



THE BUDIMEX GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for III quarters of 2022

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

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(all amounts are expressed in PLN thousand)

Consolidated statement of financial position

ASSETS	30 September 2022 <i>not audited</i>	31 December 2021 <i>audited</i>
Non-current (long-term) assets		
Property, plant and equipment	565 092	538 612
Intangible assets	141 419	150 579
Goodwill of subordinated entities	185 749	168 508
Investments in equity accounted entities	2 301	2 270
Investments in equity instruments	8 368	8 670
Retentions for construction contracts	83 045	87 264
Trade and other receivables	22 331	27 475
Receivables from service concession agreement	46 543	46 638
Other financial assets	2 451	24
Deferred tax assets	667 254	642 373
Total non-current (long-term) assets	1 724 553	1 672 413
Current (short-term) assets		
Inventories	640 873	428 960
Trade and other receivables	1 299 118	1 217 862
Retentions for construction contracts	89 855	97 263
Valuation of construction contracts	946 025	729 415
Current tax assets	791	114
Other financial assets	4 745	1 496
Cash and cash equivalents	2 357 461	2 715 795
Total current (short-term) assets	5 338 868	5 190 905
TOTAL ASSETS	7 063 421	6 863 318

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(all amounts are expressed in PLN thousand)

Consolidated statement of financial position (cont.)

EQUITY AND LIABILITIES	30 September 2022 <i>not audited</i>	31 December 2021 <i>audited</i>
Equity		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	53 324	53 324
Cumulative translation differences	7 449	6 289
Retained earnings	792 972	1 033 580
Shareholders' equity attributable to the shareholders of the Parent	1 079 792	1 319 240
Equity attributable to non-controlling interests	37 040	41 767
Total equity	1 116 832	1 361 007
Liabilities		
Non-current (long-term) liabilities		
Loans, borrowings and other external sources of finance	126 299	155 269
Retentions for construction contracts	224 381	236 588
Provision for long-term liabilities and other charges	647 874	616 498
Retirement benefits and similar obligations	12 580	12 580
Other financial liabilities	12 475	2 076
Deferred tax liabilities	97	830
Total non-current (long-term) liabilities	1 023 706	1 023 841
Current (short-term) liabilities		
Loans, borrowings and other external sources of finance	76 380	83 777
Trade and other payables	1 793 976	1 396 300
Retentions for construction contracts	211 213	209 962
Provisions for losses on construction contracts	841 588	514 787
Valuation of construction contracts	1 311 218	1 588 487
Deferred income	372 740	291 860
Provision for short-term liabilities and other charges	293 982	302 474
Current tax liability	7 472	67 658
Retirement benefits and similar obligations	1 846	1 846
Other financial liabilities	12 468	21 319
Total current (short-term) liabilities	4 922 883	4 478 470
Total liabilities	5 946 589	5 502 311
TOTAL EQUITY AND LIABILITIES	7 063 421	6 863 318

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(all amounts are expressed in PLN thousand)

Consolidated income statement

		9-month period ended 30 September		3-month period ended 30 September	
	Note	2022	2021	2022	2021
		not audited		not audited	
Continuing operations					
Net sales of finished goods, goods for resale, raw materials and services	4, 9	6 368 396	5 533 832	2 370 167	2 292 740
Cost of finished goods, goods for resale, raw materials and services sold		(5 716 567)	(4 944 776)	(2 114 326)	(2 079 329)
Gross profit on sales		651 829	589 056	255 841	213 411
Selling expenses	4	(9 466)	(7 790)	(3 131)	(2 704)
Administrative expenses	4	(216 367)	(182 316)	(70 779)	(62 306)
Other operating income	5	38 956	61 486	17 074	17 579
Other operating expenses	5	(48 210)	(44 060)	(16 963)	(25 994)
Operating profit		416 742	416 376	182 042	139 986
Finance income	6	82 910	7 644	34 331	2 373
Finance costs	6	(33 260)	(34 879)	(12 021)	(12 749)
Share in net profits / (losses) of equity accounted subordinates		31	96	(13)	29
Gross profit		466 423	389 237	204 339	129 639
Income tax	7	(98 185)	(76 310)	(44 751)	(25 156)
Net profit from continuing operations		368 238	312 927	159 588	104 483
Discontinued operations					
Net profit from discontinued operations		-	520 508	-	-
Net profit for the period		368 238	833 435	159 588	104 483
of which:					
Attributable to the shareholders of the Parent, of which:		358 583	822 292	157 345	101 087
from continuing operations		358 583	301 784	157 345	101 087
from discontinued operations		-	520 508	-	-
Attributable to non-controlling interests, of which:		9 655	11 143	2 243	3 396
from continuing operations		9 655	11 143	2 243	3 396
from discontinued operations		-	-	-	-
Basic and diluted earnings per share attributable to the shareholders of the Parent (in PLN), of which:					
		14.04	32.21	6.16	3.96
from continuing operations		14.04	11.82	6.16	3.96
from discontinued operations		-	20.39	-	-

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Consolidated statement of comprehensive income

	9-month period ended 30 September		3-month period ended 30 September	
	2022	2021	2022	2021
	not audited		not audited	
Net profit for the period	368 238	833 435	159 588	104 483
Other comprehensive income which:				
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions:</i>				
Cumulative translation differences	1 160	(3 362)	511	(329)
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	1 160	(3 362)	511	(329)
Total comprehensive income for the period, of which	369 398	830 073	160 099	104 154
Total comprehensive incomes from continuing operations for the period	369 398	309 565	160 099	104 154
Total comprehensive incomes from discontinued operations for the period	-	520 508	-	-
<i>of which:</i>				
Attributable to the shareholders of the Parent, of which	359 743	818 930	157 856	100 758
from continuing operations	359 743	298 422	157 856	100 758
from discontinued operations	-	520 508	-	-
Attributable to non-controlling interests, of which	9 655	11 143	2 243	3 396
from continuing operations	9 655	11 143	2 243	3 396
from discontinued operations	-	-	-	-

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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 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	-	-	-	-	358 583	358 583	9 655	368 238
Other comprehensive income	-	-	-	1 160	-	1 160	-	1 160
Total comprehensive income	-	-	-	1 160	358 583	359 743	9 655	369 398
Profit distribution - dividend	-	-	-	-	(599 191)	(599 191)	-	(599 191)
Payment of dividend to non-controlling shareholders	-	-	-	-	-	-	(14 382)	(14 382)
Balance as at 30 September 2022 <i>not audited</i>	145 848	80 199	53 324	7 449	792 972	1 079 792	37 040	1 116 832

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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 2021* <i>audited</i>	145 848	80 199	48 104	6 473	868 727	1 149 351	37 920	1 187 271
Profit for the period	-	-	-	-	822 292	822 292	11 143	833 435
Other comprehensive income	-	-	-	(3 362)	-	(3 362)	-	(3 362)
Total comprehensive income	-	-	-	(3 362)	822 292	818 930	11 143	830 073
Profit distribution - dividend	-	-	-	-	(426 352)	(426 352)	-	(426 352)
Payment of dividend to non-controlling shareholders	-	-	-	-	-	-	(11 004)	(11 004)
Interim dividend payment	-	-	-	-	(380 398)	(380 398)	-	(380 398)
Balance as at 30 September 2021* <i>not audited</i>	145 848	80 199	48 104	3 111	884 269	1 161 531	38 059	1 199 590
Profit for the period	-	-	-	-	149 311	149 311	3 708	153 019
Other comprehensive income	-	-	5 220	3 178	-	8 398	-	8 398
Total comprehensive income	-	-	5 220	3 178	149 311	157 709	3 708	161 417
Balance as at 31 December 2021 <i>audited</i>	145 848	80 199	53 324	6 289	1 033 580	1 319 240	41 767	1 361 007

*data was restated according to the note no. 3 to the consolidated financial statements of the Budimex Group for the year ended 31 December 2021, published on 25 March 2022

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Consolidated statement of cash flows

	9-month period ended 30 September	
	2022	2021
	not audited	
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	466 423	1 025 538
from continuing operations	466 423	389 237
from discontinued operations	-	636 301
Adjustments for:		
Depreciation/ amortization	110 917	110 952
Share in net (profits) of equity accounted companies	(31)	(96)
Foreign exchange (profits)/ losses	(832)	349
Interest and shares in profits (dividends)	6 494	4 633
(Profit) on investing activities	(4 984)	(600 761)
Change in valuation of derivative financial instruments	2 516	332
Change in provisions and liabilities arising from retirement benefits and similar obligations	22 884	56 514
Other adjustments	2 067	(3 405)
Operating profit before changes in working capital	605 454	594 056
Change in receivables and retentions for construction contracts	(61 233)	(271 772)
Change in inventories	(211 913)	(110 569)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	390 986	404 093
Change in deferred income	80 880	(76 054)
Change in valuation of construction contracts and in provision for losses	(167 078)	(58 385)
Change in cash and cash equivalents of restricted use	(15 072)	237 747
Cash flow from operating activities	622 024	719 116
Income tax paid	(184 583)	(144 280)
NET CASH FROM OPERATING ACTIVITIES	437 441	574 836

Consolidated statement of cash flows (continued)

	9-month period ended 30 September	
	2022	2021
	not audited	
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of intangible assets and property, plant and equipment	4 654	16 345
Purchase of intangible assets and property, plant and equipment	(89 293)	(74 949)
Purchase of subsidiaries	(25 336)	-
Proceeds from sale of a subsidiary	-	918 434
Dividends received	-	18
Loans granted	(2 378)	-
Increase in/contribution to share capital in non-consolidated entities	(336)	(3 394)
Deferred payment for shares in subsidiaries	(17 700)	-
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	(130 389)	856 454
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(8 065)	(8 431)
Payment of dividend by Budimex SA	(599 191)	(426 352)
Dividends paid to non-controlling shareholders	(14 137)	(11 004)
Payment of lease liabilities	(54 659)	(129 149)
Interest paid	(6 729)	(5 903)
Other finance (inflows) / expenditure	153	(627)
NET CASH USED IN FINANCING ACTIVITIES	(682 628)	(581 466)
TOTAL NET CASH FLOW		
	(375 576)	849 824
Foreign exchange differences on cash and cash equivalents, net	2 170	(290)
CASH AND CASH EQUIVALENTS - OPENING BALANCE (note 3.2)	2 684 885	2 081 498
CASH AND CASH EQUIVALENTS - CLOSING BALANCE (note 3.2)	2 311 479	2 931 032

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

1.1. The Parent Company

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

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

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

1.2. Entities subject to consolidation

As at 30 September 2022, 31 December 2021 and 30 September 2021 the following entities were subject to consolidation:

Company name	Registered office	% in the share capital as at		
		30 September 2022	31 December 2021	30 September 2021
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%
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	51.00%	51.00%	51.00%
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%
Budimex Most Wschodni SA ¹	Warsaw / Poland	100.00%	100.00%	100.00%
FBSerwis Kamieński Sp. z o.o.	Kamieński / Poland	80.00%	80.00%	80.00%
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%
Circular Construction SA ²	Warsaw / Poland	100.00%	100.00%	-
Magnolia Energy Sp. z o.o ³	Warsaw / Poland	100.00%	-	-
Zakład Przetwarzania Odpadów Zawisty sp. z o.o. ⁴	Ostrołęka / Poland	100.00%	-	-

¹⁾ The company was included in the consolidation scope as of February 2022 when it started to carry out operating activities.

²⁾ The company was included in the consolidation scope as of February 2022 when it started to carry out operating activities.

³⁾ The company was included in the consolidation scope as of March 2022.

⁴⁾ The company was included in the consolidation scope as of June 2022.

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As at 30 September 2022, 31 December 2021 and 30 September 2021 stand-alone data of Budimex SA and other Group companies, which are partners in consortiums (treated as joint operations according to IFRS 11), included their share in assets, liabilities, revenue and expenses of the following joint operations:

Joint operation name	Share in the issued capital and in the number of votes (%)		
	30 September 2022	31 December 2021	30 September 2021
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 Ferrovial 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 Ferrovial Construcción SA Sp.j.	50.00%	50.00%	50.00%
Budimex SA Tecnicas Reunidas SA Turów s.c.	50.00%	50.00%	50.00%

As at 30 September 2022, 31 December 2021 and 30 September 2021 equity accounted companies included:

Associate	Share		
	30 September 2022	31 December 2021	30 September 2021
Promos Sp. z o.o.	26.31%	26.31%	26.31%

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

In the 9-month period ended 30 September 2022 there were no other changes in the Group structure, except the ones described below.

Purchase of shares in the company Magnolia Energy Sp. z o.o.

On 22 February 2022 Budimex SA concluded with Figene Capital SA an agreement for the purchase of 28 485 shares in Magnolia Energy Sp. z o.o. with a total nominal value of PLN 1 424 thousand, representing 100.00% of the share capital and entitling to 100.00% of votes at the company's shareholders' meeting. The purchase price was set at PLN 22 125 thousand.

The company Magnolia Energy Sp. z o.o. carries out a project to build a wind farm consisting of two wind turbines with a total capacity of up to 7 MW in Drachowo in the Wielkopolskie Voivodeship. Thus, after completing the construction of the farm, the Budimex Group will start operating in the area of generating electricity from renewable energy sources. The Group presents the data of the company as service activities.

The purchase of shares in Magnolia Energy Sp. z o.o. was recognized by the Group as an acquisition of a group of assets that does not constitute a business.

Fair values at the time of purchase are presented in the table below:

Net assets identified in the acquired entity:

	22 February 2022
Non-current assets	
Property, plant and equipment	28 023
Current assets	
Trade and other receivables	1 189
Cash and cash equivalents	1

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Current liabilities

Loans, borrowings and other external sources of finance	(4 593)
Trade and other payables	(2 495)

Acquired net assets at fair values

22 125

The purchase price for shares in Magnolia Energy Sp. z o.o.

22 125

Cash paid at acquisition date	(11 034)
Advance payment made in 2021	(3 675)
Cash and cash equivalents in the acquired entity at the time of acquisition	1
Cash outflow related to the purchase	(14 708)

A part of the payment for the shares was deferred. Therefore, the Budimex Group recognized deferred payment liabilities in the amount of PLN 7 416 thousand. The final settlement of the price will depend on the actual levels of electricity produced and sold by the company and the settlement of the company's net debt.

Purchase of shares in the company Zakład Przetwarzania Odpadów Zawisty Sp. z o.o.

On 25 May 2022, JZE Sp. z o.o., a 100% subsidiary of FBSerwis SA, concluded with 4 natural persons an agreement for the purchase of 3 600 shares in Zakład Przetwarzania Odpadów Zawisty Sp. z o.o. with a total nominal value of PLN 180 thousand, representing 100.00% of the share capital and entitling to 100.00% of votes at the company's shareholders' meeting. The purchase price was set at PLN 26 919 thousand (in nominal value).

The company operates in the field of waste processing. The Budimex Group presents the company's data as service activities. The purchase of shares in Zakład Przetwarzania Odpadów Zawisty Sp. z o.o. was recognized by the Group as an acquisition of a business.

As at the date of these condensed consolidated financial statements, the fair value of net assets was determined provisionally in accordance with IFRS 3, par. 45. During the third quarter of 2022, there were no changes in the fair value of assets determined provisionally.

Provisional fair values at the time of purchase are presented in the table below:

The purchase price of shares at their nominal value	26 919
Discount of deferred payment for shares	(1 081)
The purchase price for shares in Zakład Przetwarzania Odpadów Zawisty Sp. z o.o.	25 838

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

25 May 2022

Non-current assets

Property, plant and equipment	2 773
Deferred tax assets	141

Current assets

Trade and other receivables	2 899
Cash and cash equivalents	5 616

Current liabilities

Loans, borrowings and other external sources of finance	(186)
Trade and other payables	(2 584)
Current tax liability	(62)

Acquired net assets at fair values determined provisionally

8 597

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Goodwill identified on acquisition (provisionally established)	17 241
Cash paid at acquisition date	(19 919)
Cash and cash equivalents in the acquired entity at the time of acquisition	5 616
Cash outflow related to the purchase	(14 303)

Goodwill identified on the acquisition (provisionally determined) amounted to PLN 17 241 thousand. The goodwill did not change in the period from the acquisition date to 30 September 2022. The goodwill was determined as the difference between the purchase price and the fair value of net assets attributable to the Budimex Group (all values recognized provisionally). The Group has not yet assessed whether the goodwill includes, inter alia, intangible assets that qualify for separate recognition. The goodwill will not be treated as tax-deductible.

Sales revenue from the acquisition date to 30 September 2022	7 858
Net profit from the acquisition date to 30 September 2022	873
Sales revenue from the beginning of the year to 30 September 2022	12 137
Net profit from the beginning of the year to 30 September 2022	666

At the acquisition date the gross value of receivables of the company was PLN 2 899 thousand, which was the fair value of those receivables.

Part of the payment for the shares has been deferred. Consequently, the Budimex Group recognized deferred payment liabilities in the amount of PLN 5 919 thousand. The final settlement of the price will be subject to fulfillment of conditions provided in the sales contract. In connection with the purchase of shares in Zakład Przetwarzania Odpadów Zawisty Sp. z o.o no indemnification assets were recognized.

As at the date of the condensed consolidated financial statements, the acquisition-related costs incurred by the Budimex Group amounted to PLN 865 thousand.

Consolidation of Budimex Most Wschodni SA and Circular Construction SA

On 30 November 2021 Budimex Most Wschodni SA, as the only shareholder, established a company - Circular Construction SA with its seat in Warsaw. The share capital in the amount of PLN 500 thousand was fully paid up. The company was registered in the National Court Register on 21 January 2022. Due to the commencement of significant operating activities, both companies were included in the consolidation scope since February 2022.

Establishment of RailBX GmbH

On 8 July 2022 Budimex SA, as the only shareholder, established RailBX GmbH with its seat in Berlin, Germany. The share capital in the amount of EUR 25 thousand was fully paid up in August 2022. On 1 September 2022 the company was registered in the appropriate registry court. This company was not consolidated as at 30 September 2022 due to lack of significant operating activities.

Establishment of Budimex M Sp. z o.o.

On 26 May 2022, Budimex SA, as the only shareholder, established Budimex M Sp. z o.o.. The company was registered in the National Court Register on 20 September 2022. This company was not consolidated as at 30 September 2022 due to lack of significant operating activities.

Establishment of Budimex N Sp. z o.o., Budimex O Sp. z o.o., Budimex P Sp. z o.o., Budimex R Sp. z o.o.

On 13 July 2022, Budimex SA, as the only shareholder, established the companies Budimex N Sp. z o.o., Budimex O Sp. z o.o., Budimex P Sp. z o.o., Budimex R Sp. z o.o. The companies were registered in the National Court Register on 20 September 2022. The companies were not consolidated as at 30 September 2022 due to the lack of significant operating activities.

During the reporting period, no Group company's material operations were discontinued, nor are there any formal plans to discontinue material operations.

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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%
Aviva OFE Aviva Santander	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.

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at 31 December 2021 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%
Aviva OFE Aviva Santander	ordinary	2 353 000	9.22%	2 353 000	9.22%
Nationale-Nederlanden OFE	ordinary	2 170 000	8.50%	2 170 000	8.50%
Other shareholders	ordinary	8 205 444	32.14%	8 205 444	32.14%
Total		25 530 098	100.00%	25 530 098	100.00%

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 2021, published on 25 March 2022.

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.

Amendments to standards effective in the current period

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

- Amendments to IFRS 3 „Business combinations“, IAS 16 „Property, plant and equipment“ and IAS 37 „Provisions, Contingent Liabilities and Contingent Assets“, Annual Improvements to IFRSs (Cycle 2018-2020).

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

Standards and amendments to Standards that were issued, but have not yet become effective

In authorizing these condensed consolidated financial statements, the Group did not apply the following standards and amendments to other standards that were issued and endorsed for use in the EU, but which have not yet become effective:

- Amendments to IAS 1 “Presentation of financial statements” and Handbook of IFRS 2: “Disclosure of accounting rules and principles” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 “Income Taxes” – “Deferred tax related to assets and liabilities arising from a single transaction” (effective for annual periods beginning on or after 1 January 2023),
- IFRS 17 “Insurance contracts” and Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 “Insurance Contracts” - “Initial Application of IFRS 17 and IFRS 9 - Comparative Information” (effective for annual periods beginning on or after 1 January 2023).

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),
- 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” and “Classification of Liabilities as Current or Non-current - Deferral of Effective Date” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 16 “Leasing” - Leasing obligation under 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.

	30 September 2022	31 December 2021	30 September 2021
Cash recognised in the statement of financial position	2 357 461	2 715 795	2 996 185
Cash and cash equivalents of restricted use	(45 982)	(30 910)	(65 153)
Cash recognised in the statement of cash flow	2 311 479	2 684 885	2 931 032

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

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

In the 9-month of 2022 construction-assembly production in Poland expressed in current prices increased 22.2% compared to the corresponding period of the prior year (increased 8.9% in fixed prices), while sales of the construction segment of the Budimex Group on the home market increased 12.9% on the corresponding period.

Net sales and profitability

	9 months ended			3 months ended		
	30 September 2022	30 September 2021	Change in %	30 September 2022	30 September 2021	Change in %
Net sales of finished goods and services	6 368 396	5 533 832	15.08%	2 370 167	2 292 740	3.38%
Gross profit on sales	651 829	589 056	10.66%	255 841	213 411	19.88%
Gross profitability on sales	10.24%	10.64%	(0.40 p.p.)	10.79%	9.31%	1.48 p.p.
Operating profit	416 742	416 376	0.09%	182 042	139 986	30.04%
Operating profitability	6.54%	7.52%	(0.98 p.p.)	7.68%	6.11%	1.57 p.p.
Operating profit in construction segment	352 535	278 208	26.72%	155 352	117 036	32.74%
Operating profitability in construction segment	6.07%	5.44%	0.63 p.p.	7.14%	5.60%	1.54 p.p.
Operating profit in service segment	64 336	78 210	(17.74%)	26 719	22 993	16.20%
Operating profitability in service segment	11.18%	13.87%	(2.69 p.p.)	13.08%	11.28%	1.80 p.p.
Gross profit	466 423	389 237	19.83%	204 339	129 639	57.62%
Gross profitability	7.32%	7.03%	0.29 p.p.	8.62%	5.65%	2.97 p.p.
Net profit	368 238	833 435*	(55.82%)*	159 588	104 483	52.74%
Net profitability	5.78%	15.06%*	(9.28 p.p.)*	6.73%	4.56%	2.17 p.p.

* much higher net profitability in the period of three quarters of 2021 resulted from the sale of Budimex Nieruchomości Sp. z o.o.

Selling expenses and administrative expenses

	9 months ended			3 months ended		
	30 September 2022	30 September 2021	Change in %	30 September 2022	30 September 2021	Change in %
Selling expenses	(9 466)	(7 790)	21.51%	(3 131)	(2 704)	15.79%
Administrative expenses	(216 367)	(182 316)	18.68%	(70 779)	(62 306)	13.60%
Total selling & administrative expenses	(225 833)	(190 106)	18.79%*	(73 910)	(65 010)	13.69%
Share of selling & administrative expenses in net sales of finished goods and services	3.55%	3.44%	0.11 p.p.	3.12%	2.84%	0.28 p.p.

*the increase results from a larger scale of operating activities

5. Other operating income and expenses

Other operating income

	9 months ended		3 months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Reversal of impairment write-downs against receivables	3 725	13 879	919	3 884
Reversal of provisions for compensations and liquidated damages	-	2 208	-	-
Penalties/ compensations awarded	27 441	32 258	11 224	11 463
Statute-barred liabilities written-off	3 950	2 205	2 589	1 737
Gains on derivative financial instruments	-	-	(206)	(2 097)
Subsidies received	182	1 262	122	3
Gains on the sale of non-financial non-current assets	2 857	6 928	2 115	1 294
Other	801	2 746	311	1 295
Total	38 956	61 486	17 074	17 579

Other operating expenses

	9 months ended		3 months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Impairment write-downs against receivables	(18 124)	(24 709)	(9 284)	(21 366)
Compensations and liquidated damages paid	(8 097)	(11 884)	(4 379)	(788)
Loss on derivative financial instruments	(5 839)	(2 136)	(5 041)	(2 062)
Court charges and executions, costs of legal proceedings	(1 864)	(1 843)	(817)	(316)
Creation of provision for compensations and liquidated damages	(26)	(922)	(1)	(922)
Creation of provision for court cases	(9 452)	(538)	2 810	(72)
Donations given	(2 046)	(1 447)	(227)	(264)
Other	(2 762)	(581)	(24)	(204)
Total	(48 210)	(44 060)	(16 963)	(25 994)

6. Finance income and costs

Finance income

	9 months ended		3 months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Interest earned	76 037	3 020	34 346	1 453
Valuation of receivables from service concession arrangement	2 157	2 160	718	720
Gains on derivative financial instruments	2 595	1 751	(666)	638
Foreign exchange gains	688	-	(103)	(655)
Other	1 433	713	36	217
Total	82 910	7 644	34 331	2 373

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Finance costs

	9 months ended		3 months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Interest expense	(7 802)	(6 748)	(3 058)	(1 731)
Discount of retentions for construction contracts	(5 705)	(3 468)	(2 350)	(1 203)
Cost of bank commissions and guarantees	(19 373)	(21 529)	(6 541)	(7 304)
Loss on derivative financial instruments	-	(627)	45	(211)
Foreign exchange loss	-	(97)	-	(97)
Shares in subsidiaries written-off	-	(2 141)	-	(2 141)
Other	(380)	(269)	(117)	(62)
Total	(33 260)	(34 879)	(12 021)	(12 749)

All valued derivative instrument contracts (presented both in the operating and financing activity) were classified as level 2 in the fair value hierarchy. During the 9 months ended 30 September 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 Group companies is similar to their carrying value.

7. Other important information on activity of the Budimex Group in the period of three quarters 2022

Provisions for liabilities and other charges

	30 September 2022	31 December 2021
Provisions for litigation proceedings	40 471	31 477
Provisions for compensations and liquidated damages	162 485	175 930
Provisions for warranty repairs	636 585	617 609
Provisions for land reclamation	49 871	49 920
Other provisions	52 444	44 036
Total	941 856	918 972
<i>of which:</i>		
- long-term	647 874	616 498
- short-term	293 982	302 474

Income tax in the income statement

	30 September 2022	30 September 2021
Income tax – current	(123 660)	(142 445)
Income tax – deferred	25 475	66 135
Income tax in the income statement	(98 185)	(76 310)

Other information

	9 months ended	
	30 September 2022	30 September 2021
Reversal of impairment write-downs against inventories	-	247
Value of property, plant and equipment and intangible assets purchased or started to be leased:	105 581	79 436
- of which: plant and machinery	43 548	22 775

As at 30 September 2022 contractual obligations made by the Group for the purchase of property, plant and equipment amounted to PLN 32 420 thousand. As at 31 December 2021 the Group's contractual investment commitments amounted to PLN 2 863 thousand and were related to the purchase of machinery and equipment.

In the 9-month period of 2022, Budimex Group recorded an increase in short-term trade liabilities compared to 31 December 2021, which was mainly due to the seasonality of construction works and related settlements with subcontractors. The inventory balance also increased, mainly due to the earlier purchase of building materials due to their rising prices. During the three quarters of 2022, the Group also recorded an increase in the valuation of construction contracts ("underbilling"), which is mainly due to the seasonality and high value of throughputs on construction contracts in the third quarter of the year. In addition, on several contracts that are in the final stage of implementation, final acceptance of works is underway, which will be invoiced in the coming months. The increase in the balance sheet level of provisions for losses results from the creation of provisions on several new construction contracts, mainly in the road infrastructure segment, at which the design stage was completed and construction permits were obtained. Additionally, part of the increase in the level of provisions concerns difficult contracts already in progress. The budgets of all contracts will be periodically monitored, reviewed and updated in the coming quarters. Additionally the Group recorded a decrease in current income tax liabilities as a final result of tax settlement for 2021.

Apart from that, there were no other significant changes in the items of 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

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

- Budimex Parking Wrocław Sp. z o.o.
- FBSerwis SA
- FBSerwis A Sp. z o.o.
- FBSerwis B Sp. z o.o.
- FBSerwis Dolny Śląsk Sp. z o.o.
- FBSerwis Wrocław Sp. z o.o.
- FBSerwis Karpatia Sp. z o.o.
- FBSerwis Kamieński Sp. z o.o.
- FBSerwis Odbiór Sp. z o.o.
- FBSerwis Paliwa Alternatywne Sp. z o.o.
- JZE Sp. z o.o.
- Budimex Most Wschodni SA (included in the consolidation scope from February 2022)
- Circular Construction SA (included in the consolidation scope from February 2022)
- Magnolia Energy Sp. z o.o. (included in the consolidation scope from March 2022)
- Zakład Przetwarzania Odpadów Zawisty Sp. z o.o. (included in the consolidation scope from June 2022).

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In the period of three quarters of 2021 the segment "property management and developer business" was included as part of discontinued operations.

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 nine months of 2022 are presented in the table below:

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

The results of segments for nine months of 2021 are presented in the table below:

Segment name	Construction business	Property management and developer business	Service activities	Consolidation adjustments	Consolidated financial data
External sales	4 971 859	-	561 973	-	5 533 832
Inter-segment sales	146 391	-	2 081	(148 472)	-
Total sales of finished goods, goods for resale and raw materials	5 118 250	-	564 054	(148 472)	5 533 832
Gross profit on sales	423 629	-	113 068	52 359	589 056
Selling expenses	(7 790)	-	-	-	(7 790)
Administrative expenses	(160 282)	-	(29 633)	7 599	(182 316)
Other operating income/ (expenses), net	22 651	-	(5 225)	-	17 426
Operating profit	278 208	-	78 210	59 958	416 376
Finance income/ (costs), net	(27 278)	-	(117)	160	(27 235)
Shares in profits of equity accounted subordinates	-	-	96	-	96
Income tax expense	(47 521)	-	(17 367)	(11 422)	(76 310)
Net profit for the period from continuing operations	203 409	-	60 822	48 696	312 927
Net profit from discontinued operations	-	520 508	-	-	520 508
Net profit for the period	203 409	520 508	60 822	48 696	833 435

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

9.1. Sales revenue, by type of good or service

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

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

During the period of nine months of 2021 net sales of finished goods, services, goods for resale and raw materials, by type of good or service, were as follows:

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated financial data
Sales of construction and assembly services	5 060 549	-	(139 541)	4 921 008
Sales of other services	10 280	564 054	(8 931)	565 403
Sales of finished goods	39 156	-	-	39 156
Sales of goods for resale and raw materials	8 265	-	-	8 265
Total sales of finished goods, goods for resale and raw materials	5 118 250	564 054	(148 472)	5 533 832

9.2. Sales revenue, by geographical area

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

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

*Other countries: United Kingdom

In the nine months of 2021 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	4 889 845	563 744	(148 472)	5 305 117
Germany	188 635	115	-	188 750
Other EU countries	39 770	195	-	39 965
Total sales of finished goods, goods for resale and raw materials	5 118 250	564 054	(148 472)	5 533 832

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

Net sales of finished goods, services, goods for resale and raw materials of the „Construction business” as the most significant operating segment in the Budimex Group were additionally analysed by type of construction objects. Data for the nine months of 2022 and the nine months of 2021 were as follows:

Type of construction	Sales revenue for a 9-month period ended:	
	30 September 2022	30 September 2021
Land-engineering	2 353 671	1 917 648
Railway	1 324 038	1 303 579
General construction, of which:	2 131 379	1 897 023
- non-housing	1 950 544	1 529 189
- housing	180 835	367 834
Net sales of finished goods, goods for resale and raw materials – Construction business segment	5 809 088	5 118 250

10. Related party transactions

Transactions with related parties made in the period of nine months ended 30 September 2022 and in the period of nine months ended 30 September of 2021 and unsettled balances of receivables and liabilities as at 30 September 2022 and 31 December 2021 are presented in the tables below:

	Receivables		Liabilities	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Parent and its related parties (the Ferrovial Group)	-	-	38 997	23 687
Jointly controlled entities	14 835	21 312	732	1 318
Associates	2	93	8	25
Other related entities – other**	9	7	-	-
Total settlements with related parties	14 846	21 412	39 737	25 030

	Loans granted		Loans taken out	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Other related entities – non-consolidated subsidiaries**	2 430	-	-	-
Total transactions with related parties	2 430	-	-	-

	Sales of finished goods and services & other operating and finance income 9-month period ended 30 September		Purchase of finished goods and services & other operating expenses 9-month period ended 30 September	
	2022	2021*	2022	2021*
Parent and its related parties (the Ferrovial Group)	-	15	(21 098)	(20 712)
Jointly controlled entities	369	18 585	(3)	37
Associates	29	17	(383)	(957)
Other related entities - non-consolidated subsidiaries**	35	1	-	-
Other related entities - others**	1	1	-	(44)
Other related entities - through key personnel**	-	262	-	-
Total transactions with related parties	434	18 881	(21 484)	(21 676)

*) The figures presented in the note encompass the data reported within the discontinued operations.

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

As at 30 September 2022 and 31 December 2021, 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 have an impact on the Group's financial position in the perspective of at least the next quarter include:

- economic uncertainty related to the war in Ukraine
- availability of staff and construction materials, including steel,
- availability and level of prices of construction materials and services affecting the level of direct costs of contracts,
- risks related to logistics and transport of construction materials,
- volatility of exchange rates, which affect the level of sales revenues and operating costs as well as the result from the valuation and settlement of foreign currency forward transactions,
- the level of competition in 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 and Group's activity.

12. Description of significant achievements or failures of the Budimex Group in the 9 months of 2022, key events concerning the Group's operations and significant events after 30 September 2022

In the first three quarters of 2022 the Budimex Group recorded noticeable increase of sales revenues compared to the corresponding period of the previous year (by more than 15%). In the construction segment, profitability improved mainly due to the good profitability of infrastructure, railway and energy contracts. High value of order portfolio and favorable weather conditions were key factors behind construction segment revenue increase 13,5% compared to corresponding period of the previous year. Moreover, part of significant contracts carried out in the design and build formula entered execution phase, which further enhances revenue in this area.

In the first three quarters of 2022, the service segment, whose financial performance is driven by the FBSerwis Group, maintained revenue on a similar level as in the same period last year. At the same time, there was a slight decrease in the generated operating profit and gross profit. The main factor was lower profitability in the area of municipal waste management, caused by an increase in the costs of management of received materials.

The order portfolio of Budimex Group is profitable and ensures high workload until the end of 2023. The structure of the portfolio has not changed significantly over the last year - the portfolio is mainly based on infrastructure and railway contracts, which account for ca. 2/3 of its value. Budimex Group regularly updates the budgets of long-term contracts, and the recorded changes in material prices are included in the revised cost estimates.

The order portfolio of Budimex Group as at 30 September 2022 amounted to PLN 12 466 087 thousand. The value of contracts signed between January and September 2022 was PLN 4 609 458 thousand. After 30 September 2022 Budimex SA signed an agreement to design & build S-17 Piaski-Hrebenne expressway with a value of PLN 358 239 thousand. Additionally, the value of the contracts with the lowest bids or tenders where Budimex SA's offer is rated the highest by the Investors is over 3 billion PLN, which gives favorable prospects for the evolution of the order portfolio in the coming quarters and builds the foundations of the business for the years 2023-2024.

On 30 September 2022, the Group's cash position decreased compared to the end of 2021. Decreased cash position was attributable mainly to payment of dividend amounting to PLN 599 191 thousand. A series of interest rate raises started in October 2021 resulted in an increase in the average interest rate on bank deposits. As a result, the Group recorded a significant improvement in interest income compared to the same period last year. In the last quarter of 2022 this trend is expected to continue.

Ongoing war in Ukraine has no direct impact on the Group's operations. The Group does not execute contracts in Ukraine, Russia and Belarus. Budimex Group also has no significant exposure to services provided by entities with Eastern capital. Nevertheless, the reduction of imports of raw materials used in the construction sector, including steel, and fluctuations in oil prices have a significant impact on the functioning of the construction sector. Moreover, the sector observed an outflow of workers from Ukraine. The changes in the prices of key assortments have an impact on the profitability of long-term contracts, especially those at the initial stage of execution. The significant fluctuations in steel prices may also have a direct impact on the profitability of contracts conducted by Mostostal Kraków SA.

In the period from 30 September 2022 to the date of preparation of these condensed consolidated financial statements no other significant events took place.

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

In the period of nine months of 2022 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 third quarter of 2022

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
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. There has been no change in the status of ownership since 31 December 2021.

16. Proceedings pending as at 30 September 2022 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 30 September 2022 was PLN 598 740 thousand. Excess of the value of proceedings relating to claims of Group companies over proceedings against Group companies amounted to PLN 45 706 thousand.

In accordance with information in the possession of Budimex SA, the total value of legal proceedings in progress in respect of liabilities of Budimex SA and its subsidiaries as at 30 September 2022 was PLN 276 517 thousand. These proceedings involve the Group companies' operating activity.

The largest item in terms of the value of the subject of the dispute was the lawsuit against Budimex SA and Ferrovial Agroman SA in Madrid (currently Ferrovial Construcción SA), members of the consortium related to implementation of the contract "Construction of the new premises for the Silesian Museum in Katowice" concluded on 7 June 2011, filed on 24 July 2017 by the claimant – the Silesian Museum in Katowice. The Claimant requests that the Defendants are either condemned in solidum to pay the amount of PLN 122 758 thousand plus statutory interest from the date the lawsuit was filed for improper performance of the obligation under the Contract, either alternatively the court adjudges the claim for decreasing the price by PLN 34 675 thousand as the reimbursement of part of the remuneration, which was wrongly paid in Claimant's opinion. Article 471 of the Civil Code was specified as the grounds for pursuing the main claim, and the provisions on statutory warranty were specified for the alternative claim.

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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, who has not been appointed yet. By a decision of 22 December 2021, the court suspended the proceedings as requested by the parties. Then, by a decision of 29 June 2022, at the plaintiff's request, the court resumed the proceedings, suspended in December 2021, and 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.

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 322 223 thousand as at 30 September 2022. 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.

17. Contingent assets and contingent liabilities

	30 September 2022	31 December 2021
<u>Contingent assets</u>		
From other entities		
– guarantees and sureties received	741 077	695 064
– bills of exchange received as security	25 892	5 700
From other entities, total	766 969	700 764
Other contingent assets	11 844	-
Total contingent assets	778 813	700 764
<u>Contingent liabilities</u>		
To other entities, of which:		
– guarantees and sureties issued	4 404 115	4 274 792
– promissory notes issued as performance bond	18 280	10 848
To other entities, total	4 422 395	4 285 640
Other contingent liabilities	181	181
Total contingent liabilities	4 422 576	4 285 821
Total contingent items	(3 643 763)	(3 585 057)

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

Contingent liabilities arising from guarantees and sureties comprise mainly guarantees issued by banks to business partners of the Group companies to secure their claims against the Group companies that may arise on the grounds of executed construction contracts. The banks are entitled to recourse claims against Group companies under these guarantees. Guarantees issued to the investors of the Group represent an alternative, to the retentions held, method of securing potential investor claims relating to construction contracts. At the same time, the risk relating to warranty repairs assessed by the Management Board of the Group as probable was appropriately reflected in the warranty repair provision, as described in note 7 to these condensed consolidated financial statements.

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

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Guarantees and sureties issued by Budimex SA as at 30 September 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	161 965	2029-09-04	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.	187 041*	2029-10-15	free of charge	subsidiary
Budimex SA	Budimex Kolejnictwo SA	8 769	2027-12-31	against payment	subsidiary
Budimex SA	FBSerwis SA	15 277	2030-07-12	against payment	subsidiary
Budimex SA	Magnolia Energy Sp. z o.o.	35 091	2023-03-31	against payment	subsidiary
Budimex SA	Budimex Bau GmbH	240	indefinitely	free of charge	subsidiary
TOTAL		408 524			

*sureties were issued for contracts carried out by Budimex SA

Guarantees and sureties issued by Budimex SA as at 31 December 2021:

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	115 353	2027-12-31	against payment	subsidiary
Budimex SA	Mostostal Kraków Energetyka Sp. z o.o.	141	2023-11-21	against payment	subsidiary
Budimex SA	Budimex Kolejnictwo SA	19 076	2027-12-31	against payment	subsidiary
Budimex SA	Budimex Budownictwo Sp. z o.o.	194 794*	2029-10-15	free of charge	subsidiary
Budimex SA	FBSerwis SA	23 406	2030-07-12	against payment	subsidiary
TOTAL		352 770			

*sureties were issued for contracts carried out by Budimex SA

President of the Management Board

Member of the Management Board

Artur Popko

Marcin Węglowski

Warsaw, 26 October 2022

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.