



THE BUDIMEX GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for I quarter of 2021

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

The BUDIMEX Group

The condensed consolidated financial statements for I quarter of 2021
prepared in accordance with International Financial Reporting Standards



(all amounts are expressed in PLN thousand)

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(all amounts are expressed in PLN thousand)

Consolidated statement of financial position

ASSETS	31 March 2021 <i>not audited</i>	31 December 2020 <i>audited</i>
Non-currents (long-term) assets		
Property, plant and equipment	533 930	548 812
Investment properties	-	9 876
Intangible assets	157 687	162 030
Goodwill of subordinated entities	168 508	168 508
Investments in equity accounted entities	2 267	2 221
Investments in equity instruments	10 252	6 922
Retentions for construction contracts	39 026	40 843
Trade and other receivables	27 566	28 550
Receivables from service concession agreement	46 649	46 654
Other financial assets	67	-
Deferred tax assets	542 879	521 851
Total non-current (long-term) assets – continuing activities	1 528 831	1 536 267
Current (short-term) assets		
Inventories	394 366	1 998 255
Trade and other receivables	738 242	918 039
Retentions for construction contracts	36 595	28 770
Valuation of construction contracts	570 099	594 315
Current tax assets	38	338
Other financial assets	1 753	1 858
Cash and cash equivalents	2 333 831	2 384 398
Total current (short-term) assets – continuing activities	4 074 924	5 925 973
Assets of discontinued operations	2 142 390	-
TOTAL ASSETS	7 746 145	7 462 240

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Consolidated statement of financial position (cont.)

EQUITY AND LIABILITIES	31 March 2021 <i>not audited</i>	31 December 2020 <i>audited</i>
Equity		
Issued capital	145 848	145 848
Share premium	87 163	87 163
Other reserves	(139)	(139)
Cumulative translation differences	5 510	6 473
Retained earnings	977 521	910 006
Shareholders' equity attributable to the shareholders of the Parent	1 215 903	1 149 351
Equity attributable to non-controlling interests	41 829	37 920
Total equity	1 257 732	1 187 271
Liabilities		
Non-current (long-term) liabilities		
Loans, borrowings and other external sources of finance	206 982	261 663
Retentions for construction contracts	232 075	240 263
Provision for long-term liabilities and other charges	563 433	593 398
Retirement benefits and similar obligations	17 620	18 505
Other financial liabilities	21 398	21 264
Deferred tax liabilities	3 737	4 642
Total non-current (long-term) liabilities - continuing activities	1 045 245	1 139 735
Current (short-term) liabilities		
Loans, borrowings and other external sources of finance	89 013	189 067
Trade and other payables	1 496 106	1 371 850
Retentions for construction contracts	202 860	216 458
Provisions for construction contract losses	348 688	310 441
Valuation of construction contracts	1 315 370	1 302 164
Deferred income	361 878	1 469 626
Provision for short-term liabilities and other charges	224 347	227 111
Current tax liability	52 881	44 815
Retirement benefits and similar obligations	1 611	1 623
Other financial liabilities	2 201	2 079
Total current (short-term) liabilities - continuing activities	4 094 955	5 135 234
Liabilities of discontinued operations	1 348 213	-
Total liabilities	6 488 413	6 274 969
TOTAL EQUITY AND LIABILITIES	7 746 145	7 462 240

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Consolidated income statement

	Note	3-month period ended 31 March	
		2021	2020 <i>restated</i> <i>not audited</i>
Continuing operations			
Net sales of finished goods, goods for resale, raw materials and services	4, 9	1 244 786	1 469 988
Cost of finished goods, goods for resale, raw materials and services sold		(1 148 071)	(1 359 981)
Gross profit on sales		96 715	110 007
Selling expenses	4	(2 728)	(2 685)
Administrative expenses	4	(60 148)	(54 881)
Other operating income	5	35 182	23 122
Other operating expenses	5	(6 206)	(34 727)
Operating profit		62 815	40 836
Finance income	6	2 935	7 385
Finance costs	6	(11 058)	(12 349)
Share in net profits of equity accounted subordinates		46	20
Gross profit		54 738	35 892
Income tax	7	(8 346)	(5 671)
Net profit from continuing operations		46 392	30 221
Net profit/ (loss) from discontinued operations		25 032	(6 259)
Net profit for the period		71 424	23 962
<i>of which:</i>			
Attributable to the shareholders of the Parent, of which:		67 515	22 059
<i>from continuing operations</i>		42 483	28 318
<i>from discontinued operations</i>		25 032	(6 259)
Attributable to non-controlling interests, of which:		3 909	1 903
<i>from continuing operations</i>		3 909	1 903
<i>from discontinued operations</i>		-	-
<i>Basic and diluted earnings (loss) per share attributable to the shareholders of the Parent (in PLN), of which:</i>		2.64	0.86
<i>from continuing operations</i>		1.66	1.11
<i>from discontinued operations</i>		0.98	(0.25)

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Consolidated statement of comprehensive income

	3-month period ended 31 March	
	2021	2020 <i>restated</i>
	<i>not audited</i>	
Net profit for the period	71 424	23 962
Other comprehensive income which:		
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions:</i>		
Cumulative translation differences	(963)	1 687
Income tax related to components of other comprehensive income	-	-
<i>Items not to be subsequently reclassified to profit or loss:</i>		
Actuarial gains/(losses)	-	-
Income tax related to components of other comprehensive income	-	-
Other comprehensive income	(963)	1 687
Total comprehensive income for the period, of which:	70 461	25 649
Total comprehensive incomes from continuing operations for the period	45 429	31 908
Total comprehensive incomes from discontinued operations for the period	25 032	(6 259)
<i>Of which:</i>		
Attributable to the shareholders of the Parent, of which	66 552	23 746
<i>from continuing operations</i>	41 520	30 005
<i>from discontinued operations</i>	25 032	(6 259)
Attributable to non-controlling interests	3 909	1 903
<i>from continuing operations</i>	3 909	1 903
<i>from discontinued operations</i>	-	-

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Consolidated statement of changes in equity

	Equity attributable to the shareholders of the Parent						Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Other reserves		Cumulative translation differences	Retained earnings			
			Share-based payments	Actuarial gains/(losses)					
Balance as at 1 January 2021 <i>audited</i>	145 848	87 163	7 171	(7 310)	6 473	910 006	1 149 351	37 920	1 187 271
Profit for the period	-	-	-	-	-	67 515	67 515	3 909	71 424
Other comprehensive income	-	-	-	-	(963)	-	(963)	-	(963)
Total comprehensive income for the period	-	-	-	-	(963)	67 515	66 552	3 909	70 461
Balance as at 31 March 2021 <i>not audited</i>	145 848	87 163	7 171	(7 310)	5 510	977 521	1 215 903	41 829	1 257 732

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Consolidated statement of changes in equity (cont.)

	Equity attributable to the shareholders of the Parent Company						Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Other reserves		Cumulative translation differences	Retained earnings			
			Share-based payments	Actuarial gains/(losses)					
Balance as at 1 January 2020 <i>audited</i>	145 848	87 163	7 171	(5 991)	7 000	566 958	808 149	28 491	836 640
Profit for the period	-	-	-	-	-	22 059	22 059	1 903	23 962
Other comprehensive income	-	-	-	-	1 687	-	1 687	-	1 687
Total comprehensive income for the period	-	-	-	-	1 687	22 059	23 746	1 903	25 649
Balance as at 31 March 2020 <i>not audited</i>	145 848	87 163	7 171	(5 991)	8 687	589 017	831 895	30 394	862 289
Profit for the period	-	-	-	-	-	437 406	437 406	10 026	447 432
Other comprehensive income	-	-	-	(1 319)	(2 214)	-	(3 533)	-	(3 533)
Total comprehensive income for the period	-	-	-	(1 319)	(2 214)	437 406	433 873	10 026	443 899
Payment of dividend by Budimex SA	-	-	-	-	-	(116 417)	(116 417)	-	(116 417)
Payment of dividend to non-controlling shareholders	-	-	-	-	-	-	-	(2 500)	(2 500)
Balance as at 31 December 2020 <i>audited</i>	145 848	87 163	7 171	(7 310)	6 473	910 006	1 149 351	37 920	1 187 271

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Consolidated statement of cash flows

	3-month period ended 31 March	
	2021	2020
		<i>not audited</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	85 759	28 214
<i>from continuing operations</i>	<i>54 738</i>	<i>35 892</i>
<i>from discontinued operations</i>	<i>31 021</i>	<i>(7 678)</i>
Adjustments for:		
Depreciation/ amortization	36 179	32 268
Share in net (profits) of equity accounted companies	(46)	(20)
Foreign exchange (gains)/ losses	(27)	(4 329)
Interest and shares in profits (dividends)	1 823	2 312
(Profit)/ loss on investing activities	(95)	(590)
Change in valuation of derivative financial instruments	172	453
Change in provisions and liabilities arising from retirement benefits and similar obligations	10 369	36 375
Other adjustments	(1 019)	1 655
Operating profit before changes in working capital	133 115	96 338
Change in receivables and retentions for construction contracts	159 601	274 345
Change in inventories	(48 904)	(120 872)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	123 729	(41 284)
Change in deferred income	15 243	394 312
Change in valuation of construction contracts and in provision for losses	75 669	(116 899)
Change in cash and cash equivalents of restricted use	20 810	(118 600)
Cash flow from operating activities	479 263	367 340
Income tax paid	(30 298)	(18 057)
NET CASH FROM OPERATING ACTIVITIES	448 965	349 283

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Consolidated statement of cash flows (cont.)

	3-month period ended 31 March	
	2021	2020
	<i>not audited</i>	
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of intangible assets and property, plant and equipment	423	2 208
Purchase of intangible assets and property, plant and equipment	(14 460)	(15 278)
Deposit received against the future sale of subsidiary	10 000	-
Purchase of shares in unconsolidated subsidiaries	(3 330)	-
Purchase of bonds issued by banks	-	(134 392)
Proceeds from bonds issued by banks	-	119 588
Interest received	-	412
NET CASH USED IN INVESTING ACTIVITIES	(7 367)	(27 462)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(5 563)	(2 220)
Loans and borrowings received	-	12 107
Payment of lease liabilities	(73 674)	(19 200)
Interest paid	(2 619)	(3 664)
Other finance expenditure	(207)	(127)
NET CASH USED IN FINANCING ACTIVITIES	(82 063)	(13 104)
TOTAL NET CASH FLOW	359 535	308 717
Foreign exchange differences on cash and cash equivalents, net	390	6 711
CASH AND CASH EQUIVALENTS - OPENING BALANCE (note 3.2)	2 081 498	1 340 215
CASH AND CASH EQUIVALENTS - CLOSING BALANCE (note 3.2)	2 441 423	1 655 643

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

1.1. The Parent Company

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

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

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

1.2. Entities subject to consolidation

As at 31 March 2021, 31 December 2020 and 31 March 2020 the following entities were subject to consolidation:

Company name	Registered office	% in the share capital as at		
		31 March 2021	31 December 2020	31 March 2020
Parent company:				
Budimex SA	Warsaw / Poland			
Subsidiaries:				
Mostostal Kraków SA	Cracow / Poland	100.00%	100.00%	100.00%
Mostostal Kraków Energetyka Sp. z o.o.	Cracow / Poland	100.00%	100.00%	100.00%
Budimex Bau GmbH	Cologne/ Germany	100.00%	100.00%	100.00%
Budimex Nieruchomości Sp. z o.o. ¹	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Budownictwo Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Kolejnictwo SA	Warsaw / Poland	100.00%	100.00%	100.00%
Budimex Parking Wrocław Sp. z o.o.	Warsaw / Poland	51.00%	51.00%	51.00%
FBSerwis SA	Warsaw / Poland	100.00%	100.00%	100.00%
FBSerwis A Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
FBSerwis B Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	100.00%
FBSerwis Karpatia Sp. z o.o.	Tarnów / Poland	100.00%	100.00%	100.00%
FBSerwis Wrocław Sp. z o.o.	Bielany Wrocławskie / Poland	100.00%	100.00%	100.00%
FBSerwis Dolny Śląsk Sp. z o.o.	Ścinawka Dolna / Poland	100.00%	100.00%	100.00%
FBSerwis Kamieński Sp. z o.o.	Kamieński / Poland	80.00%	80.00%	80.00%
FBSerwis Odbiór Sp. z o.o.	Warsaw / Poland	100.00%	100.00%	-
SPV-PIM1 Sp. z o.o. ²	Warsaw / Poland	-	-	100.00%

¹) Presented as discontinued operations. Details in note 1.3.

²) On 26 May 2020 the company merged with Budimex Nieruchomości Sp. z o.o. In the comparative data for 3 months of 2020 it was presented as discontinued operations.

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As at 31 March 2021, 31 December 2020 and 31 March 2020 stand-alone data of Budimex SA and other Group companies, which are partners in consortiums (treated as joint operations according to IFRS 11), included their share in assets, liabilities, revenue and expenses of the following joint operations:

Joint operation name	Share in the issued capital and in the number of votes (%)		
	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 Energetyka 3 Sp.j.	-	-	100.00%
Budimex SA Ferrovial Agroman SA s.c.	-	-	99.98%
Budimex SA Cadagua SA II s.c.	-	-	99.90%

As at 31 March 2021, 31 December 2020 and 31 March 2020 equity accounted companies included:

Associate	share		
	31 March 2021	31 December 2020	31 March 2020
Promos Sp. z o.o.	26.31%	26.31%	26.31%

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

In the 3-month period ended 31 March 2021 there were no changes in the Group structure, except for the one described below.

Planned sale of Budimex Nieruchomości Sp. z o.o. - discontinued operations

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, representing 100% of the share capital of Budimex Nieruchomości Sp. z o.o., entitling to 100% of votes at the company's Shareholders' Meeting. From the point of view of the consolidated financial statements of the Budimex Group, this means the sale of the entire segment "property management and developer business". Thus, this segment was excluded from Note 8, presenting the Group's operating segments.

On 29 March 2021, the President of the Office of Competition and Consumer Protection consented to the concentration by way of an 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 the buyer should perform no later than 13 May 2021. 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 Budimex SA website.

From the date of concluding the conditional sale agreement, the Group began presenting the entire segment "property management and developer business" as a discontinued operation (disposal group) in the consolidated financial statements in accordance with the principles of IFRS 5, as it considered that this was the moment when all conditions for such classification were met. Due to the changes described above, in accordance with IFRS 5, the comparative data in the profit and loss account and other comprehensive income were restated, as well as the data in the operating segments.

As at the date of reclassification to discontinued operations, the Group valued the net assets of Budimex Nieruchomości Sp. z o.o. (currently the only company in the segment) at the lower of the carrying amount or the fair value less costs

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to sell. As the expected sale price is significantly higher than the carrying amount of the net assets and the costs to sell are negligible given the overall value of the transaction, the carrying amount was lower. Thus, the Group did not recognize any impairment losses on the net assets of Budimex Nieruchomości Sp. z o.o., also as at 31 March 2021.

The data of Budimex Nieruchomości Sp. z o.o. (including consolidation adjustments assigned to the segment) for the 3-month period of 2021 and the restated 3-month period of 2020:

	3-month period ended 31 March	
	2021	2020 restated*
Net sales of finished goods, goods for resale, raw materials and services	182 896**	4 919***
Cost of finished goods, goods for resale, raw materials and services sold	(139 603)**	(4 204)***
Gross profit on sales	43 293	715
Selling expenses	(5 072)	(4 219)
Administrative expenses	(6 857)	(3 974)
Other operating income/ (expenses)	6	(26)
Operating profit/ (loss)	31 370	(7 504)
Finance income/ (costs)	(349)	(174)
Gross profit/ (loss)	31 021	(7 678)
Income loss	(5 989)	1 419
Net income/ (loss) from discontinued operations	25 032	(6 259)

* data also includes SPV-PIM1 Sp. z o.o., merged with Budimex Nieruchomości Sp. z o.o. on 26 May 2020

** net sales and cost of sales include intercompany eliminations in the amount of PLN 8 thousand

*** net sales and cost of sales include intercompany eliminations in the amount of PLN 421 thousand

The main items of assets and liabilities of Budimex Nieruchomości as at 31 March 2021 (including consolidation adjustments assigned to the segment) included:

	31 March 2021
Property, plant and equipment, intangible assets and investment property	20 004
Deferred tax assets	11 598
Inventories	1 704 011
Trade and other receivables	17 095
Cash and cash equivalents	389 682
Assets of discontinued operations*	2 142 390
Loans, borrowings and other external sources of finance	142 503
Retentions for construction contracts - received	10 622
Provision for liabilities and other charges and retirement benefits and similar obligations	43 995
Trade and other payables	18 479
Deferred income	1 122 991
Current tax liability	9 623
Liabilities of discontinued operations**	1 348 213
Net assets of discontinued operations	794 177

* data also includes intercompany eliminations in the amount of PLN 879 thousand

** data also includes intercompany eliminations in the amount of PLN 112 697 thousand

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	3-month period ended 31 March	
	2021	2020 restated*
Net cash from operating activities	72 359	173 791
Net cash from/ (used in) investing activities	(194)	(345)
Net cash from/ (used in) financing activities	(188 682)	2 240
Total cash flows from discontinued operations	(116 517)	175 686
Cash of discontinued operations, recognised in the statement of cash flow, opening balance	506 199	201 496
Cash of discontinued operations, recognised in the statement of cash flow, closing balance	389 682	377 182

*data also includes SPV-PIM1 Sp. z o.o., merged with Budimex Nieruchomości Sp. z o.o. on 26 May 2020

Property management and developer business	3-month period ended 31 March	
	2021	2020 restated*
Sales of other services	1 346	654
Sales of finished goods	181 550	4 265
Total sales of finished goods, goods for resale and raw materials	182 896	4 919

*data also includes SPV-PIM1 Sp. z o.o., merged with Budimex Nieruchomości Sp. z o.o. on 26 May 2020

Revenue was earned in Poland only.

2. Shareholders of the Parent Company

According to the information held by Budimex SA, the shareholding structure of Budimex SA as at the report date was as follows:

Shareholder	Type of shares	Number of shares	% of the share capital	Number of votes	% of voting rights at the AGM
Ferrovial Construction International SE	ordinary	12 801 654	50.14%	12 801 654	50.14%
Aviva OFE Aviva Santander	ordinary	2 552 000	10.00%	2 552 000	10.00%
Nationale-Nederlanden OFE	ordinary	1 618 000	6.34%	1 618 000	6.34%
Other shareholders	ordinary	8 558 444	33.52%	8 558 444	33.52%
Total		25 530 098	100.00%	25 530 098	100.00%

The shareholders' structure has not changed compared to data presented in the consolidated financial statements of the Group for the year ended 31 December 2020, published on 25 March 2021.

3. Principles applied for the purpose of preparation of this report

3.1. Accounting policies and basis of preparing the consolidated financial statements of the Budimex Group

These condensed financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting" and appropriate accounting standards applicable for preparation of the interim consolidated financial statements adopted by the European Union issued and effective when preparing the interim consolidated financial statements applying the same principles for the current and comparable period. Details of accounting policies adopted by the Group were

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described in the consolidated financial statements of the Group for the year ended 31 December 2020, published on 25 March 2021.

The consolidated financial statements were prepared on the assumption that the Parent Company and all entities included in the Budimex Group will be going concerns in the foreseeable future. According to the Management Board, the planned sale of Budimex Nieruchomości and the related reclassification of the company's assets and liabilities to discontinued operations do not affect the Group's ability to continue as a going concern.

As at 31 March 2021, the Group's short-term liabilities exceed the current assets of continued operations by PLN 20 031 thousand (excluding assets and liabilities of discontinued operations). Taking into consideration good financial position of the Group's companies in terms of liquidity (very high balance of cash, positive cash flows from operating activities) and high-value orders received, the Management Board of the Parent Company does not identify any threats to the going concern assumption of the Group's companies in foreseeable future as at the date of signing the financial statements. The Covid-19 pandemic did not affect the going concern assumption of the Group's companies either.

In the reporting period and until the date of preparation of this report, there were no other indications of a threat to Group companies' ability to continue as a going concern.

Amendments to standards effective in the current period

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

- Amendments to IFRS 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 Group's accounting policy applied so far.

Standards and amendments to standards issued by IASB but not yet adopted by the EU

The IFRSs endorsed by the EU do not differ materially from regulations adopted by the International Accounting Standards Board (IASB), except for the below standards and amendments to Standards, which as at the date of the preparation of these consolidated financial statements were not yet adopted for use:

- IFRS 14 „Regulatory Deferral Accounts” – according to the decision of the European Union, standard endorsement process in its draft form will not be initiated before publication of standard's final version (effective for annual periods beginning on or after 1 January 2016),
- 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).

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The above mentioned standards and amendments to standards would not have any material impact on the condensed consolidated financial statements, had these been applied by the Group at the reporting date.

3.2. Cash recognised in the cash flow statement

The Group recognizes cash of restricted use (including mainly cash of the consortia in the portion attributable to other consortium members, cash representing security for bank guarantees, funds kept in escrow by developer companies 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	2 333 831	2 384 398	1 950 005
Cash and cash equivalents of restricted use	(282 090)	(302 900)	(294 362)
Cash and cash equivalents of discontinued operations	389 682	-	-
Cash recognised in the statement of cash flow	2 441 423	2 081 498	1 655 643

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

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

In the first quarter of 2021 construction-assembly production in Poland expressed in current prices decreased by 11,2% (a decrease by 13,2% in fixed prices) compared to the corresponding period of the prior year, while sales of the construction segment of the Budimex Group on the home market dropped by 16,98% on the corresponding period.

Net sales and profitability

	3 months ended		
	31 March 2021	31 March 2020 <i>restated</i>	Change in %
Net sales of finished goods and services	1 244 786	1 469 988	(15.32%)
Gross profit on sales	96 715	110 007	(12.08%)
Gross profitability on sales	7.77%	7.48%	0.29 p.p.
Operating profit	62 815	40 836	53.82%
Operating profitability	5.05%	2.78 %	2.27 p.p.
Operating profit of construction segment	48 813	33 071	47.60%
Operating profitability of construction segment	4.14%	2.32%	1.82 p.p.
Operating profit of services segment	22 254	18 840	18.12%
Operating profitability of services segment	13.28%	14.31%	(1.03) p.p.
Gross profit	54 738	35 892	52.51%
Gross profitability	4.40%	2.44%	1.96 p.p.
Net profit	71 424	23 962	198.07%
Net profitability	5.74%	1.63%	4.11 p.p.

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Selling expenses and administrative expenses

	3 months ended		Change in %
	31 March 2021	31 March 2020 <i>restated</i>	
Selling expenses	(2 728)	(2 685)	1.60%
Administrative expenses	(60 148)	(54 881)	9.60%
Total selling & administrative expenses	(62 876)	(57 566)	9.22%
Share of selling & administrative expenses in net sales of finished goods and services	5.05%	3.92%	1.13 p.p.

5. Other operating income and expenses

Other operating income

	3 months ended	
	31 March 2021	31 March 2020 <i>restated</i>
Reversal of impairment write-downs against receivables	9 783	1 602
Reversal of provisions for penalties and sanctions	13 014	7 618
Penalties/ compensations awarded	9 509	9 244
Statute-barred liabilities written-off	297	469
Gains on derivative financial instruments	198	1 088
Subsidies received	1 253	-
Gains on the sale of non-financial non-current assets	332	723
Reversal of other provisions	-	2 000
Other	796	378
Total	35 182	23 122

Other operating expenses

	3 months ended	
	31 March 2021	31 March 2020 <i>restated</i>
Impairment write-downs against receivables	(900)	(17 297)
Creation of provision for penalties and sanctions	(1 668)	(13 386)
Creation of provision for litigation	-	(671)
Compensations and liquidated damages paid	(1 358)	(2 448)
Loss on derivative financial instruments	(959)	-
Donations	(451)	(671)
Other	(870)	(254)
Total	(6 206)	(34 727)

6. Finance income and costs

Finance income

	3 months ended	
	31 March 2021	31 March 2020 <i>restated</i>
Interest earned	890	5 172
Valuation of receivables from service concession arrangement	720	719
Gain on derivative financial instruments	786	-
Foreign exchange gains	274	1 484
Other	265	10
Total	2 935	7 385

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Finance costs

	3 months ended	
	31 March 2021	31 March 2020 <i>restated</i>
Interest expense	(2 185)	(2 912)
Discount of retentions for construction contracts	(1 088)	(1 096)
Cost of bank commissions and guarantees	(7 433)	(6 833)
Loss on derivative financial instruments	(207)	(1 497)
Other	(145)	(11)
Total	(11 058)	(12 349)

All valued derivative instrument contracts (presented both in the operating and financing activity) were classified as level 2 in the fair value hierarchy. During the 3 months ended 31 March 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.

7. Other important information on activity of the Budimex Group in the I quarter of 2021

Provisions for liabilities and other charges

	31 March 2021	31 December 2020
Provisions for litigation	31 490	33 129
Provisions for penalties and other sanctions	112 151	125 770
Provisions for warranty repairs	592 735	591 478
Provisions for reclamation	47 237	47 200
Other provisions	4 167	22 932
Total	787 780	820 509
<i>of which:</i>		
- long-term	563 433	593 398
- short-term	224 347	227 111

Income tax in the profit and loss statement

	3 months ended	
	31 March 2021	31 March 2020 <i>restated</i>
Income tax – current	(41 990)	(47 579)
Income tax – deferred	33 644	41 908
Income tax in the profit and loss statement	(8 346)	(5 671)

Other information

	3 months ended	
	31 March 2021	31 marca 2020 roku <i>restated</i>
Value of property, plant and equipment and intangible assets purchased or started to be leased:	26 163	23 740
- of which: plant and machinery	6 931	7 367

As at 31 March 2021 the Group had contractual obligations for the purchase and lease of property, plant and equipment amounted to PLN 34 363 thousand. Contractual obligations made by the Group for the purchase of property, plant and

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equipment, the purchase of plots of land for development projects, and a cash contribution to the share capital of a newly established company as at 31 December 2020 amounted to PLN 92 108 thousand.

8. Operating segments

For the management purposes the Group has been divided into segments based on the products and services offered. The Group operates in the following operating segments:

- construction business,
- service activities.

Construction business covers rendering of widely understood construction-assembly services at home and abroad and is realised by the following Group companies:

- Budimex SA
- Mostostal Kraków SA
- Mostostal Kraków Energetyka Sp. z o.o.
- Budimex Bau GmbH
- Budimex Budownictwo Sp. z o.o.
- Budimex Kolejnictwo SA

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

- Budimex Parking Wrocław Sp. z o.o.
- FBSerwis SA
- FBSerwis A Sp. z o.o.
- FBSerwis B Sp. z o.o.
- FBSerwis Dolny Śląsk Sp. z o.o.
- FBSerwis Wrocław Sp. z o.o.
- FBSerwis Karpatia Sp. z o.o.
- FBSerwis Kamieńsk Sp. z o.o.
- FBSerwis Odbiór Sp. z o.o. (included in the consolidation scope from 1 October 2020)

The segment "property management and developer business" was included in the discontinued operations. Details are described in note 1.3.

Segment performance is evaluated based on sales revenue, gross profit (loss) on sales, operating profit (loss) and net profit (loss) for the period.

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The results of segments for the first quarter of 2021 are presented in the table below:

Segment name	Construction business	Property management and developer business	Service activities	Consolidation adjustments	Consolidated value
External sales	1 078 151	-	166 635	-	1 244 786
Inter-segment sales	101 929		879	(102 808)	-
Total sales of finished goods, goods for resale and raw materials	1 180 080	-	167 514	(102 808)	1 244 786
Gross profit	77 043	-	32 163	(12 491)	96 715
Selling expenses	(2 728)	-	-	-	(2 728)
Administrative expenses	(54 252)	-	(10 135)	4 239	(60 148)
Other operating income/ (expenses), net	28 750	-	226	-	28 976
Operating profit	48 813	-	22 254	(8 252)	62 815
Finance income/(costs), net	(8 426)	-	230	73	(8 123)
Shares in profits of equity accounted subordinates	-	-	46	-	46
Income tax expense	(4 529)	-	(5 369)	1 552	(8 346)
Net profit for the period from continuing operations	35 858	-	17 161	(6 627)	46 392
Net profit from discontinued operations	-	25 032	-	-	25 032
Net profit for the period	35 858	25 032	17 161	(6 627)	71 424

The results of segments for the first quarter of 2020 are presented in the table below:

Segment name	Construction business	Property management and developer business (restated)	Service activities	Consolidation adjustments (restated)	Consolidated value (restated)
External sales	1 338 926	-	131 062	-	1 469 988
Inter-segment sales	87 407		636	(88 043)	-
Total sales of finished goods, goods for resale and raw materials	1 426 333	-	131 698	(88 043)	1 469 988
Gross profit	97 988	-	23 519	(11 500)	110 007
Selling expenses	(2 685)	-	-	-	(2 685)
Administrative expenses	(48 047)	-	(7 259)	425	(54 881)
Other operating income/ (expenses), net	(14 185)	-	2 580	-	(11 605)
Operating profit	33 071	-	18 840	(11 075)	40 836
Finance (costs), net	(2 923)	-	(2 143)	102	(4 964)
Shares in profits of equity accounted subordinates	-	-	20	-	20
Income tax expense	(5 255)	-	(2 503)	2 087	(5 671)
Net profit for the period from continuing operations	24 893	-	14 214	(8 886)	30 221
Net (loss) from discontinued operations	-	(6 259)	-	-	(6 259)
Net profit/ (loss) for the period	24 893	(6 259)	14 214	(8 886)	23 962

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

9.1. Sales revenue, by type of good or service

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

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated financial data
Sales of construction and assembly services	1 162 204	-	(97 845)	1 064 359
Sales of other services	4 148	167 514	(4 963)	166 699
Sales of finished goods	12 729	-	-	12 729
Sales of goods for resale and raw materials	999	-	-	999
Total sales of finished goods, goods for resale and raw materials	1 180 080	167 514	(102 808)	1 244 786

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

Segment name	Construction business	Service activities	Consolidation adjustments (restated)	Consolidated financial data (restated)
Sales of construction and assembly services	1 416 368	-	(86 979)	1 329 389
Sales of other services	1 333	131 698	(1 064)	131 967
Sales of finished goods	7 174	-	-	7 174
Sales of goods for resale and raw materials	1 458	-	-	1 458
Total sales of finished goods, goods for resale and raw materials	1 426 333	131 698	(88 043)	1 469 988

9.2. Sales revenue, by geographical area

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

Segment name	Construction business	Service activities	Consolidation adjustments	Consolidated financial data
Poland	1 099 938	167 439	(102 808)	1 164 569
Germany	57 490	-	-	57 490
Other EU countries	22 652	75	-	22 727
Total sales of finished goods, goods for resale and raw materials	1 180 080	167 514	(102 808)	1 244 786

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

Segment name	Construction business	Service activities	Consolidation adjustments (restated)	Consolidated financial data (restated)
Poland	1 324 975	131 668	(88 043)	1 368 600
Germany	57 131	30	-	57 161
Other EU countries	41 266	-	-	41 266
Other countries	2 961	-	-	2 961
Total sales of finished goods, goods for resale and raw materials	1 426 333	131 698	(88 043)	1 469 988

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

Net sales of finished goods, services, goods for resale and raw materials of the „Construction business” as the most significant operating segment of the Budimex Group were additionally analysed by type of construction objects. Data for the first quarter of 2021 and the first quarter of 2020 were as follows:

Type of construction	Sales revenue for a 3-month period ended:	
	31 March 2021	31 March 2020
Land-engineering	382 277	552 025
Railway	274 658	279 344
General construction, of which:	523 145	594 964
- non-residential	415 863	441 461
- residential	107 282	153 503
Net sales of finished goods, goods for resale and raw materials – Construction business segment	1 180 080	1 426 333

10. 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:

	Receivables*		Liabilities*	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Parent and it related parties (the Ferrovial Group)	-	1 864	26 687	25 734
Jointly controlled entities	2 278	2 657	773	777
Associates	98	105	28	28
Other related entities – non-consolidated subsidiaries**	21	62	-	-
Other related entities – other**	6	11 005	18	-
Other related entities – through key personnel**	-	2	1 048	1 164
Total settlements with related parties	2 403	15 695	28 554	27 703

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	Sales of finished goods and services*		Purchase of finished goods and services*	
	3-month period ended 31 March		3-month period ended 31 March	
	2021	2020	2021	2020
Parent and it related parties (the Ferrovia Group)	-	-	(6 013)	(6 947)
Jointly controlled entities	627	1 905	(7)	(12)
Associates	6	6	(320)	(331)
Other related entities – through key personnel**	262	-	-	(200)
Total transactions with related parties	895	1 911	(6 340)	(7 490)

	Finance (costs)/ income*		Operating (costs)/ income*	
	3-month period ended 31 March		3-month period ended 31 March	
	2021	2020	2021	2020
Parent and it related parties (the Ferrovia Group)	-	-	15	-
Other related entities – other**	-	-	(44)	-
Total transactions with related parties	-	-	(29)	-

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

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

Inter-Group transactions are made on an arm's length basis.

11. Factors which will affect results achieved by the Group in a period covering at least the next quarter

The most important factors that may have an impact on the Group's financial position in the perspective of at least the next quarter include:

- further development of the coronavirus pandemic and changes in the level of economic activity,
- availability of staff,
- risks related to logistics and transport of construction materials,
- volatility of exchange rates, which affect the level of sales revenues and operating costs as well as the result from the valuation and settlement of foreign currency forward transactions,
- high demand for the services of subcontractors, affecting the quality and timeliness of the work performed,
- the level of prices of construction materials and services affecting the level of direct costs of contracts,
- the level of competition in public tenders,
- intensification of activities aimed at recovering overdue receivables covered by write-downs and strengthening operational and financial control over the performed contracts,
- results of pending court cases, which are described in more detail in Note 16 to these consolidated financial statements,
- changes in tax regulations affecting the construction industry.

12. Description of significant achievements or failures of the Budimex Group in the I quarter of 2021, key events concerning the Group's operations and significant events after 31 March 2021

Due to the signing of the conditional agreement for the sale of Budimex Nieruchomości on 22 February 2021 the developer segment is presented as discontinued operations (both in the financial statements for the 1st quarter of 2021 and in the comparable data for the 1st quarter of 2020) in accordance with IFRS 5. Continuing operations of the Group cover construction and service segments.

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In the first quarter of 2021, the operating profitability of Budimex Group from continuing operations was noticeably higher than in the corresponding period of the previous year.

In the construction segment profitability improved mainly due to the good profitability of railway contracts, as well as better result on other operating activity. Less favorable weather conditions during the winter season, which made it more difficult to carry out construction works, resulted in a decline in sales revenues compared to the same period last year. Additionally, in the road segment, several significant contracts are currently in the design stage, which translates into relatively low sales revenues.

In the first quarter of 2021, the service segment, whose financial performance is driven by FBSerwis Group, continued its dynamic development, increasing sales revenues by 27% compared to the same period last year. Furthermore, increase in sales resulted in enhanced operating profit and gross profit, supported by strong financial results of the municipal waste management segment.

The results of the developer segment (presented as discontinued operations) in the first quarter of 2021 were much better than in the first quarter of the previous year. 346 notarial deeds were signed compared to the 4 signed in the first quarter of 2020. The large increase in the volume of notarial deeds results directly from the schedule of project realization and the transfer of completed apartments to clients. Presales amounted to 494 apartments compared to 541 in the same period of last year.

The order portfolio of Budimex Group is profitable and ensures high workload for the following quarters. The structure of the portfolio has not changed significantly over the last year - the portfolio is mainly based on infrastructure and railway contracts, which account for over 2/3 of its value.

The order portfolio of Budimex Group as at 31 March 2021 amounted to PLN 12 753 644 thousand. The value of contracts signed between January and March 2021 was PLN 992 558 thousand. Additionally, the value of the contracts with the lowest bids or tenders where Group's offer is rated the highest by the Investors is over PLN 3 billion.

The cash position of the Budimex Group companies is stable and allows for undisturbed operating conditions and financing of investment activities. In order to maintain the robust condition and financial liquidity of our 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 Group'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 testing is carried out on a regular basis to minimize the risk of further infections. Budimex SA 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 Group's operating activity.

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

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

In the first quarter of 2021 Budimex SA and Group companies did not issue, redeem or repay debt or equity securities.

14. The Management Board's position on the feasibility of results stated in the financial forecasts published earlier for the year in view of the financial results presented in the quarterly report in relation to the projected results

Budimex SA did not publish any forecasts.

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15. Statement of ownership of shares of Budimex SA or rights to such shares (options) held by the managing or supervisory persons of Budimex SA as at the date of publication of this report together with indication of changes in the ownership in the I quarter of 2021

As at the date of publication of the report members of the Management Board and Supervisory Board of Budimex SA held the following number of shares:

Marcin Węglowski	(Management Board member)	2 830 shares
Marek Michałowski	(chairman of the Supervisory Board)	4 000 shares

Above mentioned members of the Management Board and Supervisory Board do not own share options of the company. As at the date of publication of this report other managing and supervisory persons of Budimex SA do not hold its shares or share options. There was no change in the status of ownership from the date of publication of the annual report for the year 2020, i.e. 25 March 2021.

16. Proceedings pending as at 31 March 2021 before court, competent arbitration body or any public administration authority

The total value of legal proceedings in progress in respect of liabilities and receivables as at 31 March 2021 was PLN 708 754 thousand. Excess of the value of proceedings against Group companies over proceedings relating to claims of Group companies amounted to PLN 34 730 thousand.

In accordance with information in the possession of Budimex SA, the total value of legal proceedings in progress in respect of liabilities of Budimex SA and its subsidiaries as at 31 March 2021 was PLN 371 742 thousand. These proceedings involve the Group companies' operating activity.

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 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

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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 Group – may finish in an unfavourable way, provisions were recognised in the amount that takes into account the risk estimated by the Group.

The total value of legal proceedings pending in respect of claims of Budimex SA and its subsidiaries amounted to PLN 337 012 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.

The BUDIMEX Group

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budimex

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

17. Contingent assets and contingent liabilities

	31 March 2021	31 December 2020
<u>Contingent assets</u>		
From other entities, of which:		
– guarantees and sureties received	637 925	615 095
– bills of exchange received as security	11 056	11 237
From other entities, total	648 981	626 332
Total contingent assets	648 981	626 332
<u>Contingent liabilities</u>		
To other entities, of which:		
– guarantees and sureties issued	4 296 589	4 333 352
– promissory notes issued as performance bond	12 235	12 797
To other entities, total	4 308 824	4 346 149
Other contingent liabilities	181	181
Total contingent liabilities	4 309 005	4 346 330
Total contingent items	(3 660 024)	(3 719 998)

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

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

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

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

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

Name of the company which issued a guarantee or surety	Name of the (company) entity which received a surety or a guarantee	Total value of guarantees or sureties issued	Period of guarantees or sureties issuance	Financial conditions in respect of guarantees and sureties issued	Type of relations between Budimex SA and the entity which took out a guarantee or surety
Budimex SA	Mostostal Kraków SA	85 779	2027-06-28	against payment	subsidiary
Budimex SA	Mostostal Kraków Energetyka Sp. z o.o.	141	2023-11-21	against payment	subsidiary
Budimex SA	Budimex Budownictwo Sp. z o.o.	236 949*	2029-10-15	free of charge	subsidiary
Budimex SA	Budimex Bau GmbH	48	2021-12-31	free of charge	subsidiary
Budimex SA	Budimex Kolejnictwo SA	24 517	2029-11-30	against payment	subsidiary
Budimex SA	FBSerwis SA	26 770	2030-07-12	against payment	subsidiary
Budimex SA	Budimex Nieruchomości Sp. z o.o.	6	2023-03-18	against payment	subsidiary
TOTAL		374 210			

*sureties were issued for contracts realised by Budimex SA

President of the Management Board

Management Board Member

Dariusz Blocher

Marcin Węglowski

Warsaw, 30 April 2021

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