



THE BUDIMEX GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for 1 quarter of 2023

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

The BUDIMEX Group

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



(all amounts are expressed in PLN thousand)

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Consolidated statement of financial position

ASSETS	31 March 2023 <i>not audited</i>	31 December 2022 <i>audited</i>
Non-current (long-term) assets		
Property, plant and equipment	652 684	640 734
Intangible assets	141 145	145 094
Goodwill of subordinated entities	178 198	178 198
Investments in equity accounted entities	2 420	2 405
Investments in equity instruments	3 989	7 545
Retentions for construction contracts	69 105	83 393
Trade and other receivables	22 668	24 441
Receivables from service concession agreement	46 451	46 511
Other financial assets	8 892	4 777
Deferred tax assets	699 012	685 036
Total non-current (long-term) assets	1 824 564	1 818 134
Current (short-term) assets		
Inventories	737 375	743 778
Trade and other receivables	1 073 200	952 515
Retentions for construction contracts	95 042	83 120
Valuation of construction contracts	624 805	532 484
Current tax assets	1 250	1 957
Other financial assets	7 269	5 851
Cash and cash equivalents	3 385 632	3 249 369
Total current (short-term) assets	5 924 573	5 569 074
TOTAL ASSETS	7 749 137	7 387 208

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Consolidated statement of financial position (cont.)

EQUITY AND LIABILITIES	31 March 2023 <i>not audited</i>	31 December 2022 <i>audited</i>
Equity		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	56 413	56 413
Cumulative translation differences	6 928	7 092
Retained earnings	1 075 130	968 832
Shareholders' equity attributable to the shareholders of the Parent	1 364 518	1 258 384
Equity attributable to non-controlling interests	44 708	41 071
Total equity	1 409 226	1 299 455
Liabilities		
Non-current (long-term) liabilities		
Loans, borrowings and other external sources of finance	141 704	148 706
Retentions for construction contracts	226 341	229 963
Provision for long-term liabilities and other charges	639 032	626 314
Retirement benefits and similar obligations	10 070	10 070
Other financial liabilities	12 791	12 807
Deferred tax liabilities	844	1 149
Total non-current (long-term) liabilities	1 030 782	1 029 009
Current (short-term) liabilities		
Loans, borrowings and other external sources of finance	69 866	76 435
Trade and other payables	1 631 831	1 516 956
Retentions for construction contracts	214 259	218 039
Provisions for losses on construction contracts	934 389	803 263
Valuation of construction contracts	1 374 994	1 493 517
Deferred income	756 121	578 658
Provision for short-term liabilities and other charges	321 511	337 818
Current tax liability	2 939	29 245
Retirement benefits and similar obligations	1 578	1 578
Other financial liabilities	1 641	3 235
Total current (short-term) liabilities	5 309 129	5 058 744
Total liabilities	6 339 911	6 087 753
TOTAL EQUITY AND LIABILITIES	7 749 137	7 387 208

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Consolidated income statement

	Note	3-month period ended 31 March	
		2023	2022
		<i>not audited</i>	
Continuing operations			
Net sales of finished goods, goods for resale, raw materials and services	4, 9	1 939 427	1 598 986
Cost of finished goods, goods for resale, raw materials and services sold		(1 765 233)	(1 466 915)
Gross profit on sales		174 194	132 071
Selling expenses	4	(2 976)	(3 127)
Administrative expenses	4	(77 116)	(67 153)
Other operating income	5	21 728	11 750
Other operating expenses	5	(13 502)	(16 098)
Operating profit		102 328	57 443
Finance income	6	55 752	15 471
Finance costs	6	(15 024)	(10 332)
Share in net profits / (losses) of equity accounted subordinates		14	8
Gross profit		143 070	62 590
Income tax	7	(33 135)	(3 134)
Net profit from continuing operation		109 935	59 456
Net profit for the period		109 935	59 456
<i>of which:</i>			
attributable to the shareholders of the Parent		106 298	56 375
<i>attributable to non-controlling interests</i>		3 637	3 081
<hr/>			
<i>Basic and diluted earnings per share attributable to the shareholders of the Parent (in PLN)</i>		4.16	2.21

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Consolidated statement of comprehensive income

	3-month period ended 31 March	
	2023	2022
	<i>not audited</i>	
Net profit for the period	109 935	59 456
Other comprehensive income which:		
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions:</i>		
Cumulative translation differences	(164)	427
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	-	-
Other comprehensive income	(164)	427
Total comprehensive income for the period	109 771	59 883
<i>of which:</i>		
Attributable to the shareholders of the Parent	106 134	56 802
<i>Attributable to non-controlling interests</i>	3 637	3 081

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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
Balance as at 1 January 2023 <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	-	-	-	-	106 298	106 298	3 637	109 935
Other comprehensive income	-	-	-	(164)	-	(164)	-	(164)
Total comprehensive income	-	-	-	(164)	106 298	106 134	3 637	109 771
Balance as at 31 March 2023 <i>not audited</i>	145 848	80 199	56 413	6 928	1 075 130	1 364 518	44 708	1 409 226

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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
Balance as at 1 January 2022 <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	-	-	-	-	56 375	56 375	3 081	59 456
Other comprehensive income	-	-	-	427	-	427	-	427
Total comprehensive income	-	-	-	427	56 375	56 802	3 081	59 883
Balance as at 31 March 2022 <i>not audited</i>	145 848	80 199	53 324	6 716	1 089 955	1 376 042	44 848	1 420 890
Profit for the period	-	-	-	-	478 068	478 068	10 605	488 673
Other comprehensive income	-	-	3 089	376	-	3 465	-	3 465
Total comprehensive income	-	-	3 089	376	478 068	481 533	10 605	492 138
Profit distribution - dividend	-	-	-	-	(599 191)	(599 191)	-	(599 191)
Payment of dividend to non-controlling shareholders	-	-	-	-	-	-	(14 382)	(14 382)
Balance as at 31 December 2022 <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

	3-month period ended 31 March	
	2023	2022
	<i>not audited</i>	
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	143 070	62 590
Adjustments for:		
Depreciation/ amortization	38 978	36 602
Share in net (profits) of equity accounted companies	(14)	(8)
Foreign exchange losses	8	339
Interest and shares in profits (dividends)	2 708	1 368
(Profit) on investing activities	(1 879)	(1 185)
Change in valuation of derivative financial instruments	(9 188)	(499)
Change in provisions and liabilities arising from retirement benefits and similar obligations	(3 589)	1 933
Other adjustments	629	1 331
Operating profit before changes in working capital	170 723	102 471
Change in receivables and retentions for construction contracts	(115 653)	119 568
Change in inventories	6 403	(103 507)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	106 580	231 679
Change in deferred income	177 463	93 443
Change in valuation of construction contracts and in provision for losses on construction contracts	(79 718)	78 878
Change in cash and cash equivalents of restricted use	20 016	(60 150)
Income tax paid	(73 015)	(57 944)
NET CASH FROM OPERATING ACTIVITIES	212 799	404 438

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Consolidated statement of cash flows (continued)

	3-month period ended 31 March	
	2023	2022
	<i>not audited</i>	
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of intangible assets and property, plant and equipment	3 775	1 221
Purchase of intangible assets and property, plant and equipment	(38 528)	(16 642)
Purchase of subsidiaries	-	(11 033)
Loans granted	(60)	(100)
Deferred payment for shares in subsidiaries	-	(17 700)
Proceeds from the liquidation of a related party	3 118	-
NET CASH (USED IN) INVESTING ACTIVITIES	(31 695)	(44 254)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(1 218)	(5 741)
Dividends paid to non-controlling shareholders	(245)	-
Payment of lease liabilities	(21 022)	(19 289)
Interest paid	(2 265)	(1 701)
Other finance (inflows) / expenditure	178	(52)
NET CASH (USED IN) FINANCING ACTIVITIES	(24 572)	(26 783)
TOTAL NET CASH FLOW	156 532	333 401
Foreign exchange differences on cash and cash equivalents, net	(253)	(28)
CASH AND CASH EQUIVALENTS - OPENING BALANCE (note 3.2)	3 221 410	2 684 885
CASH AND CASH EQUIVALENTS - CLOSING BALANCE (note 3.2)	3 377 689	3 018 258

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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 31 March 2023, 31 December 2022 and 31 March 2022 the following entities were subject to consolidation:

Company name	Registered office	% in the share capital as at		
		31 March 2023	31 December 2022	31 March 2022
Parent company:				
Budimex SA	Warsaw / Poland			
Subsidiaries:				
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) ¹	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Slovakia s.r.o. ²	Bratislava / Slovakia	100.00%	100.00%	100.00%
Budimex F Sp. z o.o. ³	Warsaw / Poland	100.00%	100.00%	100.00%
Fotowoltaika HIG XIV Sp. z o.o.	Cracow/ Poland	100.00%	100.00%	-
RailBX GmbH	Berlin/ Germany	100.00%	100.00%	-
Zakład Przetwarzania Odpadów Zawisty sp. z o.o.	Ostrołęka / Poland	100.00%	100.00%	-
FBSerwis Kamieński Sp. z o.o.	Kamieńsk / Poland	80.00%	80.00%	80.00%
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	51.00%	51.00%	51.00%

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¹⁾The company was included in the consolidation scope as of December 2022 due to the commencement of significant operating activities. On 6 February 2023, the company changed its name to Budimex Mobility SA.

²⁾The company was included in the consolidation scope as of December 2022 due to the commencement of significant operating activities.

³⁾The company was included in the consolidation scope as of February 2023 due to the commencement of significant operating activities.

As at 31 March 2023, 31 December 2022 and 31 March 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 (%)		
	31 March 2023	31 December 2022	31 March 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 Ferrovia Agroman SA 2 s.c.	95.00%	95.00%	95.00%
Budimex SA Sygnity SA Sp.j.	67.00%	67.00%	67.00%
Budimex SA Tecnicas Reunidas SA Turów s.c.	50.00%	50.00%	50.00%
Budimex SA Ferrovia Construcción SA Sp.j. ¹	-	50.00%	50.00%
ARGE Brücke Oderberg	100.00%	-	-
ARGE Brücke Wittstock	100.00%	-	-

¹⁾ 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.

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

Associate	Share		
	31 March 2023	31 December 2022	31 March 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 3-month period ended 31 March 2023 there were no other changes in the Group structure, except the ones described below.

Consolidation of Budimex F Sp. z o.o.

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

Establishment of civil partnerships under German law

Budimex SA and Budimex Bau GmbH, a 100% subsidiary of Budimex SA, jointly established 2 civil partnerships under German law: ARGE Brücke Oderberg and ARGE Brücke Wittstock, in which Budimex SA holds 5% of shares and Budimex Bau GmbH holds 95% of shares. The companies are treated as joint operations and have been established to perform construction contracts.

In the period covered by this report, no significant activities were discontinued and nor were there plans to discontinue any significant activities in the future.

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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%
Nationale-Nederlanden OFE	ordinary	2 353 889	9.22%	2 353 889	9.22%
Drugi 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%
Total		25 530 098	100.00%	25 530 098	100.00%

The above data presents the shareholding structure as at the last 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 effective in the current period

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 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).

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.

	31 March 2023	31 December 2022	31 March 2022
Cash recognised in the statement of financial position	3 385 632	3 249 369	3 109 318
Cash and cash equivalents of restricted use	(7 943)	(27 959)	(91 060)
Cash recognised in the statement of cash flow	3 377 689	3 221 410	3 018 258

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 3-month of 2023 construction-assembly production in Poland expressed in fixed prices increased by 3.5% compared to the corresponding period of the prior year, while sales of the construction segment of the Budimex Group on the home market increased by 19.9% on the corresponding period.

Net sales and profitability

	3 months ended		
	31 March 2023	31 March 2022	Change in %
Net sales of finished goods and services	1 939 427	1 598 986	21.29%
Gross profit on sales	174 194	132 071	31.89%
Gross profitability on sales	8.98%	8.26%	0.72 p.p.
Operating profit	102 328	57 443	78.14%
Operating profitability	5.28%	3.59%	1.69 p.p.
Operating profit in construction segment	80 785	42 782	88.83%
Operating profitability in construction segment	4.69%	2.98%	1.71 p.p.
Operating profit in service segment	21 543	14 761	45.95%
Operating profitability in service segment	9.90%	8.89%	1.01 p.p.

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	3 months ended		Change in %
	31 March 2023	31 March 2022	
Gross profit	143 070	62 590	128.58%
Gross profitability	7.38%	3.91%	3.47 p.p.
Net profit	109 935	59 456	84.90%
Net profitability	5.67%	3.72%	1.95 p.p.

Selling expenses and administrative expenses

	3 months ended		Change in %
	31 March 2023	31 March 2022	
Selling expenses	(2 976)	(3 127)	(4.83%)
Administrative expenses	(77 116)	(67 153)	14.84%
Total selling & administrative expenses	(80 092)	(70 280)	13.96%
Share of selling & administrative expenses in net sales of finished goods and services	4.13%	4.40%	(0.27 p.p.)

5. Other operating income and expenses

Other operating income

	3 months ended	
	31 March 2023	31 March 2022
Reversal of impairment write-downs against receivables	6 080	1 330
Penalties/ compensations awarded	4 457	8 750
Statute-barred liabilities written-off	-	1 084
Gains on derivative financial instruments	9 531	137
Subsidies received	6	36
Gains on the sale of non-financial non-current assets	1 091	148
Other	563	265
Total	21 728	11 750

Other operating expenses

	3 months ended	
	31 March 2023	31 March 2022
Impairment write-downs against receivables	(7 043)	(2 525)
Creation of provision for penalties and other sanctions	-	(25)
Creation of provision for litigation	(656)	(8 478)
Compensations and liquidated damages paid	(3 248)	(1 539)
Loss on derivative financial instruments	(642)	(959)
Donations given	(587)	(829)
Court charges and executions, costs of legal proceedings	(427)	(448)
Other	(899)	(1 295)
Total	(13 502)	(16 098)

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6. Finance income and costs

Finance income

	3 months ended	
	31 March 2023	31 March 2022
Interest earned	54 345	11 717
Valuation of receivables from service concession arrangement	717	719
Gains on derivative financial instruments	165	1 458
Foreign exchange gains	335	295
Other	190	1 282
Total	55 752	15 471

Finance costs

	3 months ended	
	31 March 2023	31 March 2022
Interest expense	(3 442)	(2 126)
Discount of retentions for construction contracts	(3 314)	(1 792)
Cost of bank commissions and guarantees	(7 234)	(6 316)
Loss on derivative financial instruments	(343)	(83)
Loss on liquidation of a non-consolidated entity	(394)	-
Other	(297)	(15)
Total	(15 024)	(10 332)

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 3 months ended 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 financial instruments owned by the Group companies is similar to their carrying value.

7. Other important information on activity of the Budimex Group in the period of I quarter 2023

Provisions for liabilities and other charges

	31 March 2023	31 December 2022
Provisions for litigation	40 562	40 128
Provisions for penalties and other sanctions	168 897	181 125
Provisions for warranty repairs	642 674	635 970
Provisions for land reclamation	55 034	54 952
Provisions for waste storage fee	30 363	29 638
Other provisions	23 013	22 319
Total	960 543	964 132
<i>of which:</i>		
- long-term	639 032	626 314
- short-term	321 511	337 818

Income tax in the income statement

	31 March 2023	31 March 2022
Income tax – current	(47 417)	(78 556)
Income tax – deferred	14 282	75 422
Income tax in the income statement	(33 135)	(3 134)

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Other information

	3 months ended	
	31 March 2023	31 March 2022
Value of property, plant and equipment and intangible assets purchased or started to be leased:	42 580	18 112
- of which: plant and machinery	1 606	2 214

As at 31 March 2023 contractual obligations made by the Group for the purchase of property, plant and equipment amounted to PLN 19 663 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 the office and social building.

In the first 3 months of 2023, the Budimex Group recorded an increase in the level of advance payments included in deferred income, which was a direct result of the structure of the realized order portfolio and contractual provisions at individual contracts, guaranteeing the contractor an advance payment on the contract in progress (mainly on contracts implemented in the road and rail infrastructure segment). The Group also recorded an increase in the balance of valuation of construction contracts ("under-invoicing"), which results primarily from seasonality and high values of throughput on construction contracts. The increase in the level of provisions for losses results from the creation of provisions for several new construction contracts, mainly in the road infrastructure segment, where the design stage was completed and construction permits were obtained. In addition, part of the increase in the level of provisions relates to difficult contracts that are already in progress. The budgets of all contracts will be subject to cyclical monitoring, reviews and updates in the following quarters.

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

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.

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.

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- 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 from 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.

The results of segments for the first quarter of 2023 are presented in the table below:

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated value
External sales	1 723 640	215 787	-	1 939 427
Inter-segment sales	521	1 837	(2 358)	-
Total sales of finished goods, goods for resale and raw materials	1 724 161	217 624	(2 358)	1 939 427
Gross profit on sales	138 098	36 686	(590)	174 194
Selling expenses	(2 976)	-	-	(2 976)
Administrative expenses	(64 784)	(12 922)	590	(77 116)
Other operating income/(expenses), net	10 447	(2 221)	-	8 226
Operating profit	80 785	21 543	-	102 328
Finance income/ (costs), net	40 480	1 249	(1 001)	40 728
Shares in profits of equity accounted subordinates	-	14	-	14
Income tax expense	(24 610)	(8 715)	190	(33 135)
Net profit	96 655	14 091	(811)	109 935

The results of segments for the first quarter of 2022 are presented in the table below:

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated financial data
External sales	1 434 665	164 321	-	1 598 986
Inter-segment sales	1 193	1 722	(2 915)	-
Total sales of finished goods, goods for resale and raw materials	1 435 858	166 043	(2 915)	1 598 986
Gross profit on sales	107 199	25 666	(794)	132 071
Selling expenses	(3 127)	-	-	(3 127)
Administrative expenses	(57 751)	(10 096)	694	(67 153)
Other operating income/ (expenses), net	(3 539)	(809)	-	(4 348)
Operating profit	42 782	14 761	(100)	57 443
Finance income/ (costs), net	2 966	2 109	64	5 139

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Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated financial data
Shares in profits of equity accounted subordinates	-	8	-	8
Income tax expense	(3 290)	149	7	(3 134)
Net profit	42 458	17 027	(29)	59 456

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

In the first quarter 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	1 707 599	-	(188)	1 707 411
Sales of other services	3 644	217 624	(2 143)	219 125
Sales of finished goods	4 696	-	-	4 696
Sales of goods for resale and raw materials	8 222	-	(27)	8 195
Total sales of finished goods, goods for resale and raw materials	1 724 161	217 624	(2 358)	1 939 427

In the first quarter 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	1 419 311	-	(644)	1 418 667
Sales of other services	1 873	166 043	(2 271)	165 645
Sales of finished goods	13 470	-	-	13 470
Sales of goods for resale and raw materials	1 204	-	-	1 204
Total sales of finished goods, goods for resale and raw materials	1 435 858	166 043	(2 915)	1 598 986

9.2. Sales revenue, by geographical area

In the first quarter 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	1 631 426	217 514	(2 358)	1 846 582
Germany	91 553	67	-	91 620
Slovakia	1 182	18	-	1 200
Other EU countries	-	25	-	25
Total sales of finished goods, goods for resale and raw materials	1 724 161	217 624	(2 358)	1 939 427

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In the first quarter 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	1 360 386	165 895	(2 915)	1 523 366
Germany	72 704	148	-	72 852
Other EU countries	2 768	-	-	2 768
Total sales of finished goods, goods for resale and raw materials	1 435 858	166 043	(2 915)	1 598 986

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 first quarter of 2023 and the first quarter of 2022 were as follows:

Type of construction	Sales revenue for a 3-month period ended:	
	31 March 2023	31 March 2022
Land-engineering	617 880	488 234
Railway	404 387	300 356
General construction, of which:	701 894	647 268
- non-housing	677 159	579 223
- housing	24 735	68 045
Net sales of finished goods, goods for resale and raw materials – Construction business segment	1 724 161	1 435 858

10. Related party transactions

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

	Receivables		Liabilities	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Parent and its related parties (the Ferrovial Group)	-	-	25 362	25 450
Jointly controlled entities	14 561	14 994	660	736
Associates	7	2	7	7
Other related entities – non-consolidated subsidiaries*	-	-	69	98
Total settlements with related parties	14 568	14 996	26 098	26 291

	Loans granted		Loans taken out	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
Other related entities – non-consolidated subsidiaries*	61	1 987	-	-
Total transactions with related parties	61	1 987	-	-

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	Sales of finished goods and services & other operating and finance income		Purchase of finished goods and services & other operating and finance costs	
	3-month period ended 31 March		3-month period ended 31 March	
	2023	2022	2023	2022
Parent and its related parties (the Ferrovial Group)	-	-	(11 798)	(6 961)
Jointly controlled entities	105	219	-	(3)
Associates	6	4	(27)	(272)
Other related entities - non-consolidated subsidiaries*	1	-	(76)	-
Other related entities - others*	-	-	(394)	-
Total transactions with related parties	112	223	(12 295)	(7 236)

*) 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 31 March 2023 and 31 December 2022, the Group's companies did not have any debt securities purchased from related entities, nor any loans received or 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 affect the Group's financial situation 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 derivatives,
- 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 3 months of 2023, key events concerning the Group's operations and significant events after 31 March 2023

Compared to the corresponding period of the previous year the sales revenue increased by over 20%, while improving operating profitability. A significant backlog and relatively good weather conditions allowed to increase the scale of revenues in the construction segment by over 20% compared to the same period of the previous year. In addition, some important road contracts carried out in the "design and build" formula have entered the "build" phase this year, which translates into an increase in sales in this area. Key contribution to improved operating profitability in first quarter of 2023 was provided by subsidiary Mostostal Kraków SA, which in prior year suffered from a sharp increase in steel prices, caused by the armed conflict in Ukraine. In the current year the availability of steel noticeably improved and prices of individual assortments of steel used by the company in the production process are approaching levels observed before the war outbreak.

In the first quarter of 2023, the service segment, whose pillar is the FBSerwis Group, significantly increased sales revenue (by over 30%) compared to the same period of the previous year. At the same time, an increase in the

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generated operating profit and gross profit was recorded, as well as an improvement in operating profitability. The main factor was the acquisition of shares in a new project, the increase in waste processing and the higher value of contracts in the road 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 31 March 2023 amounted to PLN 12 608 152 thousand. The value of contracts signed between January and March 2023 amounted to PLN 614 817 thousand. After the first quarter of 2023, a contracts worth around PLN 554 million were signed. In addition, the value of contracts in which the Company's bids are the lowest or have been rated the highest by ordering parties is nearly PLN 4.8 billion, which gives favorable prospects for the evolution of the order portfolio in the coming quarters and stabilizes the foundations of operations for the years 2024-2025.

At the end of the first quarter of 2023 the Group's cash position improved compared to the end of 2022. 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. This trend is expected to continue in the next quarter of 2023.

On 30 March 2023 the Management Board of Budimex SA decided to recommend to the Ordinary General Meeting in 2023 to decide on the payment of dividend in the amount of PLN 17.99 gross per share. It is proposed to allocate part of the net profit for the period from 1 January 2022 to 31 December 2022 in the amount of PLN 459 287 thousand. The remaining part of the profit in the amount of PLN 252 thousand is proposed to be allocated to supplementary capital. The Management Board of Budimex SA proposed to set the dividend day to 25 May 2023, and the dividend payment date is proposed to be 5 June 2023.

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 nor Belarus. The Budimex Group companies also do not have significant exposure to services provided by entities with Eastern capital.

On 5 April 2023 a joint operation agreement in form of the company ARGE Oberkrämmer was signed, in which Budimex SA's share is 5%. The remaining 95% of shares are held by Budimex Bau GmbH, a 100% subsidiary of Budimex SA.

In the period from 31 March 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 three months of 2023 Budimex SA and Group companies did not issue, redeem or repay 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 in the first quarter of 2023

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 changed since 31 December 2022, due to the appointment on 1 January 2023 of Anna Karyś-Sosińska as a member of the Management Board of Budimex SA, who held shares in Budimex SA before the date of assuming the function.

16. Proceedings pending as at 31 March 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 as at 31 March 2023 was PLN 697 731 thousand. Excess of the value of proceedings relating to claims of Group companies over proceedings against Group companies amounted to PLN 125 551 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 31 March 2023 was PLN 286 090 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 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 the appointed mediator. The first mediation meetings were held in the first quarter of 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 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 411 641 thousand as at 31 March 2023. The remaining 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.

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17. Contingent assets and contingent liabilities

	31 March 2023	31 December 2022
<u>Contingent assets</u>		
From other entities		
– guarantees and sureties received	707 558	704 381
– bills of exchange received as security	71 949	74 957
From other entities, total	779 507	779 338
Other contingent assets	11 844	11 844
Total contingent assets	791 351	791 182
<u>Contingent liabilities</u>		
To other entities, of which:		
– guarantees and sureties issued	5 076 976	5 036 676
– promissory notes issued as performance bond	8 259	9 031
To other entities, total	5 085 235	5 045 707
Other contingent liabilities	181	181
Total contingent liabilities	5 085 416	5 045 888
Total contingent items	(4 294 065)	(4 254 706)

Contingent assets arising from guarantees and sureties received represent guarantees and sureties issued by banks or other entities to the benefit of the Budimex Group companies serving as security for the Group'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 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.

Guarantees and sureties issued by Budimex SA as at 31 March 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 issuance	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	193 532	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.	183 607*	2029-10-15	free of charge	subsidiary
Budimex SA	Budimex Kolejnictwo SA	9 839	2027-12-31	against payment	subsidiary
Budimex SA	FBSerwis SA	13 780	2030-07-12	against payment	subsidiary
Budimex SA	Magnolia Energy Sp. z o.o.	8 195	2023-06-30	against payment	subsidiary

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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 issuance	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	Budimex Bau GmbH	3 960	indefinitely	free of charge	subsidiary
Budimex SA	Rail BX GmbH	46	2026-11-30	against payment	subsidiary
TOTAL		413 100			

*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 issuance	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	free of charge	subsidiary
Budimex SA	RailBX GmbH	46	2026-11-30	against payment	subsidiary
TOTAL		444 413			

*sureties were issued for contracts carried out by Budimex SA

President of the Management Board

Artur Popko

Member of the Management Board

Marcin Węglowski

Warsaw, 10 May 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.