



BUDIMEX SA

CONDENSED FINANCIAL STATEMENTS

for I half-year of 2023

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

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 prepared in accordance with International Financial Reporting Standards
 (all amounts are expressed in PLN thousand)

**Statement of financial position**

ASSETS	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
Non-currents assets (long-term)		
Property, plant and equipment	176 157	192 563
Intangible assets	31 936	34 459
Investments in subsidiaries	494 592	485 513
Investments in associates	191	191
Investments in other entities	93	3 266
Other financial assets	104 276	83 740
Trade and other receivables	23 587	24 313
Retentions for construction contracts	61 833	80 269
Deferred tax assets	629 301	655 656
Total non-current assets (long-term)	1 521 966	1 559 970
Current assets		
Inventories	571 436	682 011
Trade and other receivables	865 300	801 590
Retentions for construction contracts	85 058	77 228
Valuation of construction contracts	730 070	485 840
Current tax receivables	25 317	-
Other financial assets	15 211	5 475
Cash and cash equivalents	2 548 707	2 830 825
Total current assets (short-term)	4 841 099	4 882 969
TOTAL ASSETS	6 363 065	6 442 939

Statement of financial position (cont.)

EQUITY AND LIABILITIES	30 June 2023 <i>unaudited</i>	31 December 2022 <i>audited</i>
Equity		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	57 672	57 672
Cumulative translation differences	6 040	6 323
Retained earnings	470 176	621 251
Total equity	759 935	911 293
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of finance	65 289	74 274
Retentions for construction contracts	217 441	221 109
Provisions for long-term liabilities and other charges	578 154	554 065
Retirement benefits and similar obligations	7 564	7 564
Other financial liabilities	6 405	6 621
Total long-term liabilities	874 853	863 633
Short-term liabilities		
Loans, borrowings and other external sources of finance	42 858	49 328
Trade and other payables	1 512 134	1 289 391
Retentions for construction contracts	205 879	205 273
Provisions for losses on construction contracts	900 153	791 275
Valuation of construction contracts	1 213 329	1 461 856
Deferred income	572 097	551 224
Provisions for short-term liabilities and other charges	277 810	290 009
Current tax liability	-	25 391
Retirement benefits and similar obligations	1 239	1 239
Other financial liabilities	2 778	3 027
Total short-term liabilities	4 728 277	4 668 013
Total liabilities	5 603 130	5 531 646
TOTAL EQUITY AND LIABILITIES	6 363 065	6 442 939

Income statement

		6-month period ended 30 June		3-month period ended 30 June	
		2023	2022	2023	2022
	Note	unaudited		unaudited	
Continuing operations					
Net sales of finished goods, goods for resale, raw materials and services	3,7	3 680 165	3 482 533	2 059 923	2 125 841
Cost of finished goods, goods for resale, raw materials and services sold		(3 363 901)	(3 145 498)	(1 871 921)	(1 905 266)
Gross profit on sales		316 264	337 035	188 002	220 575
Selling expenses	3	(6 176)	(6 242)	(3 230)	(3 189)
Administrative expenses	3	(130 384)	(115 295)	(71 247)	(61 952)
Other operating income	4	55 734	19 749	39 159	8 799
Other operating expenses	4	(12 171)	(27 191)	(3 043)	(13 441)
Operating profit		223 267	208 056	149 641	150 792
Finance income	5	165 564	41 247	112 903	29 273
Finance costs	5	(22 011)	(17 504)	(10 464)	(8 773)
Gross profit		366 820	231 799	252 080	171 292
Income tax	6	(58 609)	(55 095)	(36 184)	(46 220)
Net profit from continuing operations		308 211	176 704	215 896	125 072
Net profit for the period		308 211	176 704	215 896	125 072

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

12.07 6.92 8.45 4.90

Statement of comprehensive income

	6-month period ended 30 June		3-month period ended 30 June	
	2023	2022	2023	2022
	unaudited		unaudited	
Net profit for the period	308 211	176 704	215 896	125 072
Other comprehensive income, which:				
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions:</i>				
Cumulative translation differences	(283)	419	(288)	157
Deferred tax related to components of other comprehensive income	-	-	-	-
<i>Items not to be reclassified to profit or loss:</i>				
Actuarial gains/(losses)	-	-	-	-
Deferred tax related to components of other comprehensive income	-	-	-	-
Other comprehensive income, net	(283)	419	(288)	157
Total comprehensive income for the period	307 928	177 123	215 608	125 229

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(all amounts are expressed in PLN thousand)

**Statement of changes in equity**

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
Balance as at 1 January 2023 <i>audited</i>	145 848	80 199	57 672	6 323	621 251	911 293
Profit for the period	-	-	-	-	308 211	308 211
Other comprehensive income	-	-	-	(283)	-	(283)
Total comprehensive income	-	-	-	(283)	308 211	307 928
Profit distribution - dividends	-	-	-	-	(459 286)	(459 286)
Balance as at 30 June 2023 <i>unaudited</i>	145 848	80 199	57 672	6 040	470 176	759 935

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(all amounts are expressed in PLN thousand)

Statement of changes in equity (cont.)

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
Balance as at 1 January 2022 <i>audited</i>	145 848	80 199	55 053	5 857	760 903	1 047 860
Profit for the period	-	-	-	-	176 704	176 704
Other comprehensive income	-	-	-	419	-	419
Total comprehensive income	-	-	-	419	176 704	177 123
Profit distribution - dividends	-	-	-	-	(599 191)	(599 191)
Balance as at 30 June 2022 <i>unaudited</i>	145 848	80 199	55 053	6 276	338 416	625 792
Profit for the period	-	-	-	-	282 835	282 835
Other comprehensive income	-	-	2 619	47	-	2 666
Total comprehensive income	-	-	2 619	47	282 835	285 501
Balance as at 31 December 2022 <i>audited</i>	145 848	80 199	57 672	6 323	621 251	911 293

Cash flow statement

	6-month period ended 30 June	
	2023	2022
	<i>unaudited</i>	<i>unaudited</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	366 820	231 799
Adjustments for:		
Depreciation/ amortization	41 609	41 658
Foreign exchange (gains)/ losses	2 514	(23)
Interest and shares in profits (dividends)	(59 558)	1 199
(Profit)/ loss on investing activities	(2 424)	(336)
Change in valuation of derivative financial instruments	(24 567)	425
Change in provisions and liabilities arising from retirement benefits and similar obligations	11 890	(10 880)
Other adjustments	(265)	377
Operating profit before changes in working capital	336 019	264 219
Change in receivables and retentions for construction contracts	12 023	71 358
Change in inventories	110 575	(214 582)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	220 208	321 224
Change in valuation of construction contracts and provision for losses on construction contracts	(383 879)	(265 379)
Change in deferred income	20 873	133 786
Change in cash and cash equivalents of restricted use	(7 782)	(17 053)
Cash from operating activities	308 037	293 573
Income tax paid	(82 962)	(114 788)
NET CASH FROM OPERATING ACTIVITIES	225 075	178 785
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of intangible assets and property, plant and equipment	2 609	584
Purchase of intangible assets and property, plant and equipment	(8 131)	(8 832)
Purchase of shares in related entities	(13 160)	(34 114)
Proceeds from liquidation of a related entity	3 118	-
Dividend received	255	-
Loans granted	(15 640)	(34 590)
Repayment of loans granted	11 100	20 593
Interest received	1 188	418
NET CASH USED IN INVESTING ACTIVITIES	(18 661)	(55 941)

Cash flow statement (continued)

	6-month period ended 30 June	
	2023 <i>unaudited</i>	2022 <i>unaudited</i>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(459 286)	(599 191)
Payment of liabilities under lease	(29 549)	(32 141)
Interest paid	(2 700)	(1 969)
NET CASH USED IN FINANCING ACTIVITIES	(491 535)	(633 301)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(285 121)	(510 457)
Foreign exchange differences on cash and cash equivalents, net	(4 779)	430
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note 2.2)	2 821 815	2 357 583
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 2.2)	2 531 915	1 847 556

1. General information

Budimex SA (the "Company", the "Issuer") with its registered office in Warsaw, 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 SE, with its registered office in Amsterdam, the Netherlands, as its parent company.

2. Principles applied for the purpose of preparation of these financial statements**2.1. Accounting policies and basis of preparing the financial statements of the Company**

These interim 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 2022, published on 31 March 2023.

The interim condensed financial statements of the Company cover the period of six months ended on 30 June 2023 and contain comparative data for the period of six months ended on 30 June 2022 and as at 31 December 2022. Statement of comprehensive income and income statement and notes to the statement of comprehensive income and income statement covering data for the period of 3 months ended on 30 June 2023 and comparative data for the period of 3 months ended on 30 June 2022, were not subject to review or audit by a certified auditor.

As at 30 June 2023, 31 December 2022 and 30 June 2022 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 June 2023	31 December 2022	30 June 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	5.00%	-	-
ARGE Brücke Wittstock	5.00%	-	-
ARGE Oberkrämer*	5.00%	-	-
Budimex SA Ferrovia Construcción SA sp. j.**	-	50.00%	50.00%
Budimex SA Ferrovia Agroman SA 2 s.c.***	-	95.00%	95.00%

* The company was founded on 5 April 2023.

**On 16 November 2022 the company's shareholders adopted a resolution to liquidate the company; the liquidation was registered in the National Court Register on 13 January 2023.

*** Based on a resolution of its shareholders the company was liquidated in May 2023.

Standards and amendments to standards effective in the current period

The Company for the first time adopted the following standards and amendments to standards:

- 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 Company's accounting policy applied so far.

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 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 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 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 June 2023	31 December 2022	30 June 2022
Cash recognised in the statement of financial position	2 548 707	2 830 825	1 886 958
Cash and cash equivalents of restricted use	(16 792)	(9 010)	(39 402)
Cash recognised in the statement of cash flow	2 531 915	2 821 815	1 847 556

2.3. Going concern assumption

The financial statements of the Company were prepared on the assumption that the Company will continue as a going concern in the foreseeable future. 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 weather conditions and the highest revenues are usually achieved in the second and third quarter, while the lowest – in the first quarter.

Revenues and profitability

	6-month period ended			3-month period ended		
	30 June 2023	30 June 2022	Change %	30 June 2023	30 June 2022	Change %
Net sales of finished goods and services	3 680 165	3 482 533	5.67%	2 059 923	2 125 841	(3.10%)
Gross profit on sales	316 264	337 035	(6.16%)	188 002	220 575	(14.77%)
Gross profitability on sales	8.59%	9.68%	(1.09 p.p.)	9.13%	10.38%	(1.25 p.p.)
Operating profit	223 267	208 056	7.31%	149 641	150 792	(0.76%)
Operating profitability	6.07%	5.97%	0.10 p.p.	7.26%	7.09%	0.17 p.p.
Gross profit	366 820	231 799	58.25%	252 080	171 292	47.16%
Gross profitability	9.97%	6.66%	3.31 p.p.	12.24%	8.06%	4.18 p.p.
Net profit	308 211	176 704	74.42%	215 896	125 072	72.62%
Net profitability	8.37%	5.07%	3.30 p.p.	10.48%	5.88%	4.60 p.p.

Selling and administrative expenses

	6-month period ended		Change %	3-month period ended		Change %
	30 June 2023	30 June 2022		30 June 2023	30 June 2022	
Selling expenses	(6 176)	(6 242)	(1.06%)	(3 230)	(3 189)	1.29%
Administrative expenses	(130 384)	(115 295)	13.09%	(71 247)	(61 952)	15.00%
Total selling & administrative expenses	(136 560)	(121 537)	12.36%	(74 477)	(65 141)	14.33%
Share of selling & administrative expenses in net sales of finished goods and services	3.71%	3.49%	0.22 p.p.	3.62%	3.06%	0.56 p.p.

4. Other operating income and expenses**Other operating income**

	6-month period ended		3-month period ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Gains on the sale of non-financial non-current assets	800	140	491	37
Reversal of impairment write-downs against receivables	11 726	2 550	6 275	1 305
Reversal of provisions for litigation	221	-	-	-
Penalties/ compensations awarded	12 134	15 359	8 444	6 975
Write-off of past due liabilities	-	1 361	-	277
Reversal of impairment write-downs against property, plant and equipment	1 676	-	1 676	-
Gains on derivative financial instruments	28 396	125	21 692	125
Subsidies received	442	60	436	24
Other	339	154	145	56
Total	55 734	19 749	39 159	8 799

Other operating expenses

	6-month period ended		3-month period ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Impairment write-downs against receivables	(8 463)	(8 609)	(1 529)	(6 243)
Compensations and liquidated damages paid	(949)	(1 795)	(574)	(790)
Donations	(696)	(1 681)	(159)	(896)
Court charges	(726)	(615)	(320)	(310)
Creation of provisions for penalties and sanctions	-	(25)	-	-
Creation of provisions for litigation	(1 114)	(12 262)	(458)	(3 784)
Loss on derivative financial instruments	-	-	-	84
Other	(223)	(2 204)	(3)	(1 502)
Total	(12 171)	(27 191)	(3 043)	(13 441)

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 6 months ended 30 June 2023 and 30 June 2022, 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**

	6-month period ended		3-month period ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Dividends	58 961	-	58 961	-
Interest earned	100 478	40 358	48 458	28 984
Foreign exchange gains	6 125	866	5 484	266
Other	-	23	-	23
Total	165 564	41 247	112 903	29 273

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(all amounts are expressed in PLN thousand, unless stated otherwise)

Finance costs

	6-month period ended		3-month period ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Interest expense	(2 844)	(2 294)	(1 406)	(1 181)
Discount of retentions for construction contracts	(5 931)	(3 216)	(2 617)	(1 495)
Cost of bank commissions and guarantees	(13 181)	(11 831)	(6 441)	(5 956)
Other	(55)	(163)	-	(141)
Total	(22 011)	(17 504)	(10 464)	(8 773)

6. Other significant information on activity of Budimex SA in the I half-year of 2023**Provisions for liabilities and other charges**

	30 June 2023	31 December 2022
Provisions for litigation	41 016	40 128
Provisions for penalties and other sanctions	155 436	172 374
Provisions for warranty repairs	645 630	617 690
Other provisions	13 882	13 882
Total	855 964	844 074
<i>of which:</i>		
- long-term	578 154	554 065
- short-term	277 810	290 009

Income tax in the income statement

	30 June 2023	30 June 2022
Income tax – current	(32 253)	(79 552)
Income tax – deferred	(26 356)	24 457
Income tax in the income statement	(58 609)	(55 095)

Other information

	6-month period ended	
	30 June 2023	30 June 2022
Value of property, plant and equipment, intangible assets purchased or started to be leased:	25 253	19 164
- of which: plant and machinery	1 194	1 750

As at 30 June 2023 contractual obligations made by the Company for the purchase of property, plant and equipment amounted to PLN 3 036 thousand, while as at 31 December 2022 contractual investment liabilities amounted to PLN 2 740 thousand and related to the purchase of cars.

In the first half of 2023, Budimex SA recorded a decrease in the level of cash and cash equivalents, which is related mainly to the payment of dividends. The decrease in the balance of inventories is due to the seasonal increase in construction work and, consequently, the increased use of previously purchased construction materials. The increase in the balance of valuation of construction contracts on the assets' side is mainly due to seasonality and high production throughput values in the second quarter of this year. This is a recurring trend observed over the past few years. In addition, on selected contracts, invoicing of completed work is carried out only after completion and acceptance of complete so-called "Milestones" by the ordering party. Similar to previous years, we expect a decrease in the level of underbilling at year-end. The increase in the balance of other financial assets is mainly due to the valuation of derivative contracts and loans granted to related companies.

In the first half of 2023, we observed a decrease in the balance of contract valuation on the liabilities' side (overbilling) on rail and road contracts, which was mainly due to the completed throughput of construction work. On the other hand, the increase in short-term trade payables compared to 31 December 2022 was mainly due to the seasonality of construction work and related settlements with subcontractors. The significant change in income tax settlements is due to the updating of income tax calculations and the filing of the final return for 2022 at the end of June 2023. In turn, the increase in the balance sheet level of provisions for losses was directly related to the update of construction contract budgets, which took into account the expected increase in construction costs. This increase concerned mainly several contracts at their initial stage and was mainly caused by an increase in the prices of construction materials.

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

7. Net sales of finished goods, goods for resale, raw materials and services, by category

In the first half-year of 2023 and 2022 net sales of finished goods, goods for resale, raw materials and services, by type of good or service, were as follows:

Product/service type	6-month period ended	
	30 June 2023	30 June 2022
Sales of construction and assembly services	3 638 856	3 470 065
Sales of other services	29 805	10 523
Sales of goods for resale and raw materials	11 504	1 945
Total sales of finished goods, goods for resale, raw materials and services	3 680 165	3 482 533

In the first half-year of 2023 and 2022 net sales of finished goods, goods for resale, raw materials and services, by geographical area, were as follows:

Country	6-month period ended	
	30 June 2023	30 June 2022
Poland	3 565 495	3 352 039
Germany	110 984	111 413
Slovakia	3 686	-
Other EU countries	-	19 081
Total sales of finished goods, goods for resale, raw materials and services	3 680 165	3 482 533

In the first half-year of 2023 and 2022 net sales of finished goods, goods for resale, raw materials and services, by type of construction, were as follows:

Type of construction	6-month period ended	
	30 June 2023	30 June 2022
Land-engineering	1 425 918	1 453 471
Railway	977 885	742 898
General construction, of which:	1 235 053	1 273 696
- non-housing	1 187 555	1 146 712
- housing	47 498	126 984
Other	41 309	12 468
Total sales of finished goods, goods for resale, raw materials and services	3 680 165	3 482 533

8. Related party transactions

Transactions with related parties made in the first half-year of 2023 and in the first half-year of 2022 and unsettled balances of receivables and liabilities as at 30 June 2023 and 31 December 2022 are presented in the tables below.

Transactions with related parties are made on an arm's length basis.

	Receivables		Liabilities	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Parent Company and related parties (the Ferrovial Group)	12	-	22 319	24 850
Subsidiary companies	80 448	83 163	52 525	23 884
Jointly controlled entities	15 000	14 948	660	736
Total	95 460	98 111	75 504	49 470

	Loans granted		Loans taken out	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Subsidiary companies	89 972	83 802	-	-
Total	89 972	83 802	-	-

	Sales of finished goods and services and other operating income		Purchase of finished goods and services and other operating expenses	
	6-month period ended 30 June		6-month period ended 30 June	
	2023	2022	2023	2022
Parent Company and related parties (the Ferrovial Group)	-	-	(19 778)	(13 792)
Subsidiary companies	121 972	146 028	(99 239)	(100 082)
Associates	-	12	-	(151)
Jointly controlled entities	143	153	-	-
Total transactions with related parties	122 115	146 193	(119 017)	(114 025)

	Finance income		Finance costs	
	6-month period ended 30 June		6-month period ended 30 June	
	2023	2022	2023	2022
Subsidiary companies	62 411	770	-	-
Total transactions with related parties	62 411	770	-	-

9. Description of significant achievements or failures of Budimex SA in the I half-year of 2023, key events concerning the Company's operations and significant events after 30 June 2023

In the first half of 2023, Budimex SA recorded an increase in sales revenue compared to the corresponding period of the previous year (by almost 6%). The increase in sales revenues was significantly influenced by a higher, diversified backlog and relatively good weather conditions.

The Company is consistently working on maintaining a high value of its backlog both in the railway, road, general construction and energy segments, which guarantees an optimal use of production capacity in the coming quarters. During the first half of 2023, Budimex SA acquired new contracts with a total value of over PLN 2.3 billion. In the period from 30 June to the date of the preparation of these financial statements contracts worth over PLN 950 million have been signed. In addition, the value of contracts in which the Company's bids are the lowest or have been rated the highest amounted to around PLN 4.5 billion, which gives preferable prospects for maintaining a high backlog in the coming quarters and builds the foundations of operations for the years 2024-2025.

(all amounts are expressed in PLN thousand, unless stated otherwise)

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

After the first half of 2023, the Company's net treasury 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 result, the Company recorded a significant improvement in net interest income compared to the same period last year. This trend is expected to continue in the next quarter of 2023. On the other hand, a large increase in the nominal value of sales contracts in a foreign currency hedged against exchange rate risk, with a relatively high historical exchange rate of the zloty in the period between the first half of 2022 and the first half of 2023, and the strengthening of the zloty in the second half of 2023 resulted in a significant increase in the gain from valuation of derivatives.

In the first half of 2023, a new foreign branch of the Company, located in Slovakia, commenced operating activities. As a part of this project, a contract for the construction of the D1 Bratislava-Triblavina motorway is being carried out. In addition, Budimex established a foreign branch in the Czech Republic, where it participates in tender procedures for the realization of construction contracts in the road and railway infrastructure areas.

The ongoing armed conflict in Ukraine has no direct impact on the company's operations. The Company does not execute contracts in Ukraine, Russia or Belarus. Budimex has no significant exposure to services provided by entities with Eastern capital either.

On 17 May 2023, the articles of incorporation of BXF Energia Sp. z o.o. were signed, in which Budimex SA's share in the share capital is 51%, the remaining 49% is held by Ferrovial Services International SE, based in Amsterdam. As of the date of this report, the company has not been registered in the National Court Register.

On 22 May 2023, Budimex SA, as the sole shareholder, established WMSerwis SA. The company was registered in the National Court Register on 12 July 2023.

At the beginning of February 2023, the website of the National Prosecutor's Office published information about the arrests made and the investigation into the case concerning the participation of detained persons in an organized criminal group, money laundering, giving and accepting financial benefits while referring to influence in a local government institution and issuing and using fictitious VAT invoices.

Media information also shows that so far a total of 13 people have been detained as part of the ongoing proceedings, including two employees of FBSerwis SA: the President of the Management Board of FBSerwis SA and at the same time a member of the Management Board of Budimex SA and the Vice-President of the Management Board of FBSerwis SA.

According to the media, the proceedings concern irregularities in tenders organized by the Municipal Cleaning Company (MPO) in Warsaw in the field of waste disposal.

The employees of FBSerwis SA were subjected to a preventive measure in the form of temporary arrest for periods of 2 and 3 months, as a consequence, the Supervisory Board of FBSerwis SA decided to suspend the President of the Management Board of FBSerwis SA for a period of 2 months and the Vice-President of the Management Board of FBSerwis SA for a period of 3 months. The same decision was made by the Supervisory Board of Budimex SA in relation to the President of the Management Board of FBSerwis SA as a member of the Management Board of Budimex SA. Subsequently, both persons were dismissed from the Management Board of FBSerwis SA. FBSerwis SA also terminated their employment contracts. The President of the Management Board of FBSerwis SA was also dismissed from the Management Board of Budimex SA.

The analysis of the risk of the impact of conducting prosecutorial proceedings against natural persons on the Company shows that the fact of conducting the proceedings does not mean, in the current legal state, direct legal consequences for companies under the Act on the Liability of Collective Entities, in particular Budimex SA, which is not active in the field of waste management, to which the proceedings are related. The condition for the hypothetical liability of companies under this Act is a final judgment concerning a collective entity, which, as a rule, may only be issued after a previous final judgment against a natural person.

As regards the second group of risks (apart from the Act on Liability of Collective Entities), i.e. the Act on Public Procurement, according to the state of knowledge as at the date of preparation of these financial statements, the premises resulting in liability have not materialized.

In addition, in order to objectively explain the alleged irregularities, the Management Board of Budimex SA commissioned an external entity to conduct an independent investigation into this matter in the FBSerwis Group companies. As a result of the conducted explanatory activities, as at the date of preparation of these financial statements, internal control areas were identified that require strengthening in order to minimize the risk of irregularities in the future.

Taking into account the above assessments, the Company did not include any liabilities or provisions in the financial statements in relation to this matter. In the opinion of the Company's Management Board, the events that have occurred do not threaten the stability and credibility of Budimex SA and do not affect these financial statements in any way.

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

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

In the first half-year of 2023 Budimex SA did not issue, redeem or repay debt or equity securities.

11. Proceedings pending as at 30 June 2023 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 June 2023 was PLN 640 436 thousand. Excess of the value of proceedings related to claims of Budimex SA over proceedings against the Company amounted to PLN 70 104 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 June 2023 was PLN 285 166 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. 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. In the first half of 2023 the first mediation meetings were held. At the mediation meeting on 12 July 2023, the claimant declared to prepare additional documentation within 3 months, which could become the starting point for further negotiations with the contractor as part of mediation.

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 against 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

(all amounts are expressed in PLN thousand, unless stated otherwise)

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 355 270 thousand as at 30 June 2023. 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 assets and contingent liabilities

	30 June 2023	31 December 2022
<u>Contingent assets</u>		
From related entities, of which:	3 082	1 816
– guarantees and sureties received	2 324	-
– bills of exchange received as security	758	1 816
From other entities, of which:	757 960	742 749
– guarantees and sureties received	686 011	667 792
– bills of exchange received as security	71 949	74 957
Other contingent assets	9 999	11 844
Total contingent assets	771 041	756 409
<u>Contingent liabilities</u>		
To related entities, of which:	388 344	444 413
– guarantees and sureties issued	388 344	444 413
To other entities, of which:	4 636 035	4 554 677
– guarantees and sureties issued	4 627 776	4 545 813
– promissory notes issued as security	8 259	8 864
Other contingent liabilities	181	181
Total contingent liabilities	5 024 560	4 999 271
Total off-balance sheet items	(4 253 519)	(4 242 862)

Contingent assets arising from guarantees and sureties represent guarantees 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.

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 its customers.

BUDIMEX SA

Condensed financial statements for I half-year of 2023
prepared in accordance with International Financial Reporting Standards

(all amounts are expressed in PLN thousand, unless stated otherwise)

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

Warsaw, 21 August 2023

Artur Popko President of the Management Board	
Jacek Daniewski Member of the Management Board	
Anna Karyś - Sosińska Member of the Management Board	
Cezary Łysenko Member of the Management Board	
Maciej Olek Member of the Management Board	
Marcin Węglowski Member of the Management Board	
Grzegorz Fąfara Chief Accountant	

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.