



BUDIMEX SA

CONDENSED FINANCIAL STATEMENTS

for I half-year of 2021

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

Table of contents

Statement of financial position	2
Income statement	4
Statement of comprehensive income	4
Statement of changes in equity	5
Cash flow statement	7
1. General information	9
2. Principles applied for the purpose of preparation of these financial statements	9
2.1. Accounting policies and basis of preparing the financial statements of the Company	9
2.2. Cash recognized in the cash flow statement.....	10
2.3. Going concern assumption	11
3. Net sales of finished goods and services, selling expenses, administrative expenses and profitability	11
4. Other operating income and expenses	12
5. Finance income and finance costs.....	12
6. Other significant information on activity of Budimex SA in the I half-year of 2021	13
7. Net sales of finished goods, goods for resale, raw materials and services, by category	14
8. Related party transactions	14
9. Description of significant achievements or failures of Budimex SA in the I half-year of 2021, key events concerning the Company's operations and significant events after 30 June 2021	15
10. Proceedings pending as at 30 June 2021 before court, competent arbitration body or any public administration authority	16
11. Contingent assets and contingent liabilities	18

Statement of financial position

ASSETS	30 June 2021 <i>audited</i>	31 December 2020 <i>audited</i>
Non-currents assets (long-term)		
Property, plant and equipment	210 239	226 165
Intangible assets	34 747	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	19 134	1 773
Trade and other receivables	27 556	27 944
Retentions for construction contracts	81 682	84 551
Deferred tax assets	520 063	497 680
Total non-current assets (long-term)	1 274 108	1 925 166
Current assets		
Inventories	402 494	423 874
Trade and other receivables	829 751	795 674
Retentions for construction contracts	81 754	40 756
Valuation of construction contracts	680 013	580 227
Other financial assets	1 420	1 396
Cash and cash equivalents	2 762 090	1 648 390
Total current assets (short-term)	4 757 522	3 490 317
TOTAL ASSETS	6 031 630	5 415 483

Statement of financial position (cont.)

EQUITY AND LIABILITIES	30 June 2021 <i>audited</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	3 207	5 998
Retained earnings	923 447	588 020
Total equity	1 202 694	870 058
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of finance	88 085	108 191
Retentions for construction contracts	220 646	224 501
Provision for long-term liabilities and other charges	531 078	507 774
Retirement benefits and similar obligations	14 476	14 476
Other financial liabilities	111	-
Total long-term liabilities	854 396	854 942
Short-term liabilities		
Loans, borrowings and other external sources of finance	58 586	62 266
Trade and other payables	1 453 877	1 161 969
Retentions for construction contracts	195 260	201 526
Provisions for losses on construction contracts	412 690	310 432
Valuation of construction contracts	1 267 134	1 307 913
Deferred income	282 090	394 681
Provisions for short-term liabilities and other charges	200 536	216 672
Current tax liability	102 862	33 489
Retirement benefits and similar obligations	1 305	1 305
Other financial liabilities	200	230
Total short-term liabilities	3 974 540	3 690 483
Total liabilities	4 828 936	4 545 425
TOTAL EQUITY AND LIABILITIES	6 031 630	5 415 483

Income statement

		6-month period ended 30 June		3-month period ended 30 June	
		2021	2020	2021	2020
	Note	audited	unaudited	unaudited	
Continuing operations					
Net sales of finished goods, goods for resale, raw materials and services	3,7	2 918 879	3 251 317	1 793 143	1 887 394
Cost of finished goods, goods for resale, raw materials and services sold		(2 689 087)	(3 037 411)	(1 633 749)	(1 765 887)
Gross profit on sales		229 792	213 906	159 394	121 507
Selling expenses	3	(5 203)	(5 260)	(2 509)	(2 612)
Administrative expenses	3	(102 947)	(97 598)	(51 206)	(51 664)
Other operating income	4	38 475	47 502	5 103	26 268
Other operating expenses	4	(7 352)	(83 745)	(2 578)	(49 513)
Operating profit		152 765	74 805	108 204	43 986
Finance income	5	760 997	73 304	572 737	62 362
Finance costs	5	(18 445)	(18 316)	(9 398)	(9 744)
Gross profit		895 317	129 793	671 543	96 604
Income tax	6	(133 538)	(21 141)	(130 054)	(16 504)
Net profit from continuing operations		761 779	108 652	541 489	80 100
Net profit for the period		761 779	108 652	541 489	80 100

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

29.84 4.26 21.21 3.14

Statement of comprehensive income

	6-month period ended 30 June		3-month period ended 30 June	
	2021 audited	2020 unaudited	2021 unaudited	2020 unaudited
Net profit for the period	761 779	108 652	541 489	80 100
Other comprehensive income, which:				
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions:</i>				
Cumulative translation differences	(2 791)	(53)	(1 703)	(1 136)
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	(2 791)	(53)	(1 703)	(1 136)
Total comprehensive income for the period	758 988	108 599	539 786	78 964

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	-	-	-	-	761 779	761 779
Other comprehensive income	-	-	-	(2 791)	-	(2 791)
Total comprehensive income	-	-	-	(2 791)	761 779	758 988
Profit distribution - dividends	-	-	-	-	(426 352)	(426 352)
Balance as at 30 June 2021 <i>audited</i>	145 848	80 199	49 993	3 207	923 447	1 202 694

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	-	-	-	-	108 652	108 652
Other comprehensive income	-	-	-	(53)	-	(53)
Total comprehensive income	-	-	-	(53)	108 652	108 599
Profit distribution - dividends	-	-	-	-	(116 417)	(116 417)
Balance as at 30 June 2020 <i>unaudited</i>	145 848	80 199	51 165	7 240	386 131	670 583
Profit for the period	-	-	-	-	201 889	201 889
Other comprehensive income	-	-	(1 172)	(1 242)	-	(2 414)
Total comprehensive income	-	-	(1 172)	(1 242)	201 889	199 475
Balance as at 31 December 2020 <i>audited</i>	145 848	80 199	49 993	5 998	588 020	870 058

Cash flow statement

	6-month period ended 30 June	
	2021	2020
	<i>audited</i>	<i>unaudited</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	895 317	129 793
Adjustments for:		
Depreciation/ amortization	42 186	38 410
Foreign exchange (gains)/ losses	82	282
Interest and shares in profits (dividends)	(189 300)	(62 463)
(Profit)/ loss on investing activities	(572 885)	(1 005)
Change in valuation of derivative financial instruments	(1 277)	(1 265)
Change in provisions and liabilities arising from retirement benefits and similar obligations	(6 715)	66 754
Other adjustments	(2 825)	(5)
Operating profit before changes in working capital	164 583	170 501
Change in receivables and retentions for construction contracts	(55 270)	191 028
Change in inventories	21 380	42 032
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	256 671	63 693
Change in valuation of construction contracts and provision for losses on construction contracts	(38 307)	(161 005)
Change in deferred income	(112 591)	45 046
Change in cash and cash equivalents of restricted use	(16 169)	(32 113)
Cash from/ (used in) operating activities	220 297	319 182
Income tax paid	(86 548)	(87 116)
NET CASH FROM OPERATING ACTIVITIES	133 749	232 066
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of intangible assets and property, plant and equipment	498	1 628
Purchase of intangible assets and property, plant and equipment	(11 044)	(10 918)
Purchase of shares in affiliates	(47 330)	(175)
Sale of financial assets in related entities	1 321 772	-
Dividend received	187 212	-
Purchase of bonds issued by banks	-	(269 079)
Proceeds from bonds issued by banks	-	253 980
Loans granted	(60 000)	-
Repayment of loans granted	44 000	43
Interest received	148	4 649
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	1 435 256	(19 872)

Cash flow statement (continued)

	6-month period ended 30 June	
	2021 <i>audited</i>	2020 <i>unaudited</i>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(426 352)	-
Payment of liabilities under lease	(43 056)	(28 032)
Interest paid	(1 371)	(1 824)
NET CASH (USED IN) FINANCING ACTIVITIES	(470 779)	(29 856)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1 098 226	182 338
Foreign exchange differences on cash and cash equivalents, net	(695)	1 120
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)	2 741 741	1 351 689

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 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 these financial statements**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.

The interim condensed financial statements of the Company cover the period of six months ended on 30 June 2021 and contain comparative data for the period of six months ended on 30 June 2020 and as at 31 December 2020. 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 2021 and comparative data for the period of 3 months ended on 30 June 2020, were not subject to review or audit by a certified auditor.

As at 30 June 2021, 31 December 2020 and 30 June 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		
	30 June 2021	31 December 2020	30 June 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%

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.

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

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

- Amendments to IFRS 3 „Business combinations”, IAS 16 „Property, plant and equipment” and IAS 37 „Provisions, Contingent Liabilities and Contingent Assets”, Annual Improvements 2018 - 2020 (effective for annual periods beginning on or after 1 January 2022),

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”; including Amendments to IFRS 17 (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 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 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),
- 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).

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 2021	31 December 2020	30 June 2020
Cash recognised in the statement of financial position	2 762 090	1 648 390	1 398 225
Cash and cash equivalents of restricted use	(20 349)	(4 180)	(46 536)
Cash recognised in the statement of cash flow	2 741 741	1 644 210	1 351 689

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. COVID-19 pandemic has not had any impact on the going concern assumption of the Company.

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

	6-month period ended			3-month period ended		
	30 June 2021	30 June 2020	Change %	30 June 2021	30 June 2020	Change %
Net sales of finished goods and services	2 918 879	3 251 317	(10.22%)	1 793 143	1 887 394	(4.99%)
Gross profit on sales	229 792	213 906	7.43%	159 394	121 507	31.18%
Gross profitability on sales	7.87%	6.58%	1.29 p.p.	8.89%	6.44%	2.45 p.p.
Operating profit	152 765	74 805	104.22%	108 204	43 986	146.00%
Operating profitability	5.23%	2.30%	2.93 p.p.	6.03%	2.33%	3.70 p.p.
Gross profit	895 317	129 793	589.80%	671 543	96 604	595.15%
Gross profitability	30.67%	3.99%	26.68 p.p.	37.45%	5.12%	32.33 p.p.
Net profit	761 779	108 652	601.12%	541 489	80 100	576.02%
Net profitability	26.10%	3.34%	22.76 p.p.	30.20%	4.24%	25.96 p.p.

Selling and administrative expenses

	6-month period ended		Change %	3-month period ended		Change %
	30 June 2021	30 June 2020		30 June 2021	30 June 2020	
Selling expenses	(5 203)	(5 260)	(1.08%)	(2 509)	(2 612)	(3.94%)
Administrative expenses	(102 947)	(97 598)	5.48%	(51 206)	(51 664)	(0.89%)
Total selling & administrative expenses	(108 150)	(102 858)	5.14%	(53 715)	(54 276)	(1.03%)
Share of selling & administrative expenses in net sales of finished goods and services	3.71%	3.16%	0.55 p.p.	3.00%	2.88%	0.12 p.p.

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

	6-month period ended		3-month period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Gains on the sale of non-financial non-current assets	5 079	1 009	4 979	796
Reversal of impairment write-downs against receivables	9 500	1 697	33	95
Reversal of provisions for penalties and sanctions	339	26 008	(12 675)	18 390
Penalties/ compensations awarded	19 439	15 417	10 561	7 169
Write-off of past due liabilities	468	427	171	(42)
Gains on derivative financial instruments	1 691	1 363	1 691	(1 437)
Subsidies received	1 259	-	6	-
Other	700	1 581	337	1 297
Total	38 475	47 502	5 103	26 268

Other operating expenses

	6-month period ended		3-month period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Impairment write-downs against receivables	(2 338)	(21 419)	(1 438)	(4 175)
Compensations and liquidated damages paid	(2 089)	(17 292)	(1 568)	(15 100)
Donations	(1 141)	(2 880)	(715)	(2 212)
Court charges	(1 290)	(379)	(742)	(379)
Creation of provisions for penalties and sanctions	-	(41 092)	1 668	(27 706)
Creation of provisions for litigation	(466)	(671)	(466)	-
Loss on derivative financial instruments	-	-	706	-
Other	(28)	(12)	(23)	59
Total	(7 352)	(83 745)	(2 578)	(49 513)

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 6 months ended 30 June 2021 and 30 June 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. 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 2021	30 June 2020	30 June 2021	30 June 2020
Dividends	190 497	63 192	3 285	60 000
Interest earned	1 660	7 823	818	2 845
Foreign exchange gains	549	2 289	343	(483)
Profit from the sale of shares (note 9)	568 291	-	568 291	-
Total	760 997	73 304	572 737	62 362

BUDIMEX SA

Condensed financial statements for I half-year of 2021
prepared in accordance with International Financial Reporting Standards



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

Finance costs

	6-month period ended		3-month period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Interest expense	(2 722)	(2 199)	(1 836)	(897)
Discount of retentions for construction contracts	(2 171)	(3 696)	(1 124)	(2 731)
Cost of bank commissions and guarantees	(13 552)	(12 405)	(6 438)	(6 112)
Other	-	(16)	-	(4)
Total	(18 445)	(18 316)	(9 398)	(9 744)

6. Other significant information on activity of Budimex SA in the I half-year of 2021**Provisions for liabilities and other charges**

	30 June 2021	31 December 2020
Provisions for litigation proceedings	31 952	31 489
Provisions for penalties and other sanctions	90 239	124 489
Provisions for warranty repairs	595 541	568 468
Other provisions	13 882	-
Total	731 614	724 446
<i>of which:</i>		
- long-term	531 078	507 774
- short-term	200 536	216 672

Income tax in the income statement

	30 June 2021	30 June 2020
Income tax – current	(155 921)	(73 313)
Income tax – deferred	22 383	52 172
Income tax in the income statement	(133 538)	(21 141)

Other information

	6-month period ended	
	30 June 2021	30 June 2020
Reversal of write-downs on inventories	247	-
Value of property, plant and equipment, intangible assets purchased or started to be leased:	34 285	53 567
- of which: plant and machinery	9 040	33 043

As at 30 June 2021 contractual obligations made by the Company for the purchase of property, plant and equipment amounted to PLN 2 868 thousand, 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.

In the first half of 2021, Budimex SA recorded an increase in the level of cash and cash equivalents and a decrease in investments in subsidiaries, which is the result of the sale of 100% of shares in Budimex Nieruchomości Sp. z o.o. In turn, the increase in short-term trade and other liabilities compared to 31 December 2020 was mainly due to the seasonality of construction works and related settlements with subcontractors. 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 2021 and 2020 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 2021	30 June 2020
Sales of construction and assembly services	2 901 388	3 229 071
Sales of other services	15 460	14 386
Sales of goods for resale and raw materials	2 031	7 860
Total sales of finished goods, goods for resale, raw materials and services	2 918 879	3 251 317

In the first half-year of 2021 and 2020 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 2021	30 June 2020
Poland	2 794 999	3 083 411
Germany	94 357	86 777
Other EU countries	29 523	81 129
Total sales of finished goods, goods for resale, raw materials and services	2 918 879	3 251 317

In the first half-year of 2021 and 2020 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 2021	30 June 2020
Land-engineering	1 116 632	1 437 342
Railway	698 552	665 092
General construction, of which:	1 086 204	1 126 637
- non-housing	846 337	821 710
- housing	239 867	304 927
Other	17 491	22 246
Total sales of finished goods, goods for resale, raw materials and services	2 918 879	3 251 317

8. Related party transactions

Transactions with related parties made in the first half-year of 2021 and in the first half-year of 2020 and unsettled balances of receivables and liabilities as at 30 June 2021 and 31 December 2020 are presented in the tables below.

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

	Receivables		Liabilities	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Parent Company and related parties (the Ferrovial Group)	665	1 864	22 246	25 281
Subsidiary companies	60 581	247 026	22 036	20 736
Associates	48	48	3	1
Jointly controlled entities	21 427	1 570	1 164	709
Other related parties* - other	9	11 005	-	-
Total	82 730	261 513	45 449	46 727

	Loans granted		Loans taken out	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Subsidiary companies	17 799	1 773	-	-
Total	17 799	1 773	-	-

	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	
	2021	2020	2021	2020
Parent Company and related parties (the Ferrovial Group)	15	-	(13 790)	(13 970)
Subsidiary companies	382 075	424 689	(41 109)	(46 846)
Associates	-	-	(268)	(306)
Jointly controlled entities	16 093	245	-	-
Other related entities – through key personnel*	-	-	(44)	(221)
Total transactions with related parties	398 183	424 934	(55 211)	(61 343)

	Finance income		Finance costs	
	6-month period ended 30 June		6-month period ended 30 June	
	2021	2020	2021	2020
Parent Company and related parties (the Ferrovial Group)	-	-	-	-
Subsidiary companies	190 671	63 235	-	-
Associates	-	-	-	-
Total transactions with related parties	190 671	63 235	-	-

*) 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 2021, key events concerning the Company's operations and significant events after 30 June 2021

Despite the decline in sales revenue, the operating profitability of Budimex SA in the first half 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 revenue 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 revenue is 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 ensures optimal use of production capacity in the coming quarters. During the first six months of 2021, Budimex SA signed new contracts with a total value of nearly PLN 3 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 half of 2021, the Company's cash position further improved compared to the end of 2020. The key driver of the improved cash position was the income from disposal of Budimex Nieruchomości Sp z o.o. The Management Board of Budimex SA, taking into account Company's solid cash position, decided on advance payment

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of dividend for 2021. In order to maintain the robust condition and financial liquidity of subcontractors and suppliers collaborating with the Company, 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 half of 2021. The company was among the employers who decided to participate in the vaccination program for employees.

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

On 5 July 2021, Budimex SA, as the only shareholder, established a company, Budimex Slovakia s.r.o., based in Bratislava, Slovakia. The share capital in the amount of EUR 5 thousand was also paid up in July 2021. The company has not been registered by the appropriate registry court by the date of the report.

In the period from 30 June 2021 to the date of preparation of these condensed financial statements no other significant events took place.

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 were 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 was 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.

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 shares less costs to sell. As the expected sale price of the shares was significantly higher than the carrying amount of the shares, and the costs to sell were insignificant given the total value of the transaction, the carrying amount was lower. Thus, the Company did not recognize any impairment losses in relation to the shares held in Budimex Nieruchomości Sp. z o.o.

On 24 May 2021, Budimex SA concluded with CP Developer S.a.r.l. a disposing agreement transferring the ownership of all shares in Budimex Nieruchomości Sp. z o.o. The price of the shares sold was PLN 1 307 889 thousand and it also included the contingent elements of the remuneration. The company incurred costs to sell in the amount of PLN 22 079 thousand. Thus, the profit on the sale of shares in Budimex Nieruchomości Sp. z o.o. amounted to PLN 568 291 thousand and was presented in finance income.

10. Proceedings pending as at 30 June 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 30 June 2021 was PLN 681 230 thousand. Excess of the value of proceedings against Budimex SA over proceedings relating to claims of the Company amounted to PLN 20 482 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 2021 was PLN 350 856 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

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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 Ferrovia Agroman SA on 21 September 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 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 jėgainė" 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. The next stages of arbitration will take place in 2022 and the hearing will take in March 2023. The verdict is expected by the end of 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 330 374 thousand as at 30 June 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 assets and contingent liabilities

	30 June 2021	31 December 2020
<u>Contingent assets</u>		
From related entities, of which:	3 359	3 359
– bills of exchange received as security	3 359	3 359
From other entities, of which:	651 626	595 865
– guarantees and sureties received	644 816	584 694
– bills of exchange received as security	6 810	11 171
Total contingent assets	654 985	599 224
<u>Contingent liabilities</u>		
To related entities, of which:	371 878	484 029
– guarantees and sureties issued	371 878	484 029
To other entities, of which:	3 810 139	3 894 898
– guarantees and sureties issued	3 801 880	3 886 639
– promissory notes issued as security	8 259	8 259
Other contingent liabilities	181	181
Total contingent liabilities	4 182 198	4 379 108
Total off-balance sheet items	(3 527 213)	(3 779 884)

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.

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.

BUDIMEX SA

Condensed financial statements for I half-year of 2021
prepared in accordance with International Financial Reporting Standards

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

The logo for Budimex, featuring the word "budimex" in a bold, lowercase, sans-serif font. The letters are a bright yellow color.

Warsaw, 1 September 2021

Artur Popko President of the Management Board	
Jacek Daniewski Member of the Management Board	
Cezary Mączka 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.