



BUDIMEX SA

CONDENSED FINANCIAL STATEMENTS

for 1 quarter of 2024

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

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 (all amounts are expressed in PLN thousand)


Statement of financial position

ASSETS	31 March 2024 <i>unaudited</i>	31 December 2023 <i>audited</i>
Non-currents assets (long-term)		
Property, plant and equipment	218 617	200 660
Intangible assets	29 287	30 521
Investments in subsidiaries	491 662	489 238
Investments in associates	191	191
Investments in other entities	93	93
Other financial assets	102 243	119 238
Trade and other receivables	28 257	26 187
Retentions for construction contracts	54 921	65 920
Deferred tax assets	756 977	775 637
Total non-current assets (long-term)	1 682 248	1 707 685
Current assets		
Inventories	587 641	569 646
Trade and other receivables	702 396	1 032 531
Retentions for construction contracts	93 821	86 476
Valuation of construction contracts	528 301	438 299
Current income tax receivables	9 529	-
Other financial assets	34 445	29 709
Cash and cash equivalents	3 630 461	3 484 987
Total current assets (short-term)	5 586 594	5 641 648
TOTAL ASSETS	7 268 842	7 349 333

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Statement of financial position (cont.)

EQUITY AND LIABILITIES	31 March 2024 <i>unaudited</i>	31 December 2023 <i>audited</i>
Equity		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	56 285	56 285
Cumulative translation differences	5 029	5 112
Retained earnings	1 008 180	911 534
Total equity	1 295 541	1 198 978
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of finance	61 838	62 553
Retentions for construction contracts	225 265	234 390
Provision for long-term liabilities and other charges	583 601	581 277
Retirement benefits and similar obligations	10 062	10 062
Other financial liabilities	6 405	6 405
Total long-term liabilities	887 171	894 687
Short-term liabilities		
Loans, borrowings and other external sources of finance	42 946	41 307
Trade and other payables	1 508 339	1 510 473
Retentions for construction contracts	202 068	213 732
Provision for construction contract losses	769 948	758 236
Valuation of construction contracts	1 631 521	1 722 253
Deferred income	441 411	422 899
Provisions for current liabilities and other charges	486 739	478 425
Current income tax payable	-	105 376
Retirement benefits and similar obligations	1 458	1 458
Other financial liabilities	1 700	1 509
Total short-term liabilities	5 086 130	5 255 668
Total liabilities	5 973 301	6 150 355
TOTAL EQUITY AND LIABILITIES	7 268 842	7 349 333

Income statement

	Note	3-month period ended 31 March	
		2024	2023
		<i>unaudited</i>	
Continuing operations			
Net sales of finished goods, goods for resale, raw materials and services	3, 7	1 266 660	1 620 242
Cost of finished goods, goods for resale, raw materials and services sold		(1 124 829)	(1 491 980)
Gross profit on sales		141 831	128 262
Selling expenses	3	(2 458)	(2 946)
Administrative expenses	3	(62 227)	(59 137)
Other operating income	4	11 297	16 575
Other operating expenses	4	(7 809)	(9 128)
Operating profit		80 634	73 626
Finance income	5	50 733	52 661
Finance costs	5	(11 783)	(11 547)
Gross profit		119 584	114 740
Income tax	6	(22 938)	(22 425)
Net profit from continuing operations		96 646	92 315
Net profit for the period		96 646	92 315
<i>Basic and diluted earnings per share attributable to the shareholders (in PLN)</i>		3.79	3.62

Statement of comprehensive income

	3-month period ended 31 March	
	2024	2023
		<i>unaudited</i>
Net profit for the period	96 646	92 315
Other comprehensive income for the period, which:		
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions: :</i>		
Cumulative translation differences	(83)	5
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 of tax	(83)	5
Total comprehensive income for the period	96 563	92 320

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(all amounts are expressed in PLN thousand)

budimex**Statement of changes in equity**

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
Balance as at 1 January 2024 <i>audited</i>	145 848	80 199	56 285	5 112	911 534	1 198 978
Profit for the period	-	-	-	-	96 646	96 646
Other comprehensive income	-	-	-	(83)	-	(83)
Total comprehensive income for the period	-	-	-	(83)	96 646	96 563
Balance as at 31 March 2024 <i>unaudited</i>	145 848	80 199	56 285	5 029	1 008 180	1 295 541

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Statement of changes in equity (cont.)

	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	-	-	-	-	92 315	92 315
Other comprehensive income	-	-	-	5	-	5
Total comprehensive income for the period	-	-	-	5	92 315	92 320
Balance as at 31 March 2023 <i>unaudited</i>	145 848	80 199	57 672	6 328	713 566	1 003 613
Profit for the period	-	-	-	-	657 254	657 254
Other comprehensive income	-	-	(1 387)	(1 216)	-	(2 603)
Total comprehensive income for the period	-	-	(1 387)	(1 216)	657 254	654 651
Dividend paid	-	-	-	-	(459 286)	(459 286)
Balance as at 31 December 2023 <i>audited</i>	145 848	80 199	56 285	5 112	911 534	1 198 978

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Cash flow statement

	3-month period ended 31 March	
	2024	2023
	<i>unaudited</i>	
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	119 584	114 740
Adjustments for:		
Depreciation/ amortization	20 015	20 838
Foreign exchange (gains)/ losses	(2 619)	138
Interest and shares in profits (dividends)	(777)	(341)
(Profit)/ loss on disposal of investments	252	(261)
Change in valuation of derivative financial instruments	206	(7 841)
Change in provisions and liabilities arising from retirement benefits and similar obligations	10 638	(6 836)
Other adjustments	(82)	8
Operating profit before changes in working capital	147 217	120 445
Change in receivables and retentions for construction contracts	330 641	(18 884)
Change in inventories	(17 995)	13 081
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	(17 173)	126 799
Change in valuation of construction contracts and provision for construction contract losses	(169 022)	(26 900)
Change in deferred income	18 512	171 872
Change in cash and cash equivalents of restricted use	(17 506)	5 119
Cash from operating activities	274 674	391 532
Income tax paid	(119 183)	(64 931)
NET CASH FROM OPERATING ACTIVITIES	155 491	326 601
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of intangible assets and tangible fixed assets	117	343
Purchase of intangible assets and tangible fixed assets	(27 503)	(3 676)
Purchase of shares in related entities	(2 424)	(5 250)
Dividend received	-	255
Loans granted	(30 700)	(2 710)
Repayment of loans granted	44 035	-
Interest received	603	663
Proceeds from liquidation of a related entity	-	3 118
NET CASH (USED IN) INVESTING ACTIVITIES	(15 872)	(7 257)

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

	3-month period ended 31 March	
	2024	2023
		<i>unaudited</i>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(12 539)	(15 099)
Interest paid	(1 278)	(1 370)
NET CASH (USED IN) FINANCING ACTIVITIES	(13 817)	(16 469)
NET CHANGE IN CASH AND CASH EQUIVALENTS	125 802	302 875
Foreign exchange differences, net	2 166	(262)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note 2.2)	3 472 057	2 821 815
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 2.2)	3 600 025	3 124 428

1. General information

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

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

The Company has an unlimited period of operation.

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

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

These condensed interim 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 2023, published on 10 April 2024.

As at 31 March 2024, 31 December 2023 and 31 March 2023 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		
	31 March 2024	31 December 2023	31 March 2023
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%
Budimex - Gülermak s.c.**	50.00%	-	-
ARGE Brücke Oderberg	5.00%	5.00%	5.00%
ARGE Brücke Wittstock	5.00%	5.00%	5.00%
ARGE Oberkrämer	5.00%	5.00%	-
ARGE Campus Düppel	5.00%	5.00%	-
ARGE Wollin	5.00%	5.00%	-
ARGE Delmenhorst	5.00%	5.00%	-
E.R.B. RAIL JV PS	37.50%	37.50%	-
Budimex SA Ferrovia Agroman SA 2 s.c.	-	-	95.00%

*) on 22 April 2024, the partners of Budimex SA Cadagua SA III s.c. agreed on the dissolution of the company on 30 April 2024 due to the achievement of economic objectives for which the company was established.

**) The company was established on the basis of a civil partnership agreement concluded between Budimex SA, Gülermak Sp. z o.o. and Gülermak Ağır Sanayi İnşaat ve Taahhüt Şirketi Spółka Akcyjna Oddział w Polsce on 29 February 2024.

Amendments to standards effective in the current period

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

- 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*”,
- Amendments to IFRS 16 „Leases” – “*Lease Liability in a Sale and Leaseback*”.

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

Standards and amendments to standards 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 financial statements were not yet adopted for use:

- IFRS 18 “Presentation and Disclosure in Financial Statements” (effective for annual periods beginning on or after 1 January 2027),
- IFRS 14 „Regulatory Deferral Accounts” – according to the decision of the European Union, endorsement process of the standard in its draft form will not be initiated before the 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*” – the work leading to the endorsement of these changes was postponed by the EU indefinitely – the date of amendments becoming effective was postponed indefinitely by the IASB,
- Amendments to IAS 7 “Statements 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.

	31 March 2024	31 December 2023	31 March 2023
Cash recognised in the statement of financial position	3 630 461	3 484 987	3 128 319
Cash and cash equivalents of restricted use	(30 436)	(12 930)	(3 891)
Cash recognised in the statement of cash flow	3 600 025	3 472 057	3 124 428

2.3. Going concern

The financial statements of the Company were prepared on the assumption that the Company will be going concern in the foreseeable future. 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 continuing activities after the reporting date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

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

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

Revenues and profitability

	3-month period ended		Change %
	31 March 2024	31 March 2023	
Net sales of finished goods and services	1 266 660	1 620 242	(21.82%)
Gross profit on sales	141 831	128 262	10.58%
Gross profitability on sales	11.20%	7.92%	3.28 p.p.
Operating profit	80 634	73 626	9.52%
Operating profitability	6.37%	4.54%	1.83 p.p.
Gross profit	119 584	114 740	4.22%
Gross profitability	9.44%	7.08%	2.36 p.p.
Net profit	96 646	92 315	4.69%
Net profitability	7.63%	5.70%	1.93 p.p.

Selling and administrative expenses

	3-month period ended		Change %
	31 March 2024	31 March 2023	
Selling expenses	(2 458)	(2 946)	(16.56%)
Administrative expenses	(62 227)	(59 137)	5.23%
Total selling & administrative expenses	(64 685)	(62 083)	4.19%
Share of selling & administrative expenses in net sales of finished goods and services	5.11%	3.83%	1.28 p.p.

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

	3-month period ended	
	31 March 2024	31 March 2023
Gains on sale of non-financial non-current assets	109	309
Subsidies received	172	6
Reversal of impairment write-downs against receivables	5 414	5 451
Reversal of provisions for penalties and sanctions	-	221
Penalties/ compensations awarded	3 693	3 690
Statute-barred liabilities written-off	338	-
Gains on derivative financial instruments	1 503	6 704
Other	68	194
Total	11 297	16 575

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Other operating expenses

	3-month period ended	
	31 March 2024	31 March 2023
Impairment write-downs against receivables	(5 734)	(6 934)
Compensations and liquidated damages paid	(1 261)	(375)
Donations	(544)	(537)
Creation of provisions for litigation	(135)	(656)
Court charges	(131)	(406)
Other	(4)	(220)
Total	(7 809)	(9 128)

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 3 months ended 31 March 2024 and 31 March 2023, 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 the financial instruments held by the Company is close to their carrying value.

5. Finance income and finance costs**Finance income**

	3-month period ended	
	31 March 2024	31 March 2023
Interest earned	48 246	52 020
Foreign exchange gains	2 487	641
Total	50 733	52 661

Finance costs

	3-month period ended	
	31 March 2024	31 March 2023
Cost of bank commissions and guarantees	(6 446)	(6 740)
Discount of retentions for construction contracts	(3 757)	(3 314)
Interest expense	(1 576)	(1 438)
Loss on liquidation of a related entity	-	(55)
Other	(4)	-
Total	(11 783)	(11 547)

6. Other significant information on activity of Budimex SA in the I quarter of 2024**Provisions for liabilities and other charges**

	31 March 2024	31 December 2023
Provisions for litigation	35 727	35 698
Provisions for penalties and other sanctions	298 500	290 882
Provisions for warranty repairs	722 230	719 240
Other provisions	13 883	13 882
Total	1 070 340	1 059 702
<i>of which:</i>		
- long-term	583 601	581 277
- short-term	486 739	478 425

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Income tax in the profit and loss statement

	3-month period ended	
	31 March 2024	31 March 2023
Income tax – current	(4 279)	(38 878)
Income tax – deferred	(18 659)	16 453
Income tax in the profit and loss statement	(22 938)	(22 425)

Other information

	3-month period ended	
	31 March 2024	31 March 2023
Value of property, plant and equipment and intangible assets purchased or started to be leased:	28 888	13 074
- of which: plant and machinery	10 719	581

As at 31 March 2024, contractual liabilities of the Company for the purchase of property, plant and equipment amounted to PLN 26 402 thousand, while as at 31 December 2023, contractual investment liabilities amounted to PLN 11 136 thousand and mainly related to the purchase of means of transport, and plant and machinery.

In the first 3 months of 2024, Budimex SA recorded a decrease in the level of trade and other receivables, which was a direct result of settlements made by contractors for invoiced works. Moreover the balance of trade receivables at the end of 2023 was at its historical maximum levels. The significant change in income tax settlements was a consequence of the final tax settlement for 2023. Relatively low level of the balance of valuation of long-term contracts presented in assets at the end of 2023 was due to the high level of invoicing on several key railway contracts. In turn, the higher level of “under-invoicing” as of 31 March 2024 results from the natural business cycle and the seasonality of construction works

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

In the first quarter of 2024 and 2023 net sales of services, goods for resale and raw materials, by type of good or service, were as follows:

Product/service type	3-month period ended	
	31 March 2024	31 March 2023
Sales of construction and assembly services	1 253 273	1 608 914
Sales of other services	8 911	3 117
Sales of goods for resale and raw materials	4 476	8 211
Total sales of finished goods, goods for resale, raw materials and services	1 266 660	1 620 242

In the first quarter of 2024 and 2023 net sales of services, goods for resale and raw materials, by geographical area, were as follows:

Region	3-month period ended	
	31 March 2024	31 March 2023
Poland	1 242 369	1 560 333
Germany*	3 413	58 727
Czech Republic	15	-
Slovakia	20 863	1 182
Total sales of finished goods, goods for resale, raw materials and services	1 266 660	1 620 242

*) The decrease in sales generated in Germany results from the transfer of operating activities of the German branch of Budimex SA to the branch of its subsidiary, Mostostal Kraków SA.

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In the first quarter of 2024 and 2023 net sales of services, goods for resale and raw materials by type of construction was as follows:

Type of construction	3-month period ended	
	31 March 2024	31 March 2023
Land-engineering	549 003	609 426
Railway	332 572	396 696
General construction, of which:	371 698	602 792
- non-residential	333 693	578 057
- residential	38 005	24 735
Other	13 387	11 328
Total sales of finished goods, goods for resale, raw materials and services	1 266 660	1 620 242

8. Related party transactions

Transactions with related parties made in the first quarter of 2024 and in the first quarter of 2023 and unsettled balances of receivables and liabilities as at 31 March 2024 and 31 December 2023 are presented in the tables below.

Transactions are made on an arm's length basis.

	Receivables		Liabilities	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Parent Company and related parties (the Ferrovia Group)	-	-	27 568	33 028
Subsidiary companies	34 612	34 638	15 403	15 225
Jointly controlled entities	14 240	14 549	660	660
Total	48 852	49 187	43 631	48 913

	Loans granted		Loans taken out	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Subsidiary companies	95 353	107 236	-	-
Total	95 353	107 236	-	-

	Sales of finished goods and services and other operating income		Purchase of finished goods and services and other operating expenses	
	3-month period ended 31 March		3-month period ended 31 March	
	2024	2023	2024	2023
Parent Company and related parties (the Ferrovia Group)	-	-	(8 142)	(11 798)
Subsidiary companies	12 150	83 608	(17 449)	(31 879)
Associates	-	-	-	-
Jointly controlled entities	8	105	-	-
Total	12 158	83 713	(25 591)	(43 677)

	Finance income		Finance costs	
	3-month period ended 31 March		3-month period ended 31 March	
	2024	2023	2024	2023
Subsidiary companies	2 055	1 711	-	-
Other related entities – other*	-	-	-	(55)
Total	2 055	1 711	-	(55)

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

9. Description of significant achievements or failures of Budimex SA in the I quarter of 2024, key events concerning the Company's operations and significant events after 31 March 2024

In the first quarter of 2024, Budimex SA recorded a decline in sales revenues compared to the same period of the previous year by almost 22%. The decline in sales results from the investment cycle of the largest investors, especially in the railway area. Additionally, a number of important contracts, which had a large share in last year's sales revenue, have been completed. Several factors contributed to the observed increase in operating profitability in the first quarter of this year. One of them was price stabilization and greater availability of construction materials and subcontractor services. An improvement in operating profitability was recorded, inter alia in the general construction segment, which thanks to the completion and settlement of several large and difficult contracts last year and the greater availability of subcontractors, achieved higher profitability in the current quarter than in the same period of the previous year.

Due to delays in obtaining EU funds under the National Recovery and Resilience Plan (KPO), last year did not bring the expected tender outcomes and signed contracts in the railway construction segment, which would allow for a smooth reconstruction of the order portfolio in this area and maintaining the sales level achieved last year.

The Company is consistently working on maintaining a high value of its backlog both in the railway, road and general construction segments which guarantees optimal use of production capacity in the coming quarters. During the first quarter of 2024, Budimex SA acquired new contracts with a total value of over PLN 2.5 billion, 650 million of which originates from a contract signed on the Czech market. After the end of the first quarter, contracts worth almost PLN 500 million were signed. In addition, the value of contracts in which the Company's bids are the lowest or have been rated the highest amounted to over PLN 10 billion, of which almost PLN 5 billion was for contracts on foreign markets. This provides preferable prospects for maintaining a high backlog in the coming quarters and builds the foundations of operations for the years 2025-2026

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.

In the first quarter of 2024, the Company's cash position improved compared to the end of 2023, mainly due to the receipt of payments for works performed during the final months of last year, the level of which was record high.

In the first quarter of 2024, the Company continues operating activities within three 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 will construct the D35 motorway from Džbánov to Litomyšl and the Kutrin polder) as well as in Latvia (where the realization of the Rail Baltica contract commences).

On 9 April 2024 Management Board of Budimex SA decided to recommend to the Ordinary General Meeting in 2024 to decide on the payment of dividend in the amount of PLN 35.69 gross per share. It is proposed to allocate part of the net profit for the period from 1 January 2023 to 31 December 2023 in the amount of PLN 749 569 thousand and a portion of retained earnings from previous years in the amount of PLN 161 600 thousand. Management Board of Budimex SA proposed to set the dividend day to 29 May 2024, and the dividend payment date to 6 June 2024.

The ongoing war in Ukraine has no direct impact on the activities of Budimex SA. The Company does not have contracts in Ukraine, Russia and Belarus. Budimex SA has no significant exposure to services provided by entities with eastern capital, either.

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

On 29 February 2024, Budimex SA, Gülermak Sp. z o.o. and Gülermak Ağır Sanayi İnşaat ve Taahhüt Şirketi Spółka Akcyjna Oddział w Polsce, jointly established a civil partnership agreement, in which Budimex SA cash contribution is PLN 5 thousand, and the cash contribution of Gülermak Sp. z o.o. and Gülermak Ağır Sanayi İnşaat ve Taahhüt Şirketi Spółka Akcyjna Oddział w Polsce is PLN 2.5 thousand each. The company was established as a joint operation, under the project: "Modernization of railway line No. 104 Chabówka - Nowy Sącz, on the section Chabówka - Rabka Zaryte - Mszana Dolna and Limanowa - Kłęzany - Nowy Sącz". Budimex SA has been set as the company leader. Budimex SA's share in the company's profits and losses is 50%.

On 19 March 2024, Budimex SA, as the sole shareholder founded two separate companies: Budimex S Sp. z o.o. and Budimex T Sp. z o.o. Till the date of preparation of these condensed financial statements the companies have not been registered in the National Court Register.

On 22 April 2024 Budimex SA paid a contribution to the share capital of BXF Energia in the amount of PLN 19 380 thousand, in which it holds 51% of shares.

On 22 April 2024, the partners of Budimex SA Cadagua SA III s.c. agreed on the dissolution of the company on 30 April 2024 due to the achievement of economic objectives for which the company was established.

In the period from 31 March 2024 to the date of preparation of these condensed financial statements no other significant events took place.

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

In the first quarter of 2024 Budimex SA did not issue, redeem or repay debt or equity securities.

11. Proceedings pending as at 31 March 2024 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 31 March 2024 was PLN 679 093 thousand. Excess of the value of proceedings related to claims of Budimex SA over proceedings against the Company amounted to PLN 109 475 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 31 March 2024 was PLN 284 809 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 Ferrovia Agroman SA in Madrid (currently Ferrovia Construcción SA), members of the consortium related to implementation of the contract "Construction of the new premises for the Silesian Museum in Katowice" concluded on 7 June 2011, filed on 24 July 2017 by the claimant – the Silesian Museum in Katowice. The Claimant requests that the Defendants are either condemned in solidum to pay the amount of PLN 122 758 thousand plus statutory interest from the date the lawsuit was filed for improper performance of the obligation under the Contract, either alternatively the court adjudges the claim for decreasing the price by PLN 34 675 thousand as the reimbursement of part of the remuneration, which was wrongly paid in Claimant's opinion. Article 471 of the Civil Code was specified as the grounds for pursuing the main claim, and the provisions on statutory warranty were specified for the alternative claim.

In the opinion of the Management Board of Budimex SA the claims in the lawsuit are groundless. The irregularities, which in the Claimant's opinion constitute actual grounds of the claims, provided that these do exist, do not result from actions or omissions of the consortium. Moreover, proper performance of the Silesian Museum building in Katowice by the consortium was confirmed by the Claimant issuing the Work Acceptance Certificate and Implementation Certificate for the building. The Management Board assesses that the provisions for warranty repairs and court proceedings recognised beforehand fully cover the risks related to court case. Budimex SA filed its response to the claim on 31 October 2017 and supplemented it in January 2018. Ferrovia Agroman SA filed a reply to the statement of claim on 22 October 2018. The first hearing took place on 11 March 2019, during which the court ordered the parties to make an advance payment for expert fees. By a decision of 2 August 2022, the court summoned parties to start mediations, at the same time appointing a mediator for the Arbitration Court at the General Attorney of the Treasury. On 26 August 2022 Budimex SA and Ferrovia Construcción SA agreed to mediation and

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the appointed mediator. The mediation was conducted from 29 August 2022 to 12 April 2024, but it did not lead a settlement conclusion. Due to ineffective mediation the case returns to court proceedings.

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 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. In the meantime, the court at a closed session, issued a decision to admit evidence from an expert opinion, including the calculation of the value of correction works and the value of works remaining to be performed. The expert prepared this opinion in which he stated that based on the evidence collected in the proceedings files (or, in fact, the lack thereof), he was unable to answer the questions asked by the court. Budimex SA believes that this opinion is favourable.

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 394 284 thousand as at 31 March 2024. 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

	31 March 2024	31 December 2023
<u>Contingent assets</u>		
From related parties, of which:	1 018	1 456
– guarantees and sureties received	697	1 135
– bills of exchange received as security	321	321
From other entities, of which:	713 168	783 902
– guarantees and sureties received	659 748	700 377
– bills of exchange received as security	53 420	83 525
Other contingent assets	17 749	12 692
Total contingent assets	731 935	798 050
<u>Contingent liabilities</u>		
To related parties, of which:	334 112	422 681
– guarantees and sureties issued	334 112	422 681
To other entities, of which:	4 514 191	4 553 046
– guarantees and sureties issued	4 505 932	4 544 787
– promissory notes issued as performance bond	8 259	8 259
Other contingent liabilities	34	181
Total contingent liabilities	4 848 337	4 975 908
Total off-balance sheet items	(4 116 402)	(4 177 858)

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

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.

BUDIMEX SA

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prepared in accordance with International Financial Reporting Standards



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

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 receivables represent security for receivables payment due to the Company from their customers.

President of the Management Board

Management Board Member

Artur Popko

Marcin Węglowski

Warsaw, 8 May 2024

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.