

**Dear All,**

We are pleased to present to you the Annual Report of Budimex Group for the year 2020. It was a very peculiar year. The pandemic affected our personal life as well as the business. We learned new solutions. We tested and implemented new solutions for remote communication among ourselves and in cooperation with our investors. In many areas of Budimex Group activity, we had to develop ways of protecting the health of our employees while continuing the business activities. On the other hand, it was a year in which we attained the best financial indicators in over a decade.

Budimex Group's sales revenue in 2020 reached PLN 8.4 billion and was PLN 0.8 billion higher than in the year 2019. Sales were at a better level than we assumed and forecast. We generated over PLN 2 billion. Our main goal in 2020 was to significantly improve EBIT profitability, which increased from 4.2% to 7.6%. We also nearly doubled the Group's net profit from PLN 229 million to PLN 471 million. We wish to continue sharing our profit with our shareholders and be present in the index of dividend companies.

We estimate that the joint costs of the pandemic on the operating results amounted to more than PLN 33 million. It mainly concerned additional costs related to the extension of the lead time of several contracts and the cost of purchasing personal protective equipment and testing our employees. We have not stopped any of the construction works or our services. Moreover, the vast majority of our construction, real estate development and service projects was carried out according to schedule. This was only possible due to very good cooperation with: investors, service providers and clients – including public procurers: General Directorate for National Roads and Motorways and PKP Polskie Linie Kolejowe.

Budimex Group's sales revenue in the construction service segment increased by 5.4% in 2020 and reached the highest figure of PLN 7.5 billion in the history of the Group. We significantly increased EBIT from 2.9% to 5.1%. The final net profit generated by the segment amounted to PLN 270 million and was PLN 163 million higher than the year before. This noticeable improvement in efficiency is a result of many factors: employees' effort and organisational changes, including adjustments in the current contract portfolio.

In 2020, Budimex Nieruchomości achieved very good sales and profit results, which amounted to 21% and 64%, respectively, compared to the previous year. As announced, we wish to find a large, sound investor for Budimex Nieruchomości who will develop the investment portfolio and introduce the company to new markets. We concluded a conditional contract in February 2021 with a Polish-Czech investor with great potential and experience in the real estate market. As a result of negotiations started in December 2020, we decided to conclude a conditional contract to sell all shares in Budimex Nieruchomości Sp. z o.o. The agreed value of the transaction amounts to PLN 1.513 billion. We wish to invest the funds obtained from the Budimex Nieruchomości sale into further development of the Group.

We continue to develop the service segment of our company. FB Serwis Group increased EBIT from PLN 41 million in 2019 to PLN 75 million in 2020, and the total value of sales from PLN 498 million to PLN 610 million, respectively. We want FB Serwis's service sales to reach PLN 1 billion in the next three years.

Budimex Group had 7,273 employees at the end of the reporting period. The number was only slightly higher the year before: 3% - mainly as a result of natural staff turnover. We wish to maintain the current employment level in the next year. Budimex Group has secured revenues and contracts for the next two years. We acknowledge that the pandemic and recession in the domestic economy and on the global markets are adversely affecting the potential of our clients. We have noticed a slowdown in some private sector investments as well as a significant part of the local government sector. We are also on the threshold of two European Union perspectives in financing new projects. These factors will have an unfavourable effect on the market, especially the construction market. In 2020, its growth slowed down and we expect a similar tendency in 2021. We therefore emphasise the importance of diversifying our sources of revenue. In addition to the service segment, we wish to conclude contracts such as PPP, offshore, and renewable energy, and invest in our presence on the construction segment on the German, Czech and Slovak markets.

We share our profits and revenues with you. Since 2017, Budimex Group has moved from 61st to 25th place on the list of the largest individual CIT payers in Poland. We supported Polish hospitals and social care facilities with financial aid amounting to more than PLN 3 million in the fight against the effects of the COVID-19 pandemic. In total, we have allocated nearly PLN 5 million to our social, entitlement and charity programs.

In the last year, despite the pandemic, we created two more Parent Zones in hospitals in Wejherowo and Piotrków Trybunalski. We currently have created a total of 34 Parent Zones. 0.7 million children and parents have already benefited from them. We also created the first four 3D pedestrian lanes as part of our second program: Hello ICE.

The industry appreciated our achievements on the market. We received prestigious awards, among them: Construction of the Year 2019 and Construction Company of the Year 2019, we were ranked among the two best construction companies by more than 300 subcontractors.

I would like to thank our Employees, Investors and Clients for the past twelve months. For their commitment to our work and to the development of Budimex Group. All our stakeholders: partners, suppliers and subcontractors have shown great motivation and commitment to the industry. We have shown what we are capable of, especially in these challenging times.

Dariusz Blocher

President of the Management Board