted standards and amendments to standards listed below:

- Amendments to IAS 1 „Presentation of Financial Statements” and IFRS Practice Statement 2: “Disclosure of Accounting Policies,
- Amendments to IAS 8 „Accounting Policies, Changes in Accounting Estimates and Errors”,
- Amendments to IAS 12 „Income Taxes” - „Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction”,
- IFRS 17 „Insurance contracts” and Amendments to IFRS 17,
- Amendments to IFRS 17 „Insurance Contracts” - “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”.

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

#### **Standards and amendments to standards issued by IASB but not yet adopted 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 consolidated 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),



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- 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 by the EU 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”, “Classification of Liabilities as Current or Non-current — Deferral of Effective Date” and “Non-Current Liabilities with Covenants” (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IFRS 16 „Leases” – “Lease Liability in a Sale and Leaseback” (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IAS 12 “Income taxes” – “International Tax Reform – Pillar Two Model Rules” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments” – “Disclosures: Supplier Finance Arrangements” (effective for annual periods beginning on or after 1 January 2024),
- Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025).

The above mentioned standards and amendments to standards would not have any material impact on the condensed consolidated financial statements, had these been applied by the Group at the reporting date.

### **3.2. Cash recognised in the cash flow statement**

The Group recognizes cash of restricted use (including mainly cash of the consortia in the portion attributable to other consortium members, cash representing security for bank guarantees 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 2023	31 December 2022	30 September 2022
<b>Cash recognised in the statement of financial position</b>	<b>2 942 242</b>	<b>3 249 369</b>	<b>2 357 461</b>
Cash and cash equivalents of restricted use	(40 948)	(27 959)	(45 982)
<b>Cash recognised in the statement of cash flow</b>	<b>2 901 294</b>	<b>3 221 410</b>	<b>2 311 479</b>

### **4. 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.

In the 9-month period of 2023 construction-assembly production in Poland expressed in current prices increased by 13.2% compared to the corresponding period of the prior year (increased by 2.3% in fixed prices), while sales of the construction segment of the Budimex Group on the home market increased by 10.7% on the corresponding period.



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### Net sales and profitability

	9 months ended			3 months ended		
	30 September 2023	30 September 2022	Change in %	30 September 2023	30 September 2022	Change in %
Net sales of finished goods and services	6 993 893	6 368 396	9.82%	2 675 949	2 370 167	12.90%
Gross profit on sales	721 342	651 829	10.66%	319 949	255 841	25.06%
<b>Gross profitability on sales</b>	<b>10.31%</b>	<b>10.24%</b>	<b>0.07 p.p.</b>	<b>11.96%</b>	<b>10.79%</b>	<b>1.17 p.p.</b>
Operating profit	481 726	416 742	15.59%	209 091	182 042	14.86%
<b>Operating profitability</b>	<b>6.89%</b>	<b>6.54%</b>	<b>0.35 p.p.</b>	<b>7.81%</b>	<b>7.68%</b>	<b>0.13 p.p.</b>
Operating profit in construction segment	422 186	352 535	19.76%	193 339	155 352	24.45%
<b>Operating profitability in construction segment</b>	<b>6.65%</b>	<b>6.07%</b>	<b>0.58 p.p.</b>	<b>7.86%</b>	<b>7.14%</b>	<b>0.72 p.p.</b>
Operating profit in service segment	59 568	64 336	(7.41%)	15 752	26 719	(41.05%)
<b>Operating profitability in service segment</b>	<b>8.89%</b>	<b>11.18%</b>	<b>(2.29 p.p.)</b>	<b>6.84%</b>	<b>13.08%</b>	<b>(6.24 p.p.)</b>
Gross profit	592 396	466 423	27.01%	235 722	204 339	15.36%
<b>Gross profitability</b>	<b>8.47%</b>	<b>7.32%</b>	<b>1.15 p.p.</b>	<b>8.81%</b>	<b>8.62%</b>	<b>0.19 p.p.</b>
Net profit	459 526	368 238	24.79%	178 745	159 588	12.00%
<b>Net profitability</b>	<b>6.57%</b>	<b>5.78%</b>	<b>0.79 p.p.</b>	<b>6.68%</b>	<b>6.73%</b>	<b>(0.05 p.p.)</b>

### Selling expenses and administrative expenses

	9 months ended			3 months ended		
	30 September 2023	30 September 2022	Change in %	30 September 2023	30 September 2022	Change in %
Selling expenses	(9 457)	(9 466)	(0.10%)	(3 184)	(3 131)	1.69%
Administrative expenses	(242 519)	(216 367)	12.09%	(77 449)	(70 779)	9.42%
<b>Total selling &amp; administrative expenses</b>	<b>(251 976)</b>	<b>(225 833)</b>	<b>11.58%</b>	<b>(80 633)</b>	<b>(73 910)</b>	<b>9.10%</b>
<b>Share of selling &amp; administrative expenses in net sales of finished goods and services</b>	<b>3.60%</b>	<b>3.55%</b>	<b>0.05 p.p.</b>	<b>3.01%</b>	<b>3.12%</b>	<b>(0.11 p.p.)</b>

## 5. Other operating income and expenses

### Other operating income

	9 months ended		3 months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Reversal of impairment write-downs against receivables	14 784	3 725	2 315	919
Reversal of impairment write-downs against property, plant & equipment	1 676	-	-	-
Penalties/ compensations awarded	19 745	27 441	4 886	11 224
Statute-barred liabilities written-off	331	3 950	331	2 589
Gains on derivative financial instruments	22 506	-	(13 784)	(206)
Subsidies received	320	182	(122)	122
Gains on sale of non-financial non-current assets	2 689	2 857	570	2 115
Other	1 411	801	482	311
<b>Total</b>	<b>63 462</b>	<b>38 956</b>	<b>(5 322)</b>	<b>17 074</b>

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### Other operating expenses

	9 months ended		3 months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Impairment write-downs against receivables	(28 067)	(18 124)	(18 856)	(9 284)
Compensations and liquidated damages paid	(19 039)	(8 097)	(5 565)	(4 379)
Loss on derivative financial instruments	-	(5 839)	-	(5 041)
Court charges and executions, costs of legal proceedings	(1 083)	(1 864)	(275)	(817)
Creation of provision for compensations and liquidated damages	(219)	(26)	(219)	(1)
Creation of provision for litigation proceedings	(1 114)	(9 452)	-	2 810
Donations given	(937)	(2 046)	(143)	(227)
Other	(643)	(2 762)	155	(24)
<b>Total</b>	<b>(51 102)</b>	<b>(48 210)</b>	<b>(24 903)</b>	<b>(16 963)</b>

## 6. Finance income and costs

### Finance income

	9 months ended		3 months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Interest earned	147 970	76 037	43 551	34 346
Valuation of receivables from service concession arrangement	2 149	2 157	715	718
Gains on derivative financial instruments	481	2 595	158	(666)
Foreign exchange gains	-	688	(5 897)	(103)
Other	529	1 433	319	36
<b>Total</b>	<b>151 129</b>	<b>82 910</b>	<b>38 846</b>	<b>34 331</b>

### Finance costs

	9 months ended		3 months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Interest expense	(9 852)	(7 802)	(3 341)	(3 058)
Discount of retentions for construction contracts	(7 716)	(5 705)	(1 437)	(2 350)
Cost of bank commissions and guarantees	(21 194)	(19 373)	(6 878)	(6 541)
Loss on derivative financial instruments	(1 260)	-	(437)	45
Foreign exchange loss	(154)	-	(154)	-
Other	(522)	(380)	-	(117)
<b>Total</b>	<b>(40 698)</b>	<b>(33 260)</b>	<b>(12 247)</b>	<b>(12 021)</b>

All valued derivative instrument contracts (presented both in the operating and financing activity) were classified as level 2 in the fair value hierarchy. During the 9 months ended 30 September 2023, there was no transfer between Level 1 and Level 2 of fair value measurements, nor any transfer into and out of Level 3 of fair value measurement. The fair value of financial instruments owned by the Group companies is similar to their carrying value.

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### 7. Other important information on activity of the Budimex Group in the period of three quarters 2023

#### **Provisions for liabilities and other charges**

	30 September 2023	31 December 2022
Provisions for litigation proceedings	40 568	40 128
Provisions for compensations and liquidated damages	183 247	181 125
Provisions for warranty repairs	689 921	635 970
Provisions for land reclamation	55 217	54 952
Provisions for waste storage fee	34 021	29 638
Other provisions	18 632	22 319
<b>Total</b>	<b>1 021 606</b>	<b>964 132</b>
<i>of which:</i>		
- long-term	659 695	626 314
- short-term	361 911	337 818

#### **Income tax in the income statement**

	30 September 2023	30 September 2022
Income tax – current	(159 659)	(123 660)
Income tax – deferred	26 789	25 475
<b>Income tax in the income statement</b>	<b>(132 870)</b>	<b>(98 185)</b>

#### **Other information**

	9 months ended	
	30 September 2023	30 September 2022
Value of property, plant and equipment and intangible assets purchased or started to be leased:	130 482	105 581
- of which: plant and machinery	20 803	43 548

As at 30 September 2023 contractual obligations made by the Group for the purchase of property, plant and equipment amounted to PLN 50 578 thousand. As at 31 December 2022 the Group's contractual investment commitments amounted to PLN 7 443 thousand of which PLN 4 303 thousand related to the purchase of vehicles, machinery and equipment, and PLN 3 140 thousand related to the reconstruction and extension of office and social buildings.

In the 9-month period of 2023 the Budimex Group recorded a decrease in the inventory balance, which is caused by the seasonal increase in construction works and, consequently, the increased use of previously purchased construction materials. In turn, the increase in the balance of the valuation of construction contracts on the asset side and the increase in the balance of short-term trade receivables result primarily from seasonality and high values of production throughput in the second and third quarter of this year. This is a repeatable trend observed over recent years. Additionally, in selected contracts, invoicing of completed works takes place only after the completion and receipt by the ordering party of the complete so-called "milestones". Similarly to previous years, we expect the level of under-invoicing to decline at the end of the year. The increase in the balance of other financial assets results mainly from the valuation of currency derivatives.

In the 9-month period of 2023, the balance of the valuation of construction contracts decreased as a result of the settlement of prepaid stages of work on railway and road contracts. Additionally, the Budimex Group recorded an increase in short-term trade liabilities compared to 31 December 2022, which resulted mainly from the seasonality of construction works and related settlements with subcontractors.

Apart from that, there were no other significant changes in the items of the consolidated statement of financial position.

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### 8. Operating segments

For the management purposes the Group has been divided into segments based on the products and services offered. The Group operates in the following operating segments:

- construction business,
- service activities.

Construction business covers rendering of widely understood construction-assembly services at home and abroad and is realised by the following Group companies:

- Budimex SA
- Mostostal Kraków SA
- Mostostal Kraków Energetyka Sp. z o.o.
- Budimex Bau GmbH
- Budimex Budownictwo Sp. z o.o.
- Budimex Kolejnictwo SA
- RailBX GmbH
- Budimex Slovakia s.r.o.
- PPUH Konstalex Sp. z o.o. (included in the consolidation scope since May 2023).

The segment of service activities comprises comprehensive services in the field of municipal waste management, comprehensive road maintenance, lighting infrastructure extension and management, and technical operation (maintenance) of buildings, also in the form of public-private partnership (PPP). This segment also includes electricity generation from renewable energy sources. Classified to this segment were the following entities:

- Budimex Parking Wrocław Sp. z o.o.
- FBSerwis SA
- FBSerwis A Sp. z o.o.
- FBSerwis B Sp. z o.o.
- FBSerwis Dolny Śląsk Sp. z o.o.
- FBSerwis Wrocław Sp. z o.o.
- FBSerwis Karpatia Sp. z o.o.
- FBSerwis Kamieński Sp. z o.o.
- FBSerwis Odbiór Sp. z o.o.
- FBSerwis Paliwa Alternatywne Sp. z o.o.
- JZE Sp. z o.o.
- Budimex Most Wschodni SA
- Circular Construction SA
- Magnolia Energy Sp. z o.o.
- Zakład Przetwarzania Odpadów Zawisty Sp. z o.o.
- Fotowoltaika HIG XIV Sp. z o.o.
- Budimex Mobility SA ( previously Budimex PPP SA)
- Budimex F Sp. z o.o. (included in the consolidation scope since February 2023).

Segment performance is evaluated based on sales revenue, gross profit (loss) on sales, operating profit (loss) and net profit (loss) for the period.

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The results of segments for nine months of 2023 are presented in the table below:

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated value
External sales	6 329 322	664 571	-	6 993 893
Inter-segment sales	16 754	5 418	(22 172)	-
<b>Total sales of finished goods, goods for resale and raw materials</b>	<b>6 346 076</b>	<b>669 989</b>	<b>(22 172)</b>	<b>6 993 893</b>
<b>Gross profit on sales</b>	<b>613 040</b>	<b>114 048</b>	<b>(5 746)</b>	<b>721 342</b>
Selling expenses	(9 457)	-	-	(9 457)
Administrative expenses	(208 402)	(39 835)	5 718	(242 519)
Other operating income/(expenses), net	27 005	(14 645)	-	12 360
<b>Operating profit</b>	<b>422 186</b>	<b>59 568</b>	<b>(28)</b>	<b>481 726</b>
Finance income/ (costs), net	109 427	4 030	(3 026)	110 431
Shares in profits of equity accounted subordinates	-	239	-	239
Income tax expense	(109 524)	(23 926)	580	(132 870)
<b>Net profit for the period</b>	<b>422 089</b>	<b>39 911</b>	<b>(2 474)</b>	<b>459 526</b>

The results of segments for nine months of 2022 are presented in the table below:

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated value
External sales	5 797 440	570 956	-	6 368 396
Inter-segment sales	11 648	4 651	(16 299)	-
<b>Total sales of finished goods, goods for resale and raw materials</b>	<b>5 809 088</b>	<b>575 607</b>	<b>(16 299)</b>	<b>6 368 396</b>
<b>Gross profit on sales</b>	<b>553 684</b>	<b>102 340</b>	<b>(4 195)</b>	<b>651 829</b>
Selling expenses	(9 466)	-	-	(9 466)
Administrative expenses	(186 920)	(33 513)	4 066	(216 367)
Other operating income/(expenses), net	(4 763)	(4 491)	-	(9 254)
<b>Operating profit</b>	<b>352 535</b>	<b>64 336</b>	<b>(129)</b>	<b>416 742</b>
Finance income/ (costs), net	45 424	4 856	(630)	49 650
Shares in profits of equity accounted subordinates	-	31	-	31
Income tax expense	(85 618)	(12 711)	144	(98 185)
<b>Net profit for the period</b>	<b>312 341</b>	<b>56 512</b>	<b>(615)</b>	<b>368 238</b>

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

#### 9.1. Sales revenue, by type of good or service

During the period of nine months of 2023 net sales of finished goods, services, goods for resale and raw materials, by type of good or service, were as follows:

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated financial data
Sales of construction and assembly services	6 233 443	-	(11 816)	6 221 627
Sales of other services	60 309	669 731	(10 313)	719 727
Sales of finished goods	28 837	-	-	28 837
Sales of goods for resale and raw materials	23 487	258	(43)	23 702
<b>Total sales of finished goods, goods for resale and raw materials</b>	<b>6 346 076</b>	<b>669 989</b>	<b>(22 172)</b>	<b>6 993 893</b>

During the period of nine months of 2022 net sales of finished goods, services, goods for resale and raw materials, by type of good or service, were as follows:

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated financial data
Sales of construction and assembly services	5 720 820	-	(8 436)	5 712 384
Sales of other services	18 862	575 607	(7 824)	586 645
Sales of finished goods	59 014	-	-	59 014
Sales of goods for resale and raw materials	10 392	-	(39)	10 353
<b>Total sales of finished goods, goods for resale and raw materials</b>	<b>5 809 088</b>	<b>575 607</b>	<b>(16 299)</b>	<b>6 368 396</b>

#### 9.2. Sales revenue, by geographical area

In the nine months of 2023 net sales of finished goods, services, goods for resale and raw materials, by geographical area, were as follows:

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated financial data
Poland	6 114 269	669 739	(22 172)	6 761 836
Germany	203 093	180	-	203 273
Slovakia	26 921	45	-	26 966
Other EU countries	1 793	25	-	1 818
<b>Total sales of finished goods, goods for resale and raw materials</b>	<b>6 346 076</b>	<b>669 989</b>	<b>(22 172)</b>	<b>6 993 893</b>

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In the nine months of 2022 net sales of finished goods, services, goods for resale and raw materials, by geographical area, were as follows:

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated financial data
Poland	5 521 632	574 640	(16 299)	6 079 973
Germany	215 958	956	-	216 914
Other EU countries	19 474	11	-	19 485
Other countries*	52 024	-	-	52 024
<b>Total sales of finished goods, goods for resale and raw materials</b>	<b>5 809 088</b>	<b>575 607</b>	<b>(16 299)</b>	<b>6 368 396</b>

\*Other countries: United Kingdom

### 9.3. Sales revenue of the segment „Construction business” by construction type

Net sales of finished goods, services, goods for resale and raw materials of the „Construction business” as the most significant operating segment in the Budimex Group were additionally analysed by type of construction objects. Data for the nine months of 2023 and the nine months of 2022 were as follows:

Type of construction	Sales revenue for a 9-month period ended:	
	30 September 2023	30 September 2022
Land-engineering	2 423 778	2 353 671
Railway	1 715 314	1 324 038
General construction, of which:	2 206 984	2 131 379
- non-housing	2 127 718	1 950 544
- housing	79 266	180 835
<b>Net sales of finished goods, goods for resale and raw materials – Construction business segment</b>	<b>6 346 076</b>	<b>5 809 088</b>

## 10. Related party transactions

Transactions with related parties made in the period of nine months ended 30 September 2023 and in the period of nine months ended 30 September of 2022 and unsettled balances of receivables and liabilities as at 30 September 2023 and 31 December 2022 are presented in the tables below:

	Receivables		Liabilities	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Parent and its related parties (the Ferrovial Group)	-	-	23 399	25 450
Jointly controlled entities	14 465	14 994	660	736
Associates	5	2	5	7
Other related entities – non-consolidated subsidiaries*	1 379	-	56	98
<b>Total settlements with related parties</b>	<b>15 849</b>	<b>14 996</b>	<b>24 120</b>	<b>26 291</b>

	Loans granted		Loans taken out	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Other related entities – non-consolidated subsidiaries*	4 607	1 987	-	-
<b>Total transactions with related parties</b>	<b>4 607</b>	<b>1 987</b>	<b>-</b>	<b>-</b>

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	Sales of finished goods and services & other operating and finance income		Purchase of finished goods and services & other operating expenses	
	9-month period ended 30 September		9-month period ended 30 September	
	2023	2022	2023	2022
Parent and its related parties (the Ferrovial Group)	-	-	(25 801)	(21 098)
Jointly controlled entities	186	369	-	(3)
Associates	16	29	(71)	(383)
Other related entities - non-consolidated subsidiaries*	117	35	(7)	-
Other related entities - others*	-	1	-	-
<b>Total transactions with related parties</b>	<b>319</b>	<b>434</b>	<b>(25 879)</b>	<b>(21 484)</b>

\*) Other related parties represent controlled or jointly controlled entities or entities, on which the key management person of the Parent Company or of the subsidiary of the Budimex Group or his close relative exercises significant influence, or has significant number of votes at the shareholders' meeting of this company.

As at 30 September 2023 and 31 December 2022, the Group's companies did not have any debt securities purchased from related entities, or any debt securities sold to these entities.

Inter-Group transactions are made on an arm's length basis.

### **11. Factors which will affect results achieved by the Group in a period covering at least the next quarter**

The most important factors that may have an impact on the Group's financial position in the perspective of at least the next quarter include:

- economic uncertainty related to the war in Ukraine,
- availability of qualified staff,
- availability and level of prices of construction materials and services affecting the amount of direct costs of the contracts being performed,
- risks related to logistics and transport of construction materials,
- volatility of exchange rates that affect the amount of sales revenues and operating costs as well as the result on the valuation and settlement of derivative currency transactions,
- level of competition in announced public tenders,
- intensification of activities aimed at recovering overdue receivables,
- results of pending court cases, which are described in more detail in Note 16 to these consolidated financial statements,
- changes in tax regulations affecting the construction industry.

### **12. Description of significant achievements or failures of the Budimex Group in the period of 9 months of 2023, key events concerning the Group's operations and significant events after 30 September 2023**

Compared to the corresponding period of the previous year sales revenue increased (by almost 10%), while improving operating profitability. A significant backlog, relatively good weather conditions and recognition of the first significant revenue from operations on foreign markets allowed to increase the scale of revenue in the construction segment by almost 9% compared to the same period of the previous year. The key contribution to improved operating profitability in the first three quarters of 2023 was provided by the subsidiary Mostostal Kraków SA, which in prior year suffered from negative impact of remarkable increase in steel prices, caused by the armed conflict in Ukraine. In the current year availability of steel was noticeably improved and prices of various assortments of steel used by the company in the production process backed to levels observed before the war outbreak.

In the first three quarters of 2023, the service segment, whose pillar is the FBSerwis Group, significantly increased sales revenue (by over 16%) compared to the same period of the previous year. At the same time, an increase in the



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generated gross profit on sales was recorded. Main driver of improved revenue was increased number of contracts in road maintenance segment.

The backlog of the Budimex Group is profitable and largely secures revenues until the end of 2024. The structure of the portfolio has not changed significantly over the last year - the backlog is based mainly on infrastructure and railway contracts, which account for approximately 2/3 of its value. The Budimex Group conducts regular budget updates of long-term contracts, and changes in material prices are taken into account in the revised cost estimates.

The backlog of the Budimex Group as of 30 September 2023 amounted to PLN 12 036 915 thousand. The value of contracts signed between January and September 2023 amounted to PLN 4 511 247 thousand. After 30 September 2023, contracts worth almost PLN 1 billion were signed. In addition, the value of contracts in which the bids of Group companies are the lowest or have been rated the highest by ordering parties is nearly PLN 12 billion, of which over PLN 8 billion was for contracts on foreign markets. This provides favorable prospects for the evolution of the order portfolio in the coming quarters and builds the foundations of operations for 2024-2025.

At the end of the third quarter of 2023, the Group's cash position deteriorated compared to the end of 2022, mainly due to dividend payout of over PLN 459 million. A series of interest rate increases started in October 2021 resulted in an increase in the average interest rate on bank deposits. As a consequence, the Budimex Group recorded a significant improvement in the result on financial activities compared to the same period last year.

The high and stable net cash position of the Budimex Group, which has been maintained for several years, enables safe execution of investment plans, allowing to expand operations in new areas and to strengthen the existing competences through organic development as well as through acquisitions. In May 2023, a subsidiary of Budimex SA - Mostostal Kraków SA, purchased for cash 100% of shares in PPUH Konstalex Sp. z o.o., an entity specializing in the production of steel structures. Thanks to this acquisition, the production potential of the Budimex Group in the field of manufacturing large-size steel structures has been significantly expanded and strengthened.

In the first three quarters of 2023, the Group started operating activities within three new foreign branches, located in Slovakia (as a part of this project, a contract for the construction of the D1 Bratislava-Triblavina motorway is being carried out), in the Czech Republic (where it participates in tender procedures for the realization of construction contracts in the road and railway infrastructure areas) as well as in Latvia (the aim is to participate in railway contracts).

The ongoing armed conflict in Ukraine has no direct impact on the operations of the Budimex Group. The Group does not execute contracts in Ukraine, Russia or Belarus. The Budimex Group companies do not have significant exposure to services provided by entities with Eastern capital, either.

Other significant events which took place until the date of signing of the condensed consolidated half-year report were described in this report, published on 25 August 2023.

In the period from 30 September 2023 to the date of preparation of the condensed consolidated financial statements, no other significant events took place.

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

In the period of nine months of 2023 neither Budimex SA nor Group companies issued, redeemed or repaid debt or equity securities.

### **14. The Management Board's position on the feasibility of results stated in the financial forecasts published earlier for the year in view of the financial results presented in the quarterly report in relation to the projected results**

Budimex SA did not publish any forecasts.

**15. Statement of ownership of shares of Budimex SA or rights to such shares (options) held by the managing or supervisory persons of Budimex SA as at the date of publication of this report together with indication of changes in the ownership since the date of publication of the last periodic report**

As at the date of publication of the report members of the Management Board and Supervisory Board of Budimex SA held the following number of shares:

Artur Popko	(President of the Management Board)	2 031 shares
Marcin Węglowski	(Management Board member)	2 830 shares
Anna Karyś-Sosińska	(Management Board member)	1 200 shares
Marek Michałowski	(chairman of the Supervisory Board)	4 000 shares

Above mentioned members of the Management Board and Supervisory Board do not own share options of the company. As at the date of publication of this report other managing and supervisory persons of Budimex SA do not hold its shares or share options. This status has not changed since the date of publication of the half-year report, i.e. 25 August 2023.

**16. Proceedings pending as at 30 September 2023 before court, competent arbitration body or any public administration authority**

The total value of legal proceedings in progress in respect of liabilities and receivables of the Group companies as at 30 September 2023 was PLN 697 305 thousand. Excess of the value of proceedings related to claims of the Group companies over proceedings against them amounted to PLN 127 841 thousand.

In accordance with information in the possession of Budimex SA, the total value of legal proceedings in progress in respect of liabilities of Budimex SA and its subsidiaries as at 30 September 2023 was PLN 284 732 thousand. These proceedings involve the Group companies' operating activity.

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. Ferrovial 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. 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 Ferrovial Construcción SA agreed to mediation and the appointed mediator. During the three-quarter period ended 30 September 2023, the first mediation meetings were held and the parties exchanged correspondence regarding additional documentation, which would become the starting point for further negotiations between the parties as part of the mediation. The deadline for mediation was extended by the court until 31 October 2023.

Another legal proceedings with a material value relate to the claim filed on 5 March 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

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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 against Budimex SA 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 judgment - i.e. the amount of PLN 22 thousand). Currently, the parties still 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 Group – may finish in an unfavourable way, provisions were recognised in the amount that takes into account the risk estimated by the Group.

The total value of legal proceedings pending in respect of claims of Budimex SA and its subsidiaries amounted to PLN 420 573 thousand as at 30 September 2023. The proceedings relate mainly to the recovery of overdue receivables from business partners and to additional claims in respect of the construction work performed.

As at the date of this report, the final outcome of the proceedings is not known.

### 17. Contingent assets and contingent liabilities

	30 September 2023	31 December 2022
<b><u>Contingent assets</u></b>		
<b>From other entities</b>		
– guarantees and sureties received	720 726	704 381
– bills of exchange received as security	78 247	74 957
<b>From other entities, total</b>	<b>798 973</b>	<b>779 338</b>
<b>Other contingent assets</b>	<b>9 999</b>	<b>11 844</b>
<b>Total contingent assets</b>	<b>808 972</b>	<b>791 182</b>
<b><u>Contingent liabilities</u></b>		
<b>To other entities, of which:</b>		
– guarantees and sureties issued	5 147 497	5 036 676
– promissory notes issued as performance bond	8 259	9 031
<b>To other entities, total</b>	<b>5 155 756</b>	<b>5 045 707</b>
<b>Other contingent liabilities</b>	<b>181</b>	<b>181</b>
<b>Total contingent liabilities</b>	<b>5 155 937</b>	<b>5 045 888</b>
<b>Total contingent items</b>	<b>(4 346 965)</b>	<b>(4 254 706)</b>

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

Contingent liabilities arising from guarantees and sureties comprise mainly guarantees issued by banks to business partners of the Group companies to secure their claims against the Group companies that may arise on the grounds of executed construction contracts. The banks are entitled to recourse claims against Group companies under these guarantees. Guarantees issued to the investors of the Group 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 Group as probable was appropriately reflected in the warranty repair provision, as described in note 7 to these condensed consolidated financial statements.

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

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Guarantees and sureties issued by Budimex SA and its subsidiaries as at 30 September 2023:

Name of the company which issued a guarantee or surety	Name of the (company) entity which received a surety or a guarantee	Total value of guarantees or sureties issued	Maximum period of guarantees or sureties issued	Financial conditions in respect of guarantees and sureties issued	Type of relations between Budimex SA and the entity which took out a guarantee or surety
Budimex SA	Mostostal Kraków SA	201 606	2030-10-24	against payment	subsidiary
Budimex SA	Mostostal Kraków Energetyka Sp. z o.o.	141	2023-11-21	against payment	subsidiary
Budimex SA	Budimex Budownictwo Sp. z o.o.	198 566*	2030-01-14	free of charge	subsidiary
Budimex SA	Budimex Kolejnictwo SA	8 382	2027-12-31	against payment	subsidiary
Budimex SA	FBSerwis SA	13 127	2030-07-12	against payment	subsidiary
Budimex SA	Magnolia Energy Sp. z o.o.	1 806	2023-12-31	against payment	subsidiary
Budimex SA	Budimex Bau GmbH	3 927	indefinitely	against payment	subsidiary
Budimex SA	RailBX GmbH	43	2026-11-30	against payment	subsidiary
Budimex SA	Budimex Mobility SA	7	2026-03-20	against payment	subsidiary
PPUH Konstalex Sp. z o.o.	Budimex SA	2 290	2029-03-31	contractual guarantee	subsidiary
<b>TOTAL</b>		<b>429 895</b>			

\*sureties were issued for contracts carried out by Budimex SA

Guarantees and sureties issued by Budimex SA as at 31 December 2022:

Name of the company which issued a guarantee or surety	Name of the (company) entity which received a surety or a guarantee	Total value of guarantees or sureties issued	Maximum period of guarantees or sureties issued	Financial conditions in respect of guarantees and sureties issued	Type of relations between Budimex SA and the entity which took out a guarantee or surety
Budimex SA	Mostostal Kraków SA	199 969	2030-10-24	against payment	subsidiary
Budimex SA	Mostostal Kraków Energetyka Sp. z o.o.	141	2023-11-21	against payment	subsidiary
Budimex SA	Budimex Budownictwo Sp. z o.o.	183 757*	2029-10-15	free of charge	subsidiary
Budimex SA	Budimex Kolejnictwo SA	8 069	2027-12-31	against payment	subsidiary
Budimex SA	FBSerwis SA	14 665	2030-07-12	against payment	subsidiary
Budimex SA	Magnolia Energy Sp. z o.o.	33 794	2023-03-31	against payment	subsidiary
Budimex SA	Budimex Bau GmbH	3 972	indefinitely	against payment	subsidiary
Budimex SA	RailBX GmbH	46	2026-11-30	against payment	subsidiary
<b>TOTAL</b>		<b>444 413</b>			

\*sureties were issued for contracts carried out by Budimex SA

**President of the Management Board**

**Member of the Management Board**

**Artur Popko**

**Marcin Węglowski**

Warsaw, 30 October 2023

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