



**BUDIMEX SA**

**CONDENSED FINANCIAL STATEMENTS**

**for I half-year of 2022**

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

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## **Statement of financial position**

<b>ASSETS</b>	<b>30 June 2022</b> <i>unaudited</i>	<b>31 December 2021</b> <i>audited</i>
<b>Non-currents assets (long-term)</b>		
Property, plant and equipment	171 855	193 109
Intangible assets	35 172	36 949
Investments in subsidiaries	420 853	375 648
Investments in associates	191	191
Investments in other entities	3 266	3 266
Other financial assets	49 425	37 713
Trade and other receivables	23 358	27 462
Retentions for construction contracts	75 927	82 482
Deferred tax assets	651 261	626 804
<b>Total non-current assets (long-term)</b>	<b>1 431 308</b>	<b>1 383 624</b>
<b>Current assets</b>		
Inventories	618 107	403 525
Trade and other receivables	969 681	1 029 354
Retentions for construction contracts	84 568	89 158
Valuation of construction contracts	1 046 299	699 701
Other financial assets	6 171	3 014
Cash and cash equivalents	1 886 958	2 379 932
<b>Total current assets (short-term)</b>	<b>4 611 784</b>	<b>4 604 684</b>
<b>TOTAL ASSETS</b>	<b>6 043 092</b>	<b>5 988 308</b>

**Statement of financial position (cont.)**

<b>EQUITY AND LIABILITIES</b>	<b>30 June 2022</b> <i>unaudited</i>	<b>31 December 2021</b> <i>audited</i>
<b>Equity</b>		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	55 053	55 053
Cumulative translation differences	6 276	5 857
Retained earnings	338 416	760 903
<b>Total equity</b>	<b>625 792</b>	<b>1 047 860</b>
<b>Liabilities</b>		
<b>Long-term liabilities</b>		
Loans, borrowings and other external sources of finance	52 022	71 278
Retentions for construction contracts	220 558	227 318
Provisions for long-term liabilities and other charges	550 929	546 794
Retirement benefits and similar obligations	9 624	9 624
Other financial liabilities	6 405	1 621
<b>Total long-term liabilities</b>	<b>839 538</b>	<b>856 635</b>
<b>Short-term liabilities</b>		
Loans, borrowings and other external sources of finance	51 526	54 414
Trade and other payables	1 495 262	1 157 619
Retentions for construction contracts	190 953	200 047
Provisions for losses on construction contracts	727 943	510 843
Valuation of construction contracts	1 427 825	1 563 706
Deferred income	413 310	279 524
Provisions for short-term liabilities and other charges	247 370	262 385
Current tax liability	16 464	51 700
Retirement benefits and similar obligations	1 407	1 407
Other financial liabilities	5 702	2 168
<b>Total short-term liabilities</b>	<b>4 577 762</b>	<b>4 083 813</b>
<b>Total liabilities</b>	<b>5 417 300</b>	<b>4 940 448</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6 043 092</b>	<b>5 988 308</b>

**Income statement**

		6-month period ended 30 June		3-month period ended 30 June	
		2022	2021	2022	2021
	Note	unaudited	audited	unaudited	
Continuing operations					
Net sales of finished goods, goods for resale, raw materials and services	3,7	3 482 533	2 918 879	2 125 841	1 793 143
Cost of finished goods, goods for resale, raw materials and services sold		(3 145 498)	(2 689 087)	(1 905 266)	(1 633 749)
Gross profit on sales		337 035	229 792	220 575	159 394
Selling expenses	3	(6 242)	(5 203)	(3 189)	(2 509)
Administrative expenses	3	(115 295)	(102 947)	(61 952)	(51 206)
Other operating income	4	19 749	38 475	8 799	5 103
Other operating expenses	4	(27 191)	(7 352)	(13 441)	(2 578)
Operating profit		208 056	152 765	150 792	108 204
Finance income	5	41 247	760 997	29 273	572 737
Finance costs	5	(17 504)	(18 445)	(8 773)	(9 398)
Gross profit		231 799	895 317	171 292	671 543
Income tax	6	(55 095)	(133 538)	(46 220)	(130 054)
Net profit from continuing operations		176 704	761 779	125 072	541 489
Net profit for the period		176 704	761 779	125 072	541 489

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

6.92      29.84      4.90      21.21

**Statement of comprehensive income**

	6-month period ended 30 June		3-month period ended 30 June	
	2022 unaudited	2021 audited	2022 unaudited	2021
<b>Net profit for the period</b>	<b>176 704</b>	<b>761 779</b>	<b>125 072</b>	<b>541 489</b>
<b>Other comprehensive income, which:</b>				
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions:</i>				
Cumulative translation differences	419	(2 791)	157	(1 703)
Deferred tax related to components of other comprehensive income	-	-	-	-
<i>Items not to be reclassified to profit or loss:</i>				
Actuarial gains/(losses)	-	-	-	-
Deferred tax related to components of other comprehensive income	-	-	-	-
<b>Other comprehensive income, net</b>	<b>419</b>	<b>(2 791)</b>	<b>157</b>	<b>(1 703)</b>
<b>Total comprehensive income for the period</b>	<b>177 123</b>	<b>758 988</b>	<b>125 229</b>	<b>539 786</b>

**BUDIMEX SA**

Condensed financial statements for I half-year of 2022  
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(all amounts are expressed in PLN thousand)

**Statement of changes in equity**

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
<b>Balance as at 1 January 2022</b> <i>audited</i>	<b>145 848</b>	<b>80 199</b>	<b>55 053</b>	<b>5 857</b>	<b>760 903</b>	<b>1 047 860</b>
Profit for the period	-	-	-	-	176 704	<b>176 704</b>
Other comprehensive income	-	-	-	419	-	<b>419</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>419</b>	<b>176 704</b>	<b>177 123</b>
Profit distribution - dividends	-	-	-	-	(599 191)	<b>(599 191)</b>
<b>Balance as at 30 June 2022</b> <i>unaudited</i>	<b>145 848</b>	<b>80 199</b>	<b>55 053</b>	<b>6 276</b>	<b>338 416</b>	<b>625 792</b>

**BUDIMEX SA**

Condensed financial statements for 1 half-year of 2022  
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand)

**Statement of changes in equity (cont.)**

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
<b>Balance as at 1 January 2021</b> <i>audited</i>	<b>145 848</b>	<b>80 199</b>	<b>49 993</b>	<b>5 998</b>	<b>588 020</b>	<b>870 058</b>
Profit for the period	-	-	-	-	761 779	<b>761 779</b>
Other comprehensive income	-	-	-	(2 791)	-	<b>(2 791)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2 791)</b>	<b>761 779</b>	<b>758 988</b>
Profit distribution - dividends	-	-	-	-	(426 352)	<b>(426 352)</b>
<b>Balance as at 30 June 2021</b> <i>audited</i>	<b>145 848</b>	<b>80 199</b>	<b>49 993</b>	<b>3 207</b>	<b>923 447</b>	<b>1 202 694</b>
Profit for the period	-	-	-	-	217 854	217 854
Other comprehensive income	-	-	5 060	2 650	-	7 710
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>5 060</b>	<b>2 650</b>	<b>217 854</b>	<b>225 564</b>
Interim dividend	-	-	-	-	(380 398)	(380 398)
<b>Balance as at 31 December 2021</b> <i>audited</i>	<b>145 848</b>	<b>80 199</b>	<b>55 053</b>	<b>5 857</b>	<b>760 903</b>	<b>1 047 860</b>

**Cash flow statement**

	6-month period ended 30 June	
	2022	2021
	<i>unaudited</i>	<i>audited</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Gross profit</b>	<b>231 799</b>	<b>895 317</b>
<b>Adjustments for:</b>		
Depreciation/ amortization	41 658	42 186
Foreign exchange (gains)/ losses	(23)	82
Interest and shares in profits (dividends)	1 199	(189 300)
(Profit)/ loss on investing activities	(336)	(572 885)
Change in valuation of derivative financial instruments	425	(1 277)
Change in provisions and liabilities arising from retirement benefits and similar obligations	(10 880)	(6 715)
Other adjustments	377	(2 825)
<b>Operating profit before changes in working capital</b>	<b>264 219</b>	<b>164 583</b>
Change in receivables and retentions for construction contracts	71 358	(55 270)
Change in inventories	(214 582)	21 380
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	321 224	256 671
Change in valuation of construction contracts and provision for losses on construction contracts	(265 379)	(38 307)
Change in deferred income	133 786	(112 591)
Change in cash and cash equivalents of restricted use	(17 053)	(16 169)
<b>Cash from/ (used in) operating activities</b>	<b>293 573</b>	<b>220 297</b>
Income tax paid	(114 788)	(86 548)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>178 785</b>	<b>133 749</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of intangible assets and property, plant and equipment	584	498
Purchase of intangible assets and property, plant and equipment	(8 832)	(11 044)
Purchase of shares in affiliates	(34 114)	(47 330)
Sale of financial assets in related entities	-	1 321 772
Dividend received	-	187 212
Loans granted	(34 590)	(60 000)
Repayment of loans granted	20 593	44 000
Interest received	418	148
<b>NET CASH FROM/ (USED IN) INVESTING ACTIVITIES</b>	<b>(55 941)</b>	<b>1 435 256</b>



**Cash flow statement (continued)**

	6-month period ended 30 June	
	2022 <i>unaudited</i>	2021 <i>audited</i>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(599 191)	(426 352)
Payment of liabilities under lease	(32 141)	(43 056)
Interest paid	(1 969)	(1 371)
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(633 301)</b>	<b>(470 779)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(510 457)</b>	<b>1 098 226</b>
Foreign exchange differences on cash and cash equivalents, net	430	(695)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note 2.2)</b>	<b>2 357 583</b>	<b>1 644 210</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 2.2)</b>	<b>1 847 556</b>	<b>2 741 741</b>

**1. General information**

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

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

The Company has an unlimited period of operation.

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

The Company is part of the Ferrovial Group with Ferrovial SA with its registered office in Madrid, Spain, as its parent company.

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

These interim condensed financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" and appropriate accounting standards applicable for preparation of the interim financial statements adopted by the European Union issued and effective when preparing the interim financial statements applying the same principles for the current and comparable period. Details of accounting policies adopted by the Company were described in the financial statements of the Company for the year ended 31 December 2021, published on 25 March 2022.

The interim condensed financial statements of the Company cover the period of six months ended on 30 June 2022 and contain comparative data for the period of six months ended on 30 June 2021 and as at 31 December 2021. Statement of comprehensive income and income statement and notes to the statement of comprehensive income and income statement covering data for the period of 3 months ended on 30 June 2022 and comparative data for the period of 3 months ended on 30 June 2021, were not subject to review or audit by a certified auditor.

As at 30 June 2022, 31 December 2021 and 30 June 2021 the Company's standalone data as part of the consortia (treated as a joint operation in accordance with IFRS 11), include also participation in assets, liabilities, revenues and costs of the following joint operations:

Joint operation	Share in the share capital and in the number of votes		
	30 June 2022	31 December 2021	30 June 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%

**Amendments to standards effective in the current period**

The Company for the first time adopted amendments to standards:

- 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 Company's accounting policy applied so far.

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

While authorizing these financial statements, the Company 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 tax”: “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).

**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 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 17 “Insurance Contracts” – “Initial Application of IFRS 17 and IFRS 9 – Comparative Information” (effective for annual periods beginning on or after 1 January 2023).

The above standards and amendments to standards would not have any material impact on the financial statements, had they been applied by the Company at the reporting date.

**2.2. Cash recognized in the cash flow statement**

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

	30 June 2022	31 December 2021	30 June 2021
<b>Cash recognised in the statement of financial position</b>	<b>1 886 958</b>	<b>2 379 932</b>	<b>2 762 090</b>
Cash and cash equivalents of restricted use	(39 402)	(22 349)	(20 349)
<b>Cash recognised in the statement of cash flow</b>	<b>1 847 556</b>	<b>2 357 583</b>	<b>2 741 741</b>

### 2.3. Going concern assumption

The financial statements of the Company were prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of preparation of the financial statements, the Management Board of the Company is not aware of any facts or circumstances that would indicate a threat to the Company's continued activities after the reporting date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

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

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

### Revenues and profitability

	6-month period ended			3-month period ended		
	30 June 2022	30 June 2021	Change %	30 June 2022	30 June 2021	Change %
Net sales of finished goods and services	3 482 533	2 918 879	19.31%	2 125 841	1 793 143	18.55%
Gross profit on sales	337 035	229 792	46.67%	220 575	159 394	38.38%
<b>Gross profitability on sales</b>	<b>9.68%</b>	<b>7.87%</b>	<b>1.81 p.p.</b>	<b>10.38%</b>	<b>8.89%</b>	<b>1.49 p.p.</b>
Operating profit	208 056	152 765	36.19%	150 792	108 204	39.36%
<b>Operating profitability</b>	<b>5.97%</b>	<b>5.23%</b>	<b>0.74 p.p.</b>	<b>7.09%</b>	<b>6.03%</b>	<b>1.06 p.p.</b>
Gross profit	231 799	895 317*	(74.11%)	171 292	671 543*	(74.49%)
<b>Gross profitability</b>	<b>6.66%</b>	<b>30.67%*</b>	<b>(24.01 p.p.)</b>	<b>8.06%</b>	<b>37.45%*</b>	<b>(29.39 p.p.)</b>
Net profit	176 704	761 779*	(76.80%)	125 072	541 489*	(76.90%)
<b>Net profitability</b>	<b>5.07%</b>	<b>26.10%*</b>	<b>(21.03 p.p.)</b>	<b>5.88%</b>	<b>30.20%*</b>	<b>(24.32 p.p.)</b>

\* much higher gross and net profitability in the second quarter of 2021 resulted from the sale of shares in Budimex Nieruchomości Sp. z o.o.

### Selling and administrative expenses

	6-month period ended		Change %	3-month period ended		Change %
	30 June 2022	30 June 2021		30 June 2022	30 June 2021	
Selling expenses	(6 242)	(5 203)	19.97%*	(3 189)	(2 509)	27.10%
Administrative expenses	(115 295)	(102 947)	11.99%	(61 952)	(51 206)	20.99%
<b>Total selling &amp; administrative expenses</b>	<b>(121 537)</b>	<b>(108 150)</b>	<b>12.38%</b>	<b>(65 141)</b>	<b>(53 715)</b>	<b>21.27%</b>
<b>Share of selling &amp; administrative expenses in net sales of finished goods and services</b>	<b>3.49%</b>	<b>3.71%</b>	<b>(0.22 p.p.)</b>	<b>3.06%</b>	<b>3.00%</b>	<b>0.06 p.p.</b>

\*the increase results from a larger scale of operating activities

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

	6-month period ended		3-month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Gains on the sale of non-financial non-current assets	140	5 079	37	4 979
Reversal of impairment write-downs against receivables	2 550	9 500	1 305	33
Reversal of provisions for penalties and sanctions	-	339	-	(12 675)
Penalties/ compensations awarded	15 359	19 439	6 975	10 561
Write-off of past due liabilities	1 361	468	277	171
Gains on derivative financial instruments	125	1 691	125	1 691
Subsidies received	60	1 259	24	6
Other	154	700	56	337
<b>Total</b>	<b>19 749</b>	<b>38 475</b>	<b>8 799</b>	<b>5 103</b>

**Other operating expenses**

	6-month period ended		3-month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Impairment write-downs against receivables	(8 609)	(2 338)	(6 243)	(1 438)
Compensations and liquidated damages paid	(1 795)	(2 089)	(790)	(1 568)
Donations	(1 681)	(1 141)	(896)	(715)
Court charges	(615)	(1 290)	(310)	(742)
Creation of provisions for penalties and sanctions	(25)	-	-	1 668
Creation of provisions for litigation	(12 262)	(466)	(3 784)	(466)
Loss on derivative financial instruments	-	-	84	706
Other	(2 204)	(28)	(1 502)	(23)
<b>Total</b>	<b>(27 191)</b>	<b>(7 352)</b>	<b>(13 441)</b>	<b>(2 578)</b>

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 6 months ended 30 June 2022 and 30 June 2021, there was no transfer between Level 1 and Level 2 of fair value measurements, and no transfer into and out of Level 3 of fair value measurement. The fair value of financial instruments owned by the Company is similar to their carrying value.

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

	6-month period ended		3-month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Dividends	-	190 497	-	3 285
Interest earned	40 358	1 660	28 984	818
Foreign exchange gains	866	549	266	343
Profit from the sale of shares	-	568 291	-	568 291
Other	23	-	23	-
<b>Total</b>	<b>41 247</b>	<b>760 997</b>	<b>29 273</b>	<b>572 737</b>

**BUDIMEX SA**

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

**Finance costs**

	6-month period ended		3-month period ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Interest expense	(2 294)	(2 722)	(1 181)	(1 836)
Discount of retentions for construction contracts	(3 216)	(2 171)	(1 495)	(1 124)
Cost of bank commissions and guarantees	(11 831)	(13 552)	(5 956)	(6 438)
Other	(163)	-	(141)	-
<b>Total</b>	<b>(17 504)</b>	<b>(18 445)</b>	<b>(8 773)</b>	<b>(9 398)</b>

**6. Other significant information on activity of Budimex SA in the I half-year of 2022****Provisions for liabilities and other charges**

	30 June 2022	31 December 2021
Provisions for litigation	43 578	31 477
Provisions for penalties and other sanctions	149 983	166 712
Provisions for warranty repairs	590 856	597 108
Other provisions	13 882	13 882
<b>Total</b>	<b>798 299</b>	<b>809 179</b>
<i>of which:</i>		
- long-term	550 929	546 794
- short-term	247 370	262 385

**Income tax in the income statement**

	30 June 2022	30 June 2021
Income tax – current	(79 552)	(155 921)
Income tax – deferred	24 457	22 383
<b>Income tax in the income statement</b>	<b>(55 095)</b>	<b>(133 538)</b>

**Other information**

	6-month period ended	
	30 June 2022	30 June 2021
Reversal of write-downs on inventories	-	247
Value of property, plant and equipment, intangible assets purchased or started to be leased:	19 164	34 285
- of which: plant and machinery	1 750	9 040

As at 30 June 2022 contractual obligations made by the Company for the purchase of property, plant and equipment amounted to PLN 2 630 thousand, while as at 31 December 2021 contractual investment liabilities amounted to PLN 2 863 thousand and related to the purchase of road equipment.

In the first half of 2022, Budimex SA recorded a decrease in the level of cash and cash equivalents, which is related to the payment of dividends. In turn, the increase in short-term trade liabilities compared to 31 December 2021 was mainly due to the seasonality of construction works and related settlements with subcontractors and an increase in share capitals of subsidiaries. The Company also recorded an increase in investments in subsidiaries as a result of the purchase of a new company and an increase in share capitals of subsidiaries, and an increase in inventories due to the earlier purchase of building materials due to their rising prices. In the first half of 2022, the Company also recorded an increase in the valuation of construction contracts, due to the temporary increase in non-invoiced production, which was mainly due to the invoicing schedule for the works performed on several important contracts, where invoicing takes place after the completion of full stages of works, the so-called "Milestones". The increase in

the level of provisions for losses was directly related to the revaluation of contract budgets, which took into account the expected increase in construction costs. This increase was mainly related to a few contracts that are in the initial stage of implementation and was mainly due to the increase in the prices of building materials. On the other hand, the increase in deferred income was due to the receipt of advance payments from investors for the implementation of construction works, mainly on road and rail contracts. Apart from that, there were no other significant changes in the items of the statement of financial position.

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

In the first half-year of 2022 and 2021 net sales of finished goods, goods for resale, raw materials and services, by type of good or service, were as follows:

Product/service type	6-month period ended	
	30 June 2022	30 June 2021
Sales of construction and assembly services	3 470 065	2 901 388
Sales of other services	10 523	15 460
Sales of goods for resale and raw materials	1 945	2 031
<b>Total sales of finished goods, goods for resale, raw materials and services</b>	<b>3 482 533</b>	<b>2 918 879</b>

In the first half-year of 2022 and 2021 net sales of finished goods, goods for resale, raw materials and services, by geographical area, were as follows:

Country	6-month period ended	
	30 June 2022	30 June 2021
Poland	3 352 039	2 794 999
Germany	111 413	94 357
Other EU countries	19 081	29 523
<b>Total sales of finished goods, goods for resale, raw materials and services</b>	<b>3 482 533</b>	<b>2 918 879</b>

In the first half-year of 2022 and 2021 net sales of finished goods, goods for resale, raw materials and services, by type of construction, were as follows:

Type of construction	6-month period ended	
	30 June 2022	30 June 2021
Land-engineering	1 453 471	1 116 632
Railway	742 898	698 552
General construction, of which:	1 273 696	1 086 204
- non-housing	1 146 712	846 337
- housing	126 984	239 867
Other	12 468	17 491
<b>Total sales of finished goods, goods for resale, raw materials and services</b>	<b>3 482 533</b>	<b>2 918 879</b>

## 8. Related party transactions

Transactions with related parties made in the first half-year of 2022 and in the first half-year of 2021 and unsettled balances of receivables and liabilities as at 30 June 2022 and 31 December 2021 are presented in the tables below.

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

	Receivables		Liabilities	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Parent Company and related parties (the Ferrovia Group)	-	-	31 390	23 098
Subsidiary companies	21 298	226 184	128 999	25 801
Associates	-	44	1	-
Jointly controlled entities	15 268	20 991	728	1 313
Other related parties* - other	7	7	-	-
<b>Total</b>	<b>36 573</b>	<b>247 226</b>	<b>161 118</b>	<b>50 212</b>

	Loans granted		Loans taken out	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Subsidiary companies	53 950	39 557	-	-
<b>Total</b>	<b>53 950</b>	<b>39 557</b>	<b>-</b>	<b>-</b>

	Sales of finished goods and services and other operating income		Purchase of finished goods and services and other operating expenses	
	6-month period ended 30 June		6-month period ended 30 June	
	2022	2021	2022	2021
Parent Company and related parties (the Ferrovia Group)	-	15	(13 792)	(13 790)
Subsidiary companies	146 028	382 075	(100 082)	(41 109)
Associates	12	-	(151)	(268)
Jointly controlled entities	153	16 093	-	-
Other related entities – through key personnel*	-	-	-	(44)
<b>Total transactions with related parties</b>	<b>146 193</b>	<b>398 183</b>	<b>(114 025)</b>	<b>(55 211)</b>

	Finance income		Finance costs	
	6-month period ended 30 June		6-month period ended 30 June	
	2022	2021	2022	2021
Subsidiary companies	770	190 671	-	-
<b>Total transactions with related parties</b>	<b>770</b>	<b>190 671</b>	<b>-</b>	<b>-</b>

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

## 9. Description of significant achievements or failures of Budimex SA in the I half-year of 2022, key events concerning the Company's operations and significant events after 30 June 2022

Budimex SA in the first half of 2022 recorded increase in sales revenue compared to corresponding period of the previous year (by 19%), accompanied by improved operational profitability. Key factors for the revenue increase were high value of order portfolio and favourable weather conditions. Moreover, part of significant contracts carried out in the design and build formula entered into execution phase, which further enhances revenue in this area. The improvement in profitability was primarily due to good results of infrastructure and energy contracts.

The Company puts effort to maintain high value of the order portfolio in railway, road, buildings and energy sectors, which ensures optimal use of production capacity in the coming quarters. During the first six months of 2022, Budimex SA signed new contracts with a total value of nearly PLN 2 billion. Additionally, the value of tenders where the Company placed the lowest bid or tenders where Company's offer is rated the highest by the Investor is over



PLN 4 billion, which gives favourable prospects for the evolution of the order portfolio in the coming quarters and builds the foundations of the business for the years 2024-2025.

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

At the end of the first half of 2022, the Company's cash position decreased compared to the end of 2021. Lower cash position was mainly due to payment of dividend amounting to PLN 599 191 thousand. A series of interest rates increases, started in October 2021, has caused an increase in average interest on bank deposits. As a result, the Company recorded a significant improvement in interest income compared to the same period last year. In the coming quarters of 2022 this trend is expected to continue.

Ongoing war in Ukraine has no direct impact on the Company's operations. The Company does not carry out contracts in Ukraine, Russia and Belarus. Budimex has no significant exposure to services provided by entities with Eastern capital, either. Nevertheless, the reduction in imports of raw materials used in the construction sector, including iron ore, 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 materials have an impact on the profitability of long-term contracts, especially those at the initial stage of execution. For the above reasons, the Company was cautious about signing contracts for which bids were valued and submitted before the outbreak of the war, resigning from participation in some proceedings.

On 26 May 2022 the Company received from PGE Górnictwo i Energetyka Konwencjonalna SA a debit note in the amount of PLN 561 517 thousand, issued to a consortium of Mitsubishi Power Europe GmbH, Tecnicas Reunidas SA and Budimex SA, which had implemented a project of building a power unit at the Turów Power Plant. The note was issued to the members of the consortium as joint and several debtors. The Company considers the charging of the above-mentioned penalties to be unjustified and the debit note was not recorded in the accounting books of Budimex SA.

In the period from 30 June 2022 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 half-year of 2022 Budimex SA and Group companies did not issue, redeem or repay debt or equity securities.

## **11. Proceedings pending as at 30 June 2022 before court, competent arbitration body or any public administration authority**

The total value of legal proceedings pending in respect of liabilities and receivables as at 30 June 2022 was PLN 533 356 thousand. Excess of the value of proceedings related to claims of Budimex SA over proceedings against the Company amounted to PLN 2 596 thousand.

On the basis of the information at hand, the total value of legal proceedings pending in respect of liabilities of Budimex SA as at 30 June 2022 was PLN 265 380 thousand. The proceedings pending in respect of Budimex SA relate to the operating activities of the Company.

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

In the opinion of the Management Board of Budimex SA the claims in the lawsuit are groundless. The irregularities, which in the Claimant's opinion constitute actual grounds of the claims, provided that these do exist, do not result from actions or omissions of the consortium. Moreover, proper performance of the Silesian Museum building in Katowice by the consortium was confirmed by the Claimant issuing the Work Acceptance Certificate and

Implementation Certificate for the building. The Management Board assesses that the provisions for warranty repairs and court proceedings recognised beforehand fully cover the risks related to court case. Budimex SA filed its response to the claim on 31 October 2017 and supplemented it in January 2018. 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. The parties intend to take part in mediation.

Another legal proceedings with a material value relate to the claim filed on 5 September 2008 by Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. requesting that the amount of PLN 25 252 thousand be awarded jointly and severally against the consortium to which the Budimex SA and Budimex Dromex SA belonged. The claim relates to the replacement of contractor costs incurred by the investor when the consortium rescinded the contract. The Budimex Group's share in consortium was 90%, therefore the value of the claim for which Budimex SA is liable is PLN 22 727 thousand. On 12 July 2017, the court of the first instance awarded against Budimex SA only the amount of PLN 22 thousand (towards reimbursement of the costs of expert opinions commissioned by the claimant), and dismissed the claim in its entirety. An appeal against the judgment was filed both by the claimant (against the entire 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 267 976 thousand as at 30 June 2022. The proceedings mainly concern the recovery of overdue receivables from contractors and additional claims for construction works performed. As at the date of this report, the final outcome of the proceedings is not known.

## 12. Contingent assets and contingent liabilities

	30 June 2022	31 December 2021
<b><u>Contingent assets</u></b>		
<b>From related entities, of which:</b>	<b>1 816</b>	<b>1 816</b>
– bills of exchange received as security	1 816	1 816
<b>From other entities, of which:</b>	<b>717 706</b>	<b>673 096</b>
– guarantees and sureties received	697 191	667 942
– bills of exchange received as security	20 515	5 154
<b>Other contingent assets</b>	<b>11 844</b>	<b>-</b>
<b>Total contingent assets</b>	<b>731 366</b>	<b>674 912</b>
<b><u>Contingent liabilities</u></b>		
<b>To related entities, of which:</b>	<b>499 540</b>	<b>352 770</b>
– guarantees and sureties issued	499 540	352 770
<b>To other entities, of which:</b>	<b>3 966 453</b>	<b>3 903 116</b>
– guarantees and sureties issued	3 957 836	3 894 499
– promissory notes issued as security	8 617	8 617
<b>Other contingent liabilities</b>	<b>181</b>	<b>181</b>
<b>Total contingent liabilities</b>	<b>4 466 174</b>	<b>4 256 067</b>
<b>Total off-balance sheet items</b>	<b>(3 734 808)</b>	<b>(3 581 155)</b>

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

**BUDIMEX SA**

Condensed financial statements for I half-year of 2022  
prepared in accordance with International Financial Reporting Standards



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

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

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

Warsaw, 25 August 2022

Artur Popko President of the Management Board	
Jacek Daniewski Member of the Management Board	
Artur Pielech Member of the Management Board	
Marcin Węglowski Member of the Management Board	
Grzegorz Fąfara Chief Accountant	

*This is a translation of condensed financial statements originally issued in Polish. In case of any inconsistencies between the Polish and English version, the Polish version shall prevail.*