



BUDIMEX SA

CONDENSED FINANCIAL STATEMENTS

for III quarters of 2023

**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	30 September 2023 <i>not audited</i>	31 December 2022 <i>audited</i>
Non-currents assets (long-term)		
Property, plant and equipment	177 931	192 563
Intangible assets	31 794	34 459
Investments in subsidiaries	498 779	485 513
Investments in associates	191	191
Investments in other entities	93	3 266
Other financial assets	103 813	83 740
Trade and other receivables	24 473	24 313
Retentions for construction contracts	65 166	80 269
Deferred tax assets	678 057	655 656
Total non-current assets (long-term)	1 580 297	1 559 970
Current assets		
Inventories	530 356	682 011
Trade and other receivables	1 052 543	801 590
Retentions for construction contracts	81 762	77 228
Valuation of construction contracts	763 627	485 840
Other financial assets	15 553	5 475
Cash and cash equivalents	2 703 164	2 830 825
Total current assets (short-term)	5 147 005	4 882 969
TOTAL ASSETS	6 727 302	6 442 939

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Statement of financial position (cont.)

EQUITY AND LIABILITIES	30 September 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	57 672	57 672
Cumulative translation differences	6 705	6 323
Retained earnings	648 098	621 251
Total equity	938 522	911 293
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of finance	60 104	74 274
Retentions for construction contracts	225 654	221 109
Provision for long-term liabilities and other charges	588 204	554 065
Retirement benefits and similar obligations	7 564	7 564
Other financial liabilities	6 405	6 621
Total long-term liabilities	887 931	863 633
Short-term liabilities		
Loans, borrowings and other external sources of finance	45 433	49 328
Trade and other payables	1 654 651	1 289 391
Retentions for construction contracts	214 445	205 273
Provision for construction contract losses	872 061	791 275
Valuation of construction contracts	1 344 688	1 461 856
Deferred income	426 368	551 224
Provisions for current liabilities and other charges	295 597	290 009
Current income tax payable	44 898	25 391
Retirement benefits and similar obligations	1 239	1 239
Other financial liabilities	1 469	3 027
Total short-term liabilities	4 900 849	4 668 013
Total liabilities	5 788 780	5 531 646
TOTAL EQUITY AND LIABILITIES	6 727 302	6 442 939

Income statement

	Note	9-month period ended 30 September		3-month period ended 30 September	
		2023	2022	2023	2022
		not audited		not audited	
Continuing operations					
Net sales of finished goods, goods for resale, raw materials and services	3, 7	6 027 139	5 572 962	2 346 974	2 090 429
Cost of finished goods, goods for resale, raw materials and services sold		(5 442 487)	(5 034 171)	(2 078 586)	(1 888 673)
Gross profit on sales		584 652	538 791	268 388	201 756
Selling expenses	3	(9 342)	(9 353)	(3 166)	(3 111)
Administrative expenses	3	(190 912)	(175 662)	(60 528)	(60 367)
Other operating income	4	54 330	33 518	(1 404)	13 769
Other operating expenses	4	(25 773)	(38 345)	(13 602)	(11 154)
Operating profit		412 955	348 949	189 688	140 893
Finance income	5	207 462	84 865	41 898	43 618
Finance costs	5	(31 432)	(27 419)	(9 421)	(9 915)
Gross profit		588 985	406 395	222 165	174 596
Income tax	6	(102 852)	(86 973)	(44 243)	(31 878)
Net profit from continuing operations		486 133	319 422	177 922	142 718
Net profit for the period		486 133	319 422	177 922	142 718

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

19.04 12.51 6.97 5.59

Statement of comprehensive income

	9-month period ended 30 September		3-month period ended 30 September	
	2023	2022	2023	2022
	not audited		not audited	
Net profit for the period	486 133	319 422	177 922	142 718
Other comprehensive income for the period, which:				
<i>Will be subsequently reclassified to profit or loss:</i>				
Foreign exchange differences on translation of foreign branch	382	431	665	12
Deferred tax related to components of other comprehensive income	-	-	-	-
<i>Will not be subsequently reclassified to profit or loss:</i>				
Actuarial gains/(losses)	-	-	-	-
Income tax related to components of other comprehensive income	-	-	-	-
Other comprehensive income, net of tax	382	431	665	12
Total comprehensive income for the period	486 515	319 853	178 587	142 730

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budimex**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	-	-	-	-	486 133	486 133
Other comprehensive income	-	-	-	382	-	382
Total comprehensive income for the period	-	-	-	382	486 133	486 515
Dividend paid	-	-	-	-	(459 286)	(459 286)
Balance as at 30 September 2023 <i>not audited</i>	145 848	80 199	57 672	6 705	648 098	938 522

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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 2022 <i>audited</i>	145 848	80 199	55 053	5 857	760 903	1 047 860
Profit for the period	-	-	-	-	319 422	319 422
Other comprehensive income	-	-	-	431	-	431
Total comprehensive income for the period	-	-	-	431	319 422	319 853
Dividend paid	-	-	-	-	(599 191)	(599 191)
Balance as at 30 September 2022 <i>not audited</i>	145 848	80 199	55 053	6 288	481 134	768 522
Profit for the period	-	-	-	-	140 117	140 117
Other comprehensive income	-	-	2 619	35	-	2 654
Total comprehensive income for the period	-	-	2 619	35	140 117	142 771
Balance as at 31 December 2022 <i>audited</i>	145 848	80 199	57 672	6 323	621 251	911 293

Cash flow statement

	9-month period ended 30 September	
	2023	2022
	<i>not audited</i>	
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	588 985	406 395
Adjustments for:		
Depreciation/ amortization	62 554	63 011
Foreign exchange (gains)/ losses	(3 680)	(998)
Interest and shares in profits (dividends)	(65 498)	(8 799)
(Profit)/ loss on investing activities	(2 292)	(2 453)
Change in valuation of derivative financial instruments	(16 519)	4 340
Change in provisions and liabilities arising from retirement benefits and similar obligations	39 727	12 395
Other adjustments	382	387
Operating profit before changes in working capital	603 659	474 278
Change in receivables and retentions for construction contracts	(237 028)	(45 079)
Change in inventories	151 655	(199 287)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	377 051	430 217
Change in valuation of construction contracts and provision for construction contract losses	(314 169)	(142 623)
Change in deferred income	(124 856)	63 032
Change in cash and cash equivalents of restricted use	(22 722)	(18 368)
Cash from operating activities	433 590	562 170
Income tax paid	(105 746)	(145 331)
NET CASH FROM OPERATING ACTIVITIES	327 844	416 839
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of intangible assets and property, plant and equipment	4 426	2 894
Purchase of intangible assets and tangible fixed assets	(19 996)	(16 929)
Proceeds from liquidation of a related entity	3 118	-
Purchase of shares in related parties	(13 266)	(34 370)
Dividend received	61 505	10 349
Loans granted	(23 880)	(43 638)
Repayment of loans granted	11 100	20 593
Interest received	2 076	647
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	25 083	(60 454)

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(all amounts are expressed in PLN thousand)

Cash flow statement (cont.)

	9-month period ended 30 September	
	2023	2022
		<i>not audited</i>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(459 286)	(599 191)
Payment of liabilities under lease	(43 177)	(47 719)
Interest paid	(3 963)	(3 276)
NET CASH (USED IN) FINANCING ACTIVITIES	(506 426)	(650 186)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(153 499)	(293 801)
Foreign exchange differences, net	3 116	2 106
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)	2 671 432	2 065 888

1. General information

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

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

The Company has an unlimited period of operation.

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

The Company is part of the Ferrovial Group with Ferrovial 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 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.

As at 30 September 2023, 31 December 2022 and 30 September 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 September 2023	31 December 2022	30 September 2022
Budimex SA Cadagua SA III s.c.	99.90%	99.90%	99.90%
Budimex SA Cadagua SA IV s.c.	99.90%	99.90%	99.90%
Budimex SA Cadagua SA V s.c.	99.90%	99.90%	99.90%
Budimex SA Sygnity SA sp. j.	67.00%	67.00%	67.00%
Budimex SA Tecnicas Reunidas SA Turów s.c.	50.00%	50.00%	50.00%
ARGE Brücke Oderberg	5.00%	-	-
ARGE Brücke Wittstock	5.00%	-	-
ARGE Oberkrämmer*	5.00%	-	-
ARGE Campus Düppel**	5.00%	-	-
Budimex SA Ferrovial Construcción SA sp. j.***	-	50.00%	50.00%
Budimex SA Ferrovial Agroman SA 2 s.c.****	-	95.00%	95.00%

* The company was founded on 5 April 2023.

** The company was founded on 28 June 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 adopted for the first time in 2023

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

	30 September 2023	31 December 2022	30 September 2022
Cash recognised in the statement of financial position	2 703 164	2 830 825	2 106 605
Cash and cash equivalents of restricted use	(31 732)	(9 010)	(40 717)
Cash recognised in the statement of cash flow	2 671 432	2 821 815	2 065 888

2.3. Going concern

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

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

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

Revenues and profitability

	9-month period ended			3-month period ended		
	30 September 2023	30 September 2022	Change %	30 September 2023	30 September 2022	Change %
Net sales of finished goods and services	6 027 139	5 572 962	8.15%	2 346 974	2 090 429	12.27%
Gross profit on sales	584 652	538 791	8.51%	268 388	201 756	33.03%
Gross profitability on sales	9.70%	9.67%	0.03 p.p.	11.44%	9.65%	1.79 p.p.
Operating profit	412 955	348 949	18.34%	189 688	140 893	34.63%
Operating profitability	6.85%	6.26%	0.59 p.p.	8.08%	6.74%	1.34 p.p.
Gross profit	588 985	406 395	44.93%	222 165	174 596	27.25%
Gross profitability	9.77%	7.29%	2.48 p.p.	9.47%	8.35%	1.12 p.p.
Net profit	486 133	319 422	52.19%	177 922	142 718	24.67%
Net profitability	8.07%	5.73%	2.34 p.p.	7.58%	6.83%	0.75 p.p.

Selling and administrative expenses

	9-month period ended			3-month period ended		
	30 September 2023	30 September 2022	Change %	30 September 2023	30 September 2022	Change %
Selling expenses	(9 342)	(9 353)	(0.12%)	(3 166)	(3 111)	1.77%
Administrative expenses	(190 912)	(175 662)	8.68%	(60 528)	(60 367)	0.27%
Total selling & administrative expenses	(200 254)	(185 015)	8.24%	(63 694)	(63 478)	0.34%
Share of selling & administrative expenses in net sales of finished goods and services	3.32%	3.32%	0.00 p.p.	2.71%	3.04%	0.33 p.p.

4. Other operating income and expenses

Other operating income

	9-month period ended		3-month period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Gains on sale of non-financial non-current assets	886	2 240	86	2 100
Reversal of impairment write-downs against receivables	13 839	2 640	2 113	90
Reversal of provisions for litigation	469	-	248	-
Penalties/ compensations awarded	17 231	24 316	5 097	8 957
Statute-barred liabilities written-off	331	3 950	331	2 589
Reversal of write-downs on property, plant and equipment	1 676	-	-	-
Gains on derivative financial instruments	19 173	-	(9 223)	(125)
Subsidies received	320	182	(122)	122
Other	405	190	66	36
Total	54 330	33 518	(1 404)	13 769

Other operating expenses

	9-month period ended		3-month period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Impairment write-downs against receivables	(21 051)	(17 494)	(12 588)	(8 885)
Compensations and liquidated damages paid	(1 569)	(1 848)	(620)	(53)
Donations	(755)	(1 865)	(59)	(184)
Court charges	(840)	(1 293)	(114)	(678)
Creation of provisions for penalties and compensations	(219)	(25)	(219)	-
Creation of provisions for litigation	(1 114)	(9 452)	-	2 810
Loss on derivative financial instruments	-	(4 159)	-	(4 159)
Other	(225)	(2 209)	(2)	(5)
Total	(25 773)	(38 345)	(13 602)	(11 154)

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 9 months ended 30 September 2023 and 30 September 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

	9-month period ended		3-month period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Dividends	64 284	10 604	5 323	10 604
Interest earned	142 274	72 516	41 796	32 158
Foreign exchange gains	880	1 721	(5 245)	855
Other	24	24	24	1
Total	207 462	84 865	41 898	43 618

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Finance costs

	9-month period ended		3-month period ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Interest expense	(4 326)	(3 766)	(1 482)	(1 472)
Discount of retentions for construction contracts	(7 183)	(5 503)	(1 252)	(2 287)
Cost of bank commissions and guarantees	(19 872)	(17 990)	(6 691)	(6 159)
Other	(51)	(160)	4	3
Total	(31 432)	(27 419)	(9 421)	(9 915)

6. Other significant information on activity of Budimex SA in the period of III quarters of 2023**Provisions for liabilities and other charges**

	30 September 2023	31 December 2022
Provisions for litigation	40 568	40 128
Provisions for penalties and other compensations	158 623	172 374
Provisions for warranty repairs	670 728	617 690
Other provisions	13 882	13 882
Total	883 801	844 074
<i>of which:</i>		
- long-term	588 204	554 065
- short-term	295 597	290 009

Income tax in the profit and loss statement

	9-month period ended	
	30 September 2023	30 September 2022
Income tax – current	(125 253)	(97 100)
Income tax – deferred	22 401	10 127
Income tax in the profit and loss statement	(102 852)	(86 973)

Other information

	9-month period ended	
	30 September 2023	30 September 2022
Value of property, plant and equipment and intangible assets purchased or started to be leased:	48 772	39 720
- of which: plant and machinery	4 690	6 153

As at 30 September 2023 contractual obligations made by the Company for the purchase of property, plant and equipment amounted to PLN 30 675 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 9-month period of 2023, Budimex SA recorded a decrease in the inventory balance, which is caused by the seasonal increase in construction works and, consequently, the increased use of previously purchased construction materials. In turn, the increase in the balance of the valuation of construction contracts on the asset side and the increase in the balance of short-term trade receivables result primarily from seasonality and high values of production throughput in the second and third quarter of this year. This is a repeatable trend observed over recent years. Additionally, in selected contracts, invoicing of completed works takes place only after the completion and receipt by the ordering party of the complete so-called "milestones". Similarly to previous years, we expect the level of under-

invoicing to decline at the end of the year. The increase in the balance of other financial assets results mainly from the valuation of derivative contracts and loans granted to related companies.

During the first 9 months of 2023, we observed an increase in short-term trade liabilities compared to 31 December 2022, which resulted mainly from the seasonality of construction works and related settlements with subcontractors. 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 contract costs. This increase concerned mainly several contracts in the initial phase of implementation and was caused primarily by an increase in the prices of construction materials.

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

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

In the 9-month period of 2023 and 2022 net sales of services, goods for resale and raw materials, by type of good or service, were as follows:

Product/service type	9-month period ended	
	30 September 2023	30 September 2022
Sales of construction and assembly services	5 949 966	5 536 837
Sales of other services	53 702	31 907
Sales of goods for resale and raw materials	23 471	4 218
Total sales of finished goods, goods for resale, raw materials and services	6 027 139	5 572 962

In the 9-month period of 2023 and 2022 net sales of services, goods for resale and raw materials, by geographical area, were as follows:

Region	9-month period ended	
	30 September 2023	30 September 2022
Poland	5 835 168	5 384 981
Germany	165 059	168 900
Slovakia	26 912	-
Other EU countries	-	19 081
Total sales of finished goods, goods for resale, raw materials and services	6 027 139	5 572 962

In the 9-month period of 2023 and 2022 net sales of services, goods for resale and raw materials by type of construction was as follows:

Type of construction	9-month period ended	
	30 September 2023	30 September 2022
Land-engineering	2 402 515	2 306 614
Railway	1 709 946	1 312 987
General construction, of which:	1 837 505	1 917 236
- non-residential	1 758 239	1 736 401
- residential	79 266	180 835
Other	77 173	36 125
Total sales of finished goods, goods for resale, raw materials and services	6 027 139	5 572 962

8. Related party transactions

Transactions with related parties made in the 9-month period of 2023 and in the 9-month period of 2022 and unsettled balances of receivables and liabilities as at 30 September 2023 and 31 December 2022 are presented in the tables below.

Transactions are made on an arm's length basis.

	Receivables		Liabilities	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Parent Company and related parties (the Ferrovial Group)	-	-	22 537	24 850
Subsidiary companies	31 213	83 163	53 370	23 884
Jointly controlled entities	14 419	14 948	660	736
Total	45 632	98 111	76 567	49 470

	Loans granted		Loans taken out	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Subsidiary companies	99 208	83 802	-	-
Total	99 208	83 802	-	-

	Sales of finished goods and services and other operating income		Purchase of finished goods and services and other operating expenses	
	9-month period ended 30 September		9-month period ended 30 September	
	2023	2022	2023	2022
Parent Company and related parties (the Ferrovial Group)	-	-	(25 801)	(21 091)
Subsidiary companies	206 748	237 720	(180 481)	(153 132)
Associates	-	12	-	(151)
Jointly controlled entities	186	227	-	-
Other related entities – other*	-	1	-	-
Total	206 934	237 960	(206 282)	(174 374)

	Finance income		Finance costs	
	9-month period ended 30 September		9-month period ended 30 September	
	2023	2022	2023	2022
Subsidiary companies	69 560	12 075	-	-
Associates	53	-	-	-
Total	69 613	12 075	-	-

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

9. Description of significant achievements or failures of Budimex SA in the period of III quarters of 2023, key events concerning the Company's operations and significant events after 30 September 2023

In the first period of three quarters of 2023, Budimex SA recorded increase in sales revenue compared to the corresponding period of the previous year (by over 8%). The increase in sales revenues was significantly influenced by a higher, diversified backlog, relatively good weather conditions and recognition of the first significant revenues from operations on foreign markets.

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 three quarters of 2023, Budimex SA acquired new contracts with a total value of over PLN 4.1 billion. After the end of the third quarter, contracts worth almost PLN 1 billion 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 nearly PLN 12 billion, of which over PLN 8 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 2024-2025.

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.

The Company's cash position on 30 September 2023 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.

In the third quarter of 2023, Budimex SA started operating activities as part of a new foreign branch, located in Latvia. As part of this project, a contract for the construction of the Rail Baltica railway line in Latvia will be carried out.

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.

On 25 September 2023, the National Court Register registered BXF Energia Sp. z o. o., in which Budimex SA's share in the share capital is 51%, the remaining 49% is held by Ferrovia Services International SE based in Amsterdam.

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

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

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

In the first three quarters of 2023 Budimex SA did not issue, redeem or repay debt or equity securities.

11. Proceedings pending as at 30 September 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 September 2023 was PLN 639 110 thousand. Excess of the proceedings related to claims of Company over value of proceedings against Budimex SA amounted to PLN 71 422 thousand.

On the basis of the information at hand, the total value of legal proceedings pending in respect of liabilities of Budimex SA as at 30 September 2023 was PLN 283 844 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 the appointed mediator. During the three-quarter period ended 30 September 2023, the first mediation meetings were held and the parties exchanged correspondence regarding additional documentation, which would become the starting point for further negotiations between the parties as part of the mediation. The deadline for mediation was extended by the court until 31 October 2023.

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

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 355 266 thousand as at 30 September 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 September 2023	31 December 2022
<u>Contingent assets</u>		
From related parties, of which:	2 645	1 816
– guarantees and sureties received	2 324	-
– bills of exchange received as security	321	1 816
From other entities, of which:	762 272	742 749
– guarantees and sureties received	684 775	667 792
– bills of exchange received as security	77 497	74 957
Other contingent assets	9 999	11 844
Total contingent assets	774 916	756 409
<u>Contingent liabilities</u>		
To related parties, of which:	427 605	444 413
– guarantees and sureties issued	427 605	444 413
To other entities, of which:	4 691 881	4 554 677
– guarantees and sureties issued	4 683 622	4 545 813
– promissory notes issued as performance bond	8 259	8 864
Other contingent liabilities	181	181
Total contingent liabilities	5 119 667	4 999 271
Total off-balance sheet items	(4 344 751)	(4 242 862)

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

BUDIMEX SA

Condensed financial statements for III quarters of 2023
prepared in accordance with International Financial Reporting Standards
(all amounts are expressed in PLN thousand, unless stated otherwise)

budimex

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

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

President of the Management Board**Management Board Member****Artur Popko****Marcin Węglowski**

Warsaw, 30 October 2023

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.