



BUDIMEX SA

CONDENSED FINANCIAL STATEMENTS

for III quarters of 2021

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

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 (all amounts are expressed in PLN thousand)


Statement of financial position

ASSETS	30 September 2021 <i>not audited</i>	31 December 2020 <i>audited</i>
Non-currents assets (long-term)		
Property, plant and equipment	200 448	226 165
Intangible assets	35 092	36 177
Investments in subsidiaries	375 148	1 047 419
Investments in associates	191	191
Investments in other entities	3 266	3 266
Other financial assets	37 681	1 773
Trade and other receivables	29 374	27 944
Retentions for construction contracts	81 416	84 551
Deferred tax assets	565 386	497 680
Total non-current assets (long-term)	1 328 002	1 925 166
Current assets		
Inventories	405 746	423 874
Trade and other receivables	833 171	795 674
Retentions for construction contracts	89 622	40 756
Valuation of construction contracts	835 160	580 227
Other financial assets	2 882	1 396
Cash and cash equivalents	2 795 860	1 648 390
Total current assets (short-term)	4 962 441	3 490 317
TOTAL ASSETS	6 290 443	5 415 483

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Statement of financial position (cont.)

EQUITY AND LIABILITIES	30 September 2021 <i>not 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	2 568	5 998
Retained earnings	624 779	588 020
Total equity	903 387	870 058
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of finance	78 955	108 191
Retentions for construction contracts	223 477	224 501
Provision for long-term liabilities and other charges	513 268	507 774
Retirement benefits and similar obligations	14 476	14 476
Other financial liabilities	473	-
Total long-term liabilities	830 649	854 942
Short-term liabilities		
Loans, borrowings and other external sources of finance	57 340	62 266
Trade and other payables	1 849 270	1 161 969
Retentions for construction contracts	193 970	201 526
Provision for construction contract losses	559 893	310 432
Valuation of construction contracts	1 264 592	1 307 913
Deferred income	248 661	394 681
Provisions for current liabilities and other charges	245 797	216 672
Current income tax payable	134 663	33 489
Retirement benefits and similar obligations	1 305	1 305
Other financial liabilities	916	230
Total short-term liabilities	4 556 407	3 690 483
Total liabilities	5 387 056	4 545 425
TOTAL EQUITY AND LIABILITIES	6 290 443	5 415 483

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Income statement

	Note	9-month period ended 30 September		3-month period ended 30 September	
		2021	2020	2021	2020
		not audited		not audited	
Continuing operations					
Net sales of finished goods, goods for resale, raw materials and services	3, 7	4 950 409	5 318 949	2 031 530	2 067 632
Cost of finished goods, goods for resale, raw materials and services sold		(4 550 103)	(4 945 041)	(1 861 016)	(1 907 630)
Gross profit on sales		400 306	373 908	170 514	160 002
Selling expenses	3	(7 988)	(7 918)	(2 785)	(2 658)
Administrative expenses	3	(153 674)	(143 512)	(50 727)	(45 914)
Other operating income	4	54 320	75 712	15 845	28 210
Other operating expenses	4	(30 414)	(103 724)	(23 062)	(19 979)
Operating profit		262 550	194 466	109 785	119 661
Finance income	5	762 104	74 007	1 107	703
Finance costs	5	(29 341)	(27 418)	(10 896)	(9 102)
Gross profit		995 313	241 055	99 996	111 262
Income tax	6	(151 804)	(53 729)	(18 266)	(32 588)
Net profit from continuing operations		843 509	187 326	81 730	78 674
Net profit for the period		843 509	187 326	81 730	78 674

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

33.04	7.34	3.20	3.08
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Statement of comprehensive income

	9-month period ended 30 September		3-month period ended 30 September	
	2021	2020	2021	2020
	not audited		not audited	
Net profit for the period	843 509	187 326	81 730	78 674
Other comprehensive income for the period, which:				
<i>Will be subsequently reclassified to profit or loss:</i>				
Foreign exchange differences on translation of foreign branch	(3 430)	(396)	(639)	(343)
Deferred tax related to components of other comprehensive income	-	-	-	-
<i>Will not be subsequently reclassified to profit or loss:</i>				
Actuarial gains/(losses)	-	-	-	-
Income tax related to components of other comprehensive income	-	-	-	-
Other comprehensive income, net of tax	(3 430)	(396)	(639)	(343)
Total comprehensive income for the period	840 079	186 930	81 091	78 331

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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	-	-	-	-	843 509	843 509
Other comprehensive income	-	-	-	(3 430)	-	(3 430)
Total comprehensive income for the period	-	-	-	(3 430)	843 509	840 079
Dividend paid	-	-	-	-	(426 352)	(426 352)
Interim dividend for 2021	-	-	-	-	(380 398)	(380 398)
Balance as at 30 September 2021 <i>not audited</i>	145 848	80 199	49 993	2 568	624 779	903 387

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Statement of changes in equity (cont.)

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
Balance as at 1 January 2020 <i>audited</i>	145 848	80 199	51 165	7 293	393 896	678 401
Profit for the period	-	-	-	-	187 326	187 326
Other comprehensive income	-	-	-	(396)	-	(396)
Total comprehensive income for the period	-	-	-	(396)	187 326	186 930
Dividend paid	-	-	-	-	(116 417)	(116 417)
Balance as at 30 September 2020 <i>not audited</i>	145 848	80 199	51 165	6 897	464 805	748 914
Profit for the period	-	-	-	-	123 215	123 215
Other comprehensive income	-	-	(1 172)	(899)	-	(2 071)
Total comprehensive income for the period	-	-	(1 172)	(899)	123 215	121 144
Balance as at 31 December 2020 <i>audited</i>	145 848	80 199	49 993	5 998	588 020	870 058

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(all amounts are expressed in PLN thousand)

Cash flow statement

	9-month period ended 30 September	
	2021	2020
	<i>not audited</i>	
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	995 313	241 055
Adjustments for:		
Depreciation/ amortization	63 220	58 193
Foreign exchange (gains)/ losses	372	874
Interest and shares in profits (dividends)	(188 893)	(61 584)
(Profit)/ loss on investing activities	(572 335)	(1 432)
Change in valuation of derivative financial instruments	1 530	(2 019)
Change in provisions and liabilities arising from retirement benefits and similar obligations	20 736	118 745
Other adjustments	(3 468)	(403)
Operating profit before changes in working capital	316 475	353 429
Change in receivables and retentions for construction contracts	(81 959)	199 673
Change in inventories	18 128	40 469
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	275 438	213 715
Change in valuation of construction contracts and provision for construction contract losses	(48 793)	(57 511)
Change in deferred income	(146 020)	(44 062)
Change in cash and cash equivalents of restricted use	(54 026)	(40 946)
Cash from operating activities	279 243	664 767
Income tax paid	(118 336)	(94 412)
NET CASH FROM OPERATING ACTIVITIES	160 907	570 355
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of intangible assets and property, plant and equipment	14 747	1 659
Purchase of intangible assets and tangible fixed assets	(19 177)	(17 483)
Proceeds from sale of a subsidiary	1 321 772	-
Purchase of shares in related parties	(47 389)	(225)
Purchase of bonds issued by banks	-	(269 079)
Proceeds from bonds issued by banks	-	388 667
Dividend received	188 250	-
Loans granted	(81 834)	-
Repayment of loans granted	44 000	43
Interest received	441	4 962
NET CASH FROM INVESTING ACTIVITIES	1 420 810	108 544

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Cash flow statement (cont.)

	9-month period ended 30 September	
	2021	2020
		<i>not audited</i>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(426 352)	(116 417)
Payment of liabilities under lease	(59 655)	(46 641)
Interest paid	(1 976)	(2 808)
NET CASH (USED IN) FINANCING ACTIVITIES	(487 983)	(165 866)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1 093 734	513 033
Foreign exchange differences, net	(290)	985
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)	2 737 654	1 682 249

1. General information

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

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

The Company has an unlimited period of operation.

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

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

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

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

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

As at 30 September 2021, 31 December 2020 and 30 September 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 September 2021	31 December 2020	30 September 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 Construccion SA Sp. j.	50.00%	50.00%	50.00%
Budimex SA Tecnicas Reunidas SA Turów s.c.	50.00%	50.00%	50.00%

Amendments to standards effective in the current period

The Company for the first time adopted the following amendments 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,
- Amendments to IFRS 16 “Leases” - Covid-19-related rent concessions beyond 30 June 2021.

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

While 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 (Cycle 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 — 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 IAS 12 “Income tax”: Deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023).

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 mainly 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 September 2021	31 December 2020	30 September 2020
Cash recognised in the statement of financial position	2 795 860	1 648 390	1 737 618
Cash and cash equivalents of restricted use	(58 206)	(4 180)	(55 369)
Cash recognised in the statement of cash flow	2 737 654	1 644 210	1 682 249

2.3. Going concern

The financial statements of the Company were prepared on the assumption that the Company will be going concern in the foreseeable future without a significant limitation in its activities. As at the date of signing the financial statements, the Management Board of the Company is not aware of any facts or circumstances that would indicate a threat to the Company's continued activities after the reporting date, due to an intended or compulsory withdrawal from or a significant limitation in its activities. COVID-19 pandemic has not had any impact on the going concern assumption of the Company.

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

	9-month period ended			3-month period ended		
	30 September 2021	30 September 2020	Change %	30 September 2021	30 September 2020	Change %
Net sales of finished goods and services	4 950 409	5 318 949	(6.93%)	2 031 530	2 067 632	(1.75%)
Gross profit on sales	400 306	373 908	7.06%	170 514	160 002	6.57%
Gross profitability on sales	8.09%	7.03%	1.06 p.p.	8.39%	7.74%	0.65 p.p.
Operating profit	262 550	194 466	35.01%	109 785	119 661	(8.25%)
Operating profitability	5.30%	3.66%	1.64 p.p.	5.40%	5.79%	(0.39 p.p.)
Gross profit	995 313	241 055	312.90%	99 996	111 262	(10.13%)
Gross profitability	20.11%	4.53%	15.58 p.p.	4.92%	5.38%	(0.46 p.p.)
Net profit	843 509	187 326	350.29%	81 730	78 674	3.88%
Net profitability	17.04%	3.52%	13.52 p.p.	4.02%	3.81%	0.21 p.p.

Selling and administrative expenses

	9-month period ended			Change %	3-month period ended		Change %
	30 September 2021	30 September 2020			30 September 2021	30 September 2020	
Selling expenses	(7 988)	(7 918)	0.88%	(2 785)	(2 658)	4.78%	
Administrative expenses	(153 674)	(143 512)	7.08%	(50 727)	(45 914)	10.48%	
Total selling & administrative expenses	(161 662)	(151 430)	6.76%	(53 512)	(48 572)	10.17%	
Share of selling & administrative expenses in net sales of finished goods and services	3.27%	2.85%	0.42 p.p.	2.63%	2.35%	0.28 p.p.	

4. Other operating income and expenses

Other operating income

	9-month period ended		3-month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Gains on the sale of non-financial non-current assets	6 376	1 390	1 297	381
Reversal of impairment write-downs against receivables	11 899	2 406	2 399	709
Reversal of provisions for penalties and sanctions	339	44 657	-	18 649
Reversal of provisions for litigation	753	-	753	-
Penalties/ compensations awarded	30 364	21 721	10 925	6 304
Statute-barred liabilities written-off	2 205	638	1 737	211
Gains on derivative financial instruments	-	3 142	(1 691)	1 779
Subsidies received	1 262	127	3	127
Other	1 122	1 631	422	50
Total	54 320	75 712	15 845	28 210

Other operating expenses

	9-month period ended		3-month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Impairment write-downs against receivables	(22 614)	(27 410)	(20 276)	(5 991)
Impairment write-downs against inventory	-	(2 923)	-	(2 923)
Compensations and liquidated damages paid	(2 740)	(17 890)	(651)	(598)
Donations	(1 268)	(3 038)	(127)	(158)
Court charges	(1 526)	(618)	(236)	(239)
Creation of provisions for penalties and sanctions	(922)	(50 455)	(922)	(9 363)
Creation of provisions for litigation	(538)	(1 376)	(72)	(705)
Loss on derivative financial instruments	(771)	-	(771)	-
Other	(35)	(14)	(7)	(2)
Total	(30 414)	(103 724)	(23 062)	(19 979)

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 9 months ended 30 September 2021 and 30 September 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

	9-month period ended		3-month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Dividends	190 515	63 192	18	-
Interest earned	3 158	9 070	1 498	1 247
Foreign exchange gains	140	1 743	(409)	(546)
Profit from the sale of shares *	568 291	-	-	-
Other	-	2	-	2
Total	762 104	74 007	1 107	703

*) On 24 May 2021 the Company sold all shares in Budimex Nieruchomości Sp. z o. o. Details of the transaction are described in the condensed financial statements for the first half of 2021, published on 3 September 2021.

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Finance cost

	9-month period ended		3-month period ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Interest expense	(3 407)	(3 436)	(685)	(1 237)
Discount of retentions for construction contracts	(3 278)	(4 826)	(1 107)	(1 130)
Cost of bank commissions and guarantees	(20 509)	(19 142)	(6 957)	(6 737)
Impairment write-downs against shares in subsidiaries	(2 141)	-	(2 141)	-
Other	(6)	(14)	(6)	2
Total	(29 341)	(27 418)	(10 896)	(9 102)

6. Other significant information on activity of Budimex SA in the period of III quarters of 2021**Provisions for liabilities and other charges**

	30 September 2021	31 December 2020
Provisions for litigation	31 274	31 489
Provisions for penalties and other sanctions	83 587	124 489
Provisions for warranty repairs	629 400	568 468
Other provisions	14 804	-
Total	759 065	724 446
<i>of which:</i>		
- long-term	513 268	507 774
- short-term	245 797	216 672

Income tax in the profit and loss statement

	9-month period ended	
	30 September 2021	30 September 2020
Income tax – current	(219 511)	(147 487)
Income tax – deferred	67 707	93 758
Income tax in the profit and loss statement	(151 804)	(53 729)

Other information

	9-month period ended	
	30 September 2021	30 September 2020
Reversal of write-downs against inventories	247	-
Value of property, plant and equipment and intangible assets purchased or started to be leased:	45 779	76 563
- of which: plant and machinery	11 356	37 705

As at 30 September 2021 contractual obligations made by the Company for the purchase of property, plant and equipment amounted to PLN 2 666 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 9-month period 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 adopted resolution on the payment of an interim dividend for 2021 in the amount of PLN 380 398 thousand and the seasonality of construction works and related settlements with subcontractors. The increase in provisions for

contract losses is due to the identification of risks on new contracts. During 9 months of 2021, there was also a decrease in deferred income, which results from the settlement of previously received advances and from the fact that new advances are not collected, as some infrastructure contracts are at the design stage. A significant increase in current income tax liabilities results from the sale of shares in Budimex Nieruchomości Sp. z o.o. and the choice of a simplified method of paying advances for income tax.

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

In the 9-month period of 2021 and 2020 net sales of services, goods for resale and raw materials, by type of good or service, were as follows:

Product/service type	9-month period ended	
	30 September 2021	30 September 2020
Sales of construction and assembly services	4 919 345	5 275 851
Sales of other services	22 664	25 703
Sales of goods for resale and raw materials	8 400	17 395
Total sales of finished goods, goods for resale, raw materials and services	4 950 409	5 318 949

In the 9-month period of 2021 and 2020 net sales of services, goods for resale and raw materials, by geographical area, were as follows:

Region	9-month period ended	
	30 September 2021	30 September 2020
Poland	4 770 302	5 093 159
Germany	145 654	137 929
Other EU countries	34 453	87 861
Total sales of finished goods, goods for resale, raw materials and services	4 950 409	5 318 949

In the 9-month period of 2021 and 2020 net sales of services, goods for resale and raw materials by type of construction was as follows:

Type of construction	9-month period ended	
	30 September 2021	30 September 2020
Land-engineering	1 942 048	2 502 724
Railway	1 266 407	1 044 726
General construction, of which:	1 710 890	1 728 401
- non-residential	1 343 056	1 281 342
- residential	367 834	447 059
Other	31 064	43 098
Total sales of finished goods, goods for resale, raw materials and services	4 950 409	5 318 949

8. Related party transactions

Transactions with related parties made in the 9-month period of 2021 and in the 9-month period of 2020 and unsettled balances of receivables and liabilities as at 30 September 2021 and 31 December 2020 are presented in the tables below.

Transactions are made on an arm's length basis.

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	Receivables		Liabilities	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Parent Company and related parties (the Ferrovial Group)	34	1 864	211 765	25 281
Subsidiary companies	53 339	247 026	32 999	20 736
Associates	48	48	1	1
Jointly controlled entities	20 726	1 570	1 833	709
Other related parties – other*	3	11 005	-	-
Total	74 150	261 513	246 598	46 727

	Loans granted		Loans taken out	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Subsidiary companies	39 539	1 773	-	-
Total	39 539	1 773	-	-

	Sales of finished goods and services and other operating income		Purchase of finished goods and services and other operating expenses	
	9-month period ended 30 September		9-month period ended 30 September	
	2021	2020	2021	2020
Parent Company and related parties (the Ferrovial Group)	15	-	(20 712)	(20 526)
Subsidiary companies	510 309	697 949	(85 764)	(62 612)
Associates	-	-	(404)	(437)
Jointly controlled entities	16 228	412	-	-
Other related entities – other*	1	10	(44)	-
Other related entities – through key personnel*	-	-	-	(211)
Total	526 553	698 371	(106 924)	(83 786)

	Finance income		Finance costs	
	9-month period ended 30 September		9-month period ended 30 September	
	2021	2020	2021	2020
Subsidiary companies	190 851	63 256	-	-
Associates	18	-	-	-
Total	190 869	63 256	-	-

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

9. Description of significant achievements or failures of Budimex SA in the period of III quarters of 2021, key events concerning the Company's operations and significant events after 30 September 2021

Despite the decline in sales revenues, the operating profitability of Budimex SA for three quarters of 2021 was better than in the corresponding period of the previous year. The improvement was primarily due to stabilization of profitability of contracts from all construction segments, as well as better result of other operating activity. The decrease in sales revenue was driven by different distribution of construction works in buildings segment, less favourable weather conditions during 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, 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 period of three quarters of 2021, Budimex SA signed new contracts with a total value of over PLN 5.7 billion. Additionally, the value of tenders where the Company placed the lowest bid or tenders where the Company's offer is rated the highest by the Investor is over PLN 1 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.

After the period of three quarters of 2021, the Company's cash position noticed further improvement compared to the end of 2020. Key driver of the improved cash position was the income from disposal of Budimex Nieruchomości Sp. z o.o. The Management Board, taking into account Company's solid cash position, decided on payment of interim dividend for 2021. The Supervisory Board of Budimex SA, after having analyzed the standalone financial statements of Budimex SA for the first half of 2021, consented to the payment of interim dividend. The interim dividend of PLN 380 million was paid on 18 October 2021. 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 Company's financial parameters for the period of three quarters 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 sole shareholder, established the 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 was registered at the appropriate registry court.

On 4 August 2021, Budimex SA, as the sole shareholder, established the company Budimex Construction Prague s.r.o., based in Prague, Czech Republic. The share capital in the amount of CZK 200 thousand was paid up in August 2021. The company was registered at the appropriate registry court.

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

10. Proceedings pending as at 30 September 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 September 2021 was PLN 661 634 thousand. Excess of the value of proceedings against Budimex SA over proceedings relating to claims of the Company amounted to PLN 47 046 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 September 2021 was PLN 354 340 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 Ferroviál 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 September 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 UAB "Vilniaus kogeneracine jėgaine" with its seat in Vilnius (Lithuania) and includes a request that the adjudicating panel establish intra-consortium liability of Budimex SA towards the claimant for any damage or claims that arose (or may arise) as a result of alleged delayed or improper performance by Budimex SA of its scope of work for which the consortium may be liable. For the purposes of the arbitration proceedings, Steinmüller determined the value of its claims at EUR 25 million, i.e. PLN 105 875 thousand.

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

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

On 27 May 2020 the parties and the adjudicating panel signed the act of mission. According to the agreed procedure schedule, Steinmüller filed a Statement of Claim on 18 December 2020. At the joint request of the parties, on 19 February 2021 the adjudicating panel agreed to modify the procedure schedule by postponing the dates of the various activities by approximately 6 months. Again, at the joint request of the parties, on 8 October 2021 the adjudicating panel agreed to another modification of the procedure calendar, in particular, to the change of the deadline for Budimex to submit a response to the statement of claim and counterclaim ("Statement of Defence and Counterclaim") by 3 December 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 September 2008 by Miejskie Wodociągi I Kanalizacja w Bydgoszczy Sp. z o.o. requesting that the amount of PLN 25 252 thousand be awarded jointly and severally against the consortium to which the Budimex SA and Budimex Dromex SA belonged. The claim relates to the replacement of contractor costs incurred by the investor when the consortium rescinded the contract. The Budimex Group's share in consortium was 90%, therefore the value of the claim for which Budimex SA is liable is PLN 22 727 thousand. On 12 July 2017, the court of the first instance awarded against Budimex SA only the amount of PLN 22 thousand (towards reimbursement of the costs of expert opinions commissioned by the claimant), and dismissed the claim in its entirety. An appeal against the judgment was filed both by the claimant (against the entire judgment) and the defendant (against a part of the judgement – i.e. the amount of PLN 22 thousand). Currently, the parties await setting the date for the hearing before the court of the second instance.

As at the date of this report, the final outcome of the remaining proceedings is not known. For all legal proceedings which – according to the Company – may finish in an unfavourable way, provisions were recognised in the amount that takes into account the risk estimated by the Company.

The total value of legal proceedings pending in respect of claims of Budimex SA amounted to PLN 307 294 thousand as at 30 September 2021. Apart from the above described case brought by Budimex SA against Steinmüller Babcock Environment GmbH, the remaining proceedings relate mainly to the recovery of overdue receivables from business partners and to additional claims in respect of the construction work performed. As at the date of this report, the final outcome of the proceedings is not known.

11. Contingent receivables and contingent liabilities

	30 September 2021	31 December 2020
<u>Contingent receivables</u>		
From related parties, of which:	3 359	3 359
– bills of exchange received as security	3 359	3 359
From other entities, of which:	655 616	595 865
– guarantees and sureties received	650 733	584 694
– bills of exchange received as security	4 883	11 171
Total contingent receivables	658 975	599 224
<u>Contingent liabilities</u>		
To related parties, of which:	358 987	484 029
– guarantees and sureties issued	358 987	484 029
To other entities, of which:	3 941 967	3 894 898
– guarantees and sureties issued	3 933 708	3 886 639
– promissory notes issued as performance bond	8 259	8 259
Other contingent liabilities	181	181
Total contingent liabilities	4 301 135	4 379 108
Total off-balance sheet items	(3 642 160)	(3 779 884)

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

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

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

President of the Management Board

Management Board Member

Artur Popko

Marcin Węglowski

Warsaw, 27 October 2021

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