



BUDIMEX SA

CONDENSED FINANCIAL STATEMENTS

for 1 quarter of 2021

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

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 (all amounts are expressed in PLN thousand)

**Statement of financial position**

ASSETS	31 March 2021 <i>unaudited</i>	31 December 2020 <i>audited</i>
Non-currents assets (long-term)		
Property, plant and equipment	221 402	226 165
Intangible assets	35 455	36 177
Investments in subsidiaries	377 230	1 047 419
Investments in associates	191	191
Investments in other entities	3 266	3 266
Other financial assets	1 855	1 773
Trade and other receivables	27 521	27 944
Retentions for construction contracts	82 300	84 551
Deferred tax assets	527 942	497 680
Total non-current assets (long-term)	1 277 162	1 925 166
Current assets		
Inventories	462 342	423 874
Trade and other receivables	596 226	795 674
Retentions for construction contracts	45 912	40 756
Valuation of construction contracts	544 909	580 227
Other financial assets	17 163	1 396
Cash and cash equivalents	2 124 015	1 648 390
Total current assets (short-term)	3 790 567	3 490 317
Non-current assets held for sale	717 519	-
TOTAL ASSETS	5 785 248	5 415 483

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Statement of financial position (cont.)

EQUITY AND LIABILITIES	31 March 2021 <i>unaudited</i>	31 December 2020 <i>audited</i>
Equity		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	49 993	49 993
Cumulative translation differences	4 910	5 998
Retained earnings	808 310	588 020
Total equity	1 089 260	870 058
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of finance	102 924	108 191
Retentions for construction contracts	221 036	224 501
Provision for long-term liabilities and other charges	515 325	507 774
Retirement benefits and similar obligations	14 476	14 476
Other financial liabilities	1 035	-
Total long-term liabilities	854 796	854 942
Short-term liabilities		
Loans, borrowings and other external sources of finance	57 784	62 266
Trade and other payables	1 304 456	1 161 969
Retentions for construction contracts	196 026	201 526
Provision for construction contract losses	348 449	310 432
Valuation of construction contracts	1 323 729	1 307 913
Deferred income	348 973	394 681
Provisions for current liabilities and other charges	214 475	216 672
Current income tax payable	45 716	33 489
Retirement benefits and similar obligations	1 305	1 305
Other financial liabilities	279	230
Total short-term liabilities	3 841 192	3 690 483
Total liabilities	4 695 988	4 545 425
TOTAL EQUITY AND LIABILITIES	5 785 248	5 415 483

Income statement

	Note	3-month period ended 31 March	
		2021	2020
		<i>unaudited</i>	
Continuing operations			
Net sales of finished goods, goods for resale, raw materials and services	3, 7	1 125 736	1 363 923
Cost of finished goods, goods for resale, raw materials and services sold		(1 055 338)	(1 271 524)
Gross profit on sales		70 398	92 399
Selling expenses	3	(2 694)	(2 648)
Administrative expenses	3	(51 741)	(45 934)
Other operating income	4	33 372	21 234
Other operating expenses	4	(4 774)	(34 232)
Operating profit		44 561	30 819
Finance income	5	188 260	10 942
Finance costs	5	(9 047)	(8 572)
Gross profit		223 774	33 189
Income tax	6	(3 484)	(4 637)
Net profit from continuing operations		220 290	28 552
Net profit for the period		220 290	28 552

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

8.63

1.12

Statement of comprehensive income

	3-month period ended 31 March	
	2021	2020
		<i>unaudited</i>
Net profit for the period	220 290	28 552
Other comprehensive income for the period, which:		
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions: :</i>		
Cumulative translation differences	(1 088)	1 083
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	-	-
Other comprehensive income, net of tax	(1 088)	1 083
Total comprehensive income for the period	219 202	29 635

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budimex**Statement of changes in equity**

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
Balance as at 1 January 2021 <i>audited</i>	145 848	80 199	49 993	5 998	588 020	870 058
Profit for the period	-	-	-	-	220 290	220 290
Other comprehensive income	-	-	-	(1 088)	-	(1 088)
Total comprehensive income for the period	-	-	-	(1 088)	220 290	219 202
Balance as at 31 March 2021 <i>unaudited</i>	145 848	80 199	49 993	4 910	808 310	1 089 260

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Statement of changes in equity (cont.)

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
Balance as at 1 January 2020 <i>audited</i>	145 848	80 199	51 165	7 293	393 896	678 401
Profit for the period	-	-	-	-	28 552	28 552
Other comprehensive income	-	-	-	1 083	-	1 083
Total comprehensive income for the period	-	-	-	1 083	28 552	29 635
Balance as at 31 March 2020 <i>unaudited</i>	145 848	80 199	51 165	8 376	422 448	708 036
Profit for the period	-	-	-	-	281 989	281 989
Other comprehensive income	-	-	(1 172)	(2 378)	-	(3 550)
Total comprehensive income for the period	-	-	(1 172)	(2 378)	281 989	278 439
Dividends	-	-	-	-	(116 417)	(116 417)
Balance as at 31 December 2020 <i>audited</i>	145 848	80 199	49 993	5 998	588 020	870 058

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Cash flow statement

	3-month period ended 31 March	
	2021	2020
	<i>unaudited</i>	
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	223 774	33 189
Adjustments for:		
Depreciation/ amortization	20 703	18 634
Foreign exchange (gains)/ losses	(75)	(4 683)
Interest and shares in profits (dividends)	(186 556)	(2 771)
(Profit)/ loss on disposal of investments	(100)	(209)
Change in valuation of derivative financial instruments	1 251	(2 500)
Change in provisions and liabilities arising from retirement benefits and similar obligations	5 354	40 100
Other adjustments	(1 098)	1 127
Operating profit before changes in working capital	63 253	82 887
Change in receivables and retentions for construction contracts	198 827	244 164
Change in inventories	(38 468)	(14 812)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	123 547	(23 432)
Change in valuation of construction contracts and provision for construction contract losses	89 151	(117 408)
Change in deferred income	(45 708)	94 532
Change in cash and cash equivalents of restricted use	(39 736)	(16 304)
Cash from operating activities	350 866	249 627
Income tax paid	(21 519)	(10 278)
NET CASH FROM OPERATING ACTIVITIES	329 347	239 349
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of intangible assets and tangible fixed assets	111	832
Purchase of intangible assets and tangible fixed assets	(10 234)	(4 994)
Purchase of shares in related entities	(47 330)	-
Acquisition of bonds issued by banks	-	(134 392)
Proceeds from bonds issued by banks	-	119 588
Dividend received	187 212	-
Loans granted	(60 000)	-
Repayment of loans granted	44 000	43
Interest received	53	4 041
Deposit received for the future sale of a subsidiary	10 000	-
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	123 812	(14 882)

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budimex**Cash flow statement (cont.)**

	3-month period ended 31 March	
	2021	2020
		<i>unaudited</i>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(16 936)	(14 675)
Interest paid	(724)	(1 052)
NET CASH (USED IN) FINANCING ACTIVITIES	(17 660)	(15 727)
NET CHANGE IN CASH AND CASH EQUIVALENTS	435 499	208 740
Foreign exchange differences, net	390	6 711
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note 2.2)	1 644 210	1 168 231
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 2.2)	2 080 099	1 383 682

1. General information

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

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

The Company has an unlimited period of operation.

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

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 this report**2.1. Accounting policies and basis of preparing the financial statements of the Company**

These condensed financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" and appropriate accounting standards applicable for preparation of the interim financial statements adopted by the European Union issued and effective when preparing the interim financial statements applying the same principles for the current and comparable period. Details of accounting policies adopted by the Company were described in the financial statements of the Company for the year ended 31 December 2020, published on 25 March 2021.

As at 31 March 2021, 31 December 2020 and 31 March 2020 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		
	31 March 2021	31 December 2020	31 March 2020
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%
Budimex SA Ferrovial Agroman SA s.c.	-	-	99.98%
Budimex SA Cadagua SA II s.c.	-	-	99.90%
Budimex SA Energetyka 3 Sp.j.	-	-	50.00%

Amendments to standards effective in the current period

The Company for the first time adopted changes to standards:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform - Phase 2,
- Amendments to IFRS 4 „Insurance contracts” – Deferral of effective date of IFRS 9.

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 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),
- IFRS 17 „Insurance contracts” (effective for annual periods beginning on or after 1 January 2023),
- 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 — Deferral of Effective Date” (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 3 „Business combinations”, IAS 16 „Property, plant and equipment” and IAS 37 „Provisions, Contingent Liabilities and Contingent Assets” (effective for annual periods beginning on or after 1 January 2022),
- Annual Improvements to IFRSs (Cycle 2018-2020), (effective for annual periods beginning on or after 1 January 2022),
- 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 IFRS 16 „Leases”: Covid-19-related rent concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 April 2021).

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.

	31 March 2021	31 December 2020	31 March 2020
Cash recognised in the statement of financial position	2 124 015	1 648 390	1 414 409
Cash and cash equivalents of restricted use	(43 916)	(4 180)	(30 727)
Cash recognised in the statement of cash flow	2 080 099	1 644 210	1 383 682

2.3. Going concern

The financial statements of the Company were prepared on the assumption that the Company will be going concern in the foreseeable future without a significant limitation in its activities. As at the date of signing 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. COVID-19 pandemic has not had any impact on the going concern assumption of the Company.

As at 31 March 2021 the excess of the current liabilities over the current assets amounted to PLN 50 625 thousand. (excluding non-current assets held for sale). Taking into consideration good financial position of the Company related to liquidity (very high balance of cash, positive cash flows from operating activities), and high-value orders received, the Company's Management Board does not state as at the date of signing the financial statements any threat to Company's ability to continue as a going concern.

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

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

Revenues and profitability

	3-month period ended		Change %
	31 March 2021	31 March 2020	
Net sales of finished goods and services	1 125 736	1 363 923	(17.46%)
Gross profit on sales	70 398	92 399	(23.81%)
Gross profitability on sales	6.25%	6.77%	(0.52 p.p.)
Operating profit	44 561	30 819	44.59%
Operating profitability	3.96%	2.26%	1.70 p.p.
Gross profit	223 774	33 189	574.24%
Gross profitability	19.88%	2.43%	17.45 p.p.
Net profit	220 290	28 552	671.54%
Net profitability	19.57%	2.09%	17.48 p.p.

Selling and administrative expenses

	3-month period ended		Change %
	31 March 2021	31 March 2020	
Selling expenses	(2 694)	(2 648)	1.74%
Administrative expenses	(51 741)	(45 934)	12.64%
Total selling & administrative expenses	(54 435)	(48 582)	12.05%
Share of selling & administrative expenses in net sales of finished goods and services	4.84%	3.56%	1.28 p.p.

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

	3-month period ended	
	31 March 2021	31 March 2020
Gains on sale of non-financial non-current assets	100	213
Subsidies received	1 253	-
Reversal of impairment write-downs against receivables	9 467	1 602
Reversal of provisions for penalties and sanctions	13 014	7 618
Penalties/ compensations awarded	8 878	8 248
Statute-barred liabilities written-off	297	469
Gains on derivative financial instruments	-	2 800
Other	363	284
Total	33 372	21 234

Other operating expenses

	3-month period ended	
	31 March 2021	31 March 2020
Impairment write-downs against receivables	(900)	(17 244)
Compensations and liquidated damages paid	(521)	(2 192)
Donations	(426)	(668)
Creation of provisions for penalties and sanctions	(1 668)	(13 386)
Creation of provisions for litigation	-	(671)
Loss on derivative financial instruments	(706)	-
Court charges	(548)	(62)
Other	(5)	(9)
Total	(4 774)	(34 232)

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 3 months ended 31 March 2021 and 31 March 2020, 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.

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

	3-month period ended	
	31 March 2021	31 March 2020
Dividends	187 212	3 192
Interest earned	842	4 978
Foreign exchange gains	206	2 772
Total	188 260	10 942

Finance cost

	3-month period ended	
	31 March 2021	31 March 2020
Cost of bank commissions and guarantees	(7 114)	(6 293)
Discount of retentions for construction contracts	(1 047)	(965)
Interest expense	(886)	(1 302)
Other	-	(12)
Total	(9 047)	(8 572)

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6. Other significant information on activity of Budimex SA in the I quarter of 2021

Provisions for liabilities and other charges

	31 March 2021	31 December 2020
Provisions for litigation	31 490	31 489
Provisions for penalties and other sanctions	112 151	124 489
Provisions for warranty repairs	586 159	568 468
Total	729 800	724 446
<i>of which:</i>		
- long-term	515 325	507 774
- short-term	214 475	216 672

Income tax in the profit and loss statement

	3-month period ended	
	31 March 2021	31 March 2020
Income tax – current	(33 746)	(42 017)
Income tax – deferred	30 262	37 380
Income tax in the profit and loss statement	(3 484)	(4 637)

Other information

	3-month period ended	
	31 March 2021	31 March 2020
Value of property, plant and equipment, investment property and intangible assets purchased or started to be leased:	15 269	13 454
- of which: <i>plant and machinery</i>	5 431	3 326

The Company had no contractual obligations for the purchase of property, plant and equipment as at 31 March 2021, while as at 31 December 2020 contractual obligations related to the cash contribution to the capital of the newly established company and for the purchase of property, plant and equipment amounted to PLN 4 546 thousand.

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

In the first quarter of 2021 and 2020 net sales of services, goods for resale and raw materials, by type of good or service, were as follows:

Product/service type	3-month period ended	
	31 March 2021	31 March 2020
Sales of construction and assembly services	1 117 450	1 359 821
Sales of other services	7 105	2 668
Sales of goods for resale and raw materials	1 181	1 434
Total sales of finished goods, goods for resale, raw materials and services	1 125 736	1 363 923

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In the first quarter of 2021 and 2020 net sales of services, goods for resale and raw materials, by geographical area, were as follows:

Region	3-month period ended	
	31 March 2021	31 March 2020
Poland	1 058 284	1 279 121
Germany	47 309	44 821
Other EU countries	20 143	39 981
Total sales of finished goods, goods for resale, raw materials and services	1 125 736	1 363 923

In the first quarter of 2021 and 2020 net sales of services, goods for resale and raw materials by type of construction was as follows:

Type of construction	3-month period ended	
	31 March 2021	31 March 2020
Land-engineering	383 305	552 893
Railway	264 040	272 771
General construction, of which:	470 105	534 157
- non-residential	362 823	380 655
- residential	107 282	153 502
Other	8 286	4 102
Total sales of finished goods, goods for resale, raw materials and services	1 125 736	1 363 923

8. Related party transactions

Transactions with related parties made in the first quarter of 2021 and in the first quarter of 2020 and unsettled balances of receivables and liabilities as at 31 March 2021 and 31 December 2020 are presented in the tables below.

Transactions are made on an arm's length basis.

	Receivables		Liabilities	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Parent Company and related parties (the Ferrovial Group)	-	1 864	26 194	25 281
Subsidiary companies	147 248	247 026	7 176	20 736
Associates	48	48	3	1
Jointly controlled entities	1 531	1 570	711	709
Other related parties* - other	6	11 005	18	-
Total	148 833	261 513	34 102	46 727

	Loans granted		Loans taken out	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Parent Company and related parties (the Ferrovial Group)	-	-	-	-
Subsidiary companies	17 788	1 773	-	-
Associates	-	-	-	-
Total	17 788	1 773	-	-

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	Sales of finished goods and services and other operating income		Purchase of finished goods and services and other operating expenses	
	3-month period ended 31 March		3-month period ended 31 March	
	2021	2020	2021	2020
Parent Company and related parties (the Ferrovial Group)	15	-	(6 013)	(6 947)
Subsidiary companies	221 712	167 092	(11 641)	(23 218)
Associates	-	-	(134)	(168)
Jointly controlled entities	100	136	-	-
Other related entities – other	-	-	(44)	-
Other related entities – through key personnel*	-	-	-	(200)
Total	221 827	167 228	(17 832)	(30 533)

	Finance income		Finance costs	
	3-month period ended 31 March		3-month period ended 31 March	
	2021	2020	2021	2020
Parent Company and related parties (the Ferrovial Group)	-	-	-	-
Subsidiary companies	187 280	3 215	-	-
Associates	-	-	-	-
Total	187 280	3 215	-	-

*) Other related parties comprise also 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 quarter of 2021, key events concerning the Company's operations and significant events after 31 March 2021

Despite the decline in sales revenues, the operating profitability of Budimex SA in the first quarter of 2021 was noticeably better than in the corresponding period of the previous year. The improvement was primarily due to good profitability of railway contracts, as well as better result on other operating activity. The decrease in sales revenues was driven by less favorable weather conditions during the winter season and a growing share of recently signed road contracts carried out in the design and build formula. In the initial phase of such contracts, the generated sales revenues are low due to the ongoing design work.

The company puts effort to maintain high value of the order portfolio in railway, road, buildings and energy sectors, which guarantees optimal use of production capacity in the coming quarters. During the first three months of 2021, Budimex SA signed new contracts with a total value of nearly PLN 1 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 3 billion.

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 quarter of 2021, the Company's cash position noticed further improvement compared to the end of 2020, which resulted in a recommendation to pay dividend. The current level of cash secures ongoing operating and investment activities. In order to maintain the robust condition and financial liquidity of subcontractors and suppliers, advance payments are still offered for the services and materials.

The ongoing state of epidemic in Poland did not have a significant impact on the Company's financial parameters for the first quarter of 2021. The threat related to the spreading of the coronavirus is actively managed, inter alia, by the introduction of possibility of telework, providing disinfection measures for employees or reorganization of the office space to ensure compliance with the recommendations of the Main Sanitary Inspectorate. Additionally, employee

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

testing is carried out on a regular basis to minimize the risk of further infections. The company also declares its readiness to organize vaccinations as an employer.

Until the moment of preparation of these financial statements, coronavirus outbreak did not have a significant impact on the Company's operating activity.

In the period from 31 March 2021 to the date of preparation of these condensed financial statements no other significant events took place.

Planned sale of shares in Budimex Nieruchomości Sp. z o.o.

On 22 February 2021, Budimex SA concluded a conditional agreement for the sale of all shares in the subsidiary Budimex Nieruchomości Sp. z o.o., with the buyer CP Developer S.a.r.l.

The subject of the sale are 1 314 666 shares with a nominal value of PLN 500 each, constituting 100% of the share capital of Budimex Nieruchomości Sp. z o.o., entitling to 100% of votes at the company's Shareholders' Meeting. The book value of the shares in Budimex's accounting books is PLN 717 519 thousand. Therefore, from the day of concluding this conditional sale agreement, the Company started to present the shares held in Budimex Nieruchomości Sp. z o.o. as fixed assets held for sale in accordance with the principles resulting from IFRS 5, as it concluded that this was the moment when all the conditions for such classification were met. Thus, as at 31 March 2021, the shares in Budimex Nieruchomości Sp. z o.o. were presented as non-current assets held for sale.

On 29 March 2021, the President of the Office of Competition and Consumer Protection consented to the concentration by way of acquisition of shares. The condition precedent to the transaction is that the buyer has documented the provision of financing for the acquisition of shares, which should be done by the buyer by 13 May 2021 at the latest. 14 May 2021 was set as transaction closing date. More details of the planned transaction are described in current reports no. 13/2021, 24/2021 and 38/2021, posted on the Company's website.

As at the date of reclassification to non-current assets held for sale, the Company measured the shares at the lower of the carrying amount of the shares or the fair value of the shares less costs to sell. As the expected sale price of the shares is much higher than the carrying amount of the shares, and the costs to sell are insignificant given the total value of the transaction, the carrying amount was lower. Thus, the Company did not recognize any impairment losses on shares held in Budimex Nieruchomości Sp. z o.o., also on 31 March 2021.

10. Proceedings pending as at 31 March 2021 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 31 March 2021 was PLN 671 540 thousand. Excess of the value of proceedings against Budimex SA over proceedings relating to claims of the Company amounted to PLN 29 712 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 31 March 2021 was PLN 350 626 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 dispute was the lawsuit against Budimex SA and Ferrovial Agroman SA in Madrid, 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 building by the consortium was confirmed by the Claimant issuing the Work Acceptance Certificate and Implementation Certificate for the Silesian Museum building in Katowice. The Management Board assesses that the provisions for warranty repairs recognised beforehand fully cover the risks related to contract implementation. Budimex SA filed its response to the claim on 31 October 2017 and supplemented it in January 2018. The court successfully delivered a copy of the claim to Ferrovial Agroman SA on 21 September 2018. Ferrovial Agroman SA filed a reply to the statement of claim on

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

22 October 2018. The first hearing took place on 11 March 2019, during which the court obliged the parties to pay an advance towards the remuneration of the research institute which will prepare an opinion on the case. As at the date of the report, the date of the next hearing is not known.

Another significant case concerns a request for arbitration submitted by Steinmüller Babcock Environment GmbH ("Steinmüller") to the Secretariat of the International Court of Arbitration at the International Chamber of Commerce in Paris on 20 December 2019. The application is based on the allegations of breach by Budimex SA of the consortium agreement concluded between Budimex SA and Steinmüller in connection with the joint performance of construction works regarding the public procurement under the name "Construction of a new heat and power plant in Vilnius - Lot 1" for JSC "Vilniaus kogeneracine jėgaine" with its seat in Vilnius (Lithuania) and includes a request that the adjudicating panel establish intra-consortium liability of Budimex SA towards the claimant for any damage or claims that arose (or may arise) as a result of alleged delayed or improper performance by Budimex SA of its scope of work for which the consortium may be liable. For the purposes of the arbitration proceedings, Steinmüller determined the value of its claims at EUR 25 million, i.e. PLN 105 875 thousand.

In the opinion of the Management Board of Budimex SA, the claims covered by the Request for Arbitration are groundless and, above all, premature. The consortium submitted a number of claims to the contract engineer for an extension of the time for completion of the works, for reasons both beyond the control of the parties to the contract and dependent solely on the contracting authority.

In response, on 28 February 2020 Budimex SA submitted a response to the request for arbitration along with counterclaims against Steinmüller. Budimex SA demands that the adjudicating panel dismisses Steinmüller's claims entirely as unfounded, and also presented counterclaims against Steinmüller, in particular for a recognition that the delays in the performance of the construction works are due to reasons attributable to Steinmüller. The estimated value of mutual claims of Budimex SA against Steinmüller was determined at EUR 26 537 thousand, i.e. PLN 114 904 thousand.

On 27 May 2020 the parties and the adjudicating panel signed the act of mission. According to the agreed procedure schedule, Steinmüller filed a Statement of Claim on 18 December 2020. At the joint request of the parties, on 19 February 2021 the adjudicating panel agreed to modify the procedure schedule by postponing the dates of the various activities by approximately 6 months. As a result of this modification, Budimex SA should file a Statement of Defence and Counterclaim by 29 October 2021 and the hearing should take place between February and April 2023.

Another legal proceedings with a material value relate to the claim filed on 5 March 2008 by Miejskie Wodociągi i Kanalizacja w Bydgoszczy Sp. z o.o. requesting that the amount of PLN 25 252 thousand be awarded jointly and severally against the consortium to which the Budimex SA and Budimex Dromex SA belonged. The claim relates to the replacement of contractor costs incurred by the investor when the consortium rescinded the contract. The Budimex Group's share in consortium was 90%, therefore the value of the claim for which Budimex SA is liable is PLN 22 727 thousand. On 12 July 2017, the court of the first instance awarded against Budimex SA 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 320 914 thousand as at 31 March 2021. Apart from the above described case brought by Budimex SA against Steinmüller Babcock Environment GmbH, 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.

11. Contingent receivables and contingent liabilities

	31 March 2021	31 December 2020
<u>Contingent receivables</u>		
From related parties, of which:	3 359	3 359
– bills of exchange received as security	3 359	3 359
From other entities, of which:	621 060	595 865
– guarantees and sureties received	610 070	584 694
– bills of exchange received as security	10 990	11 171
Total contingent receivables	624 419	599 224
<u>Contingent liabilities</u>		
To related parties, of which:	374 210	484 029
– guarantees and sureties issued	374 210	484 029
To other entities, of which:	3 918 222	3 894 898
– guarantees and sureties issued	3 909 963	3 886 639
– promissory notes issued as performance bond	8 259	8 259
Other contingent liabilities	181	181
Total contingent liabilities	4 292 613	4 379 108
Total off-balance sheet items	(3 668 194)	(3 779 884)

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

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

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

President of the Management Board

Management Board Member

Dariusz Blocher

Marcin Węglowski

Warsaw, 30 April 2021

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.