



BUDIMEX SA

CONDENSED FINANCIAL STATEMENTS

for 1 quarter of 2022

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

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 (all amounts are expressed in PLN thousand)

**Statement of financial position**

ASSETS	31 March 2022 <i>unaudited</i>	31 December 2021 <i>audited</i>
Non-currents assets (long-term)		
Property, plant and equipment	183 422	193 109
Intangible assets	36 075	36 949
Investments in subsidiaries	397 773	375 648
Investments in associates	191	191
Investments in other entities	3 266	3 266
Other financial assets	46 216	37 713
Trade and other receivables	24 207	27 462
Retentions for construction contracts	74 583	82 482
Deferred tax assets	687 351	626 804
Total non-current assets (long-term)	1 453 084	1 383 624
Current assets		
Inventories	509 935	403 525
Trade and other receivables	869 027	1 029 354
Retentions for construction contracts	100 277	89 158
Valuation of construction contracts	749 121	699 701
Other financial assets	3 244	3 014
Cash and cash equivalents	2 876 066	2 379 932
Total current assets (short-term)	5 107 670	4 604 684
TOTAL ASSETS	6 560 754	5 988 308

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Statement of financial position (cont.)

EQUITY AND LIABILITIES	31 March 2022 <i>unaudited</i>	31 December 2021 <i>audited</i>
Equity		
Issued capital	145 848	145 848
Share premium	80 199	80 199
Other reserves	55 053	55 053
Cumulative translation differences	6 119	5 857
Retained earnings	812 535	760 903
Total equity	1 099 754	1 047 860
Liabilities		
Long-term liabilities		
Loans, borrowings and other external sources of finance	60 131	71 278
Retentions for construction contracts	219 398	227 318
Provision for long-term liabilities and other charges	554 194	546 794
Retirement benefits and similar obligations	9 624	9 624
Other financial liabilities	7 740	1 621
Total long-term liabilities	851 087	856 635
Short-term liabilities		
Loans, borrowings and other external sources of finance	54 780	54 414
Trade and other payables	1 475 911	1 157 619
Retentions for construction contracts	191 248	200 047
Provision for construction contract losses	668 670	510 843
Valuation of construction contracts	1 527 355	1 563 706
Deferred income	355 763	279 524
Provisions for current liabilities and other charges	257 819	262 385
Current income tax payable	72 676	51 700
Retirement benefits and similar obligations	1 407	1 407
Other financial liabilities	4 284	2 168
Total short-term liabilities	4 609 913	4 083 813
Total liabilities	5 461 000	4 940 448
TOTAL EQUITY AND LIABILITIES	6 560 754	5 988 308

Income statement

	Note	3-month period ended 31 March	
		2022	2021
		<i>unaudited</i>	
Continuing operations			
Net sales of finished goods, goods for resale, raw materials and services	3, 7	1 356 692	1 125 736
Cost of finished goods, goods for resale, raw materials and services sold		(1 240 232)	(1 055 338)
Gross profit on sales		116 460	70 398
Selling expenses	3	(3 053)	(2 694)
Administrative expenses	3	(53 343)	(51 741)
Other operating income	4	10 950	33 372
Other operating expenses	4	(13 750)	(4 774)
Operating profit		57 264	44 561
Finance income	5	11 974	188 260
Finance costs	5	(8 731)	(9 047)
Gross profit		60 507	223 774
Income tax	6	(8 875)	(3 484)
Net profit from continuing operations		51 632	220 290
Net profit for the period		51 632	220 290

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

2.02

8.63

Statement of comprehensive income

	3-month period ended 31 March	
	2022	2021
		<i>unaudited</i>
Net profit for the period	51 632	220 290
Other comprehensive income for the period, which:		
<i>Items to be reclassified to profit or loss upon satisfaction of certain conditions: :</i>		
Cumulative translation differences	262	(1 088)
Deferred tax related to components of other comprehensive income	-	-
<i>Items not to be reclassified to profit or loss:</i>		
Actuarial gains/(losses)	-	-
Deferred tax related to components of other comprehensive income	-	-
Other comprehensive income, net of tax	262	(1 088)
Total comprehensive income for the period	51 894	219 202

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budimex**Statement of changes in equity**

	Issued capital	Share premium	Other reserves	Cumulative translation differences	Retained earnings	Total equity
Balance as at 1 January 2022 <i>audited</i>	145 848	80 199	55 053	5 857	760 903	1 047 860
Profit for the period	-	-	-	-	51 632	51 632
Other comprehensive income	-	-	-	262	-	262
Total comprehensive income for the period	-	-	-	262	51 632	51 894
Balance as at 31 March 2022 <i>unaudited</i>	145 848	80 199	55 053	6 119	812 535	1 099 754

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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 2021 <i>audited</i>	145 848	80 199	49 993	5 998	588 020	870 058
Profit for the period	-	-	-	-	220 290	220 290
Other comprehensive income	-	-	-	(1 088)	-	(1 088)
Total comprehensive income for the period	-	-	-	(1 088)	220 290	219 202
Balance as at 31 March 2021 <i>unaudited</i>	145 848	80 199	49 993	4 910	808 310	1 089 260
Profit for the period	-	-	-	-	759 343	759 343
Other comprehensive income	-	-	5 060	947	-	6 007
Total comprehensive income for the period	-	-	5 060	947	759 343	765 350
Dividend paid	-	-	-	-	(426 352)	(426 352)
Interim dividend for 2021	-	-	-	-	(380 398)	(380 398)
Balance as at 31 December 2021 <i>audited</i>	145 848	80 199	55 053	5 857	760 903	1 047 860

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Cash flow statement

	3-month period ended 31 March	
	2022	2021
	<i>unaudited</i>	
CASH FLOW FROM OPERATING ACTIVITIES		
Gross profit	60 507	223 774
Adjustments for:		
Depreciation/ amortization	20 785	20 703
Foreign exchange (gains)/ losses	322	(75)
Interest and shares in profits (dividends)	599	(186 556)
(Profit)/ loss on disposal of investments	(303)	(100)
Change in valuation of derivative financial instruments	251	1 251
Change in provisions and liabilities arising from retirement benefits and similar obligations	2 834	5 354
Other adjustments	227	(1 098)
Operating profit before changes in working capital	85 222	63 253
Change in receivables and retentions for construction contracts	156 795	198 827
Change in inventories	(106 410)	(38 468)
Change in retentions for construction contracts and in liabilities, except for loans and borrowings	301 327	123 547
Change in valuation of construction contracts and provision for construction contract losses	72 056	89 151
Change in deferred income	76 239	(45 708)
Change in cash and cash equivalents of restricted use	(61 949)	(39 736)
Cash from operating activities	523 280	350 866
Income tax paid	(48 446)	(21 519)
NET CASH FROM OPERATING ACTIVITIES	474 834	329 347
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of intangible assets and tangible fixed assets	476	111
Purchase of intangible assets and tangible fixed assets	(5 122)	(10 234)
Purchase of shares in related entities	(11 034)	(47 330)
Dividend received	-	187 212
Loans granted	(12 693)	(60 000)
Repayment of loans granted	4 593	44 000
Interest received	233	53
Deposit received for the future sale of a subsidiary	-	10 000
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES	(23 547)	123 812

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

	3-month period ended 31 March	
	2022	2021
		<i>unaudited</i>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(16 196)	(16 936)
Interest paid	(876)	(724)
NET CASH (USED IN) FINANCING ACTIVITIES	(17 072)	(17 660)
NET CHANGE IN CASH AND CASH EQUIVALENTS	434 215	435 499
Foreign exchange differences, net	(30)	390
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (note 2.2)	2 357 583	1 644 210
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (note 2.2)	2 791 768	2 080 099

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 2021, published on 25 March 2022.

As at 31 March 2022, 31 December 2021 and 31 March 2021 the Company's standalone data as part of the consortia (treated as a joint operation in accordance with IFRS 11), include also participation in assets, liabilities, revenues and costs of the following joint operations:

Joint operation	Share in the share capital and in the number of votes		
	31 March 2022	31 December 2021	31 March 2021
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 changes to standards:

- Amendments to IFRS 3 „Business combinations”, IAS 16 „Property, plant and equipment” and IAS 37 „Provisions, Contingent Liabilities and Contingent Assets”.

The above amendments to standards did not have a significant impact on the Company's accounting policy applied so far.

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

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

- 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),
- IFRS 17 „Insurance contracts” and Amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023).

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),
- 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 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),
- Amendments to IFRS 17 „Insurance Contracts” - “Initial Application of IFRS 17 and IFRS 9—Comparative Information” (effective for annual periods beginning on or after 1 January 2023).

The above standards and amendments to standards would not have any material impact on the financial statements, had they been applied by the Company at the reporting date.

2.2. Cash recognized in the cash flow statement

The Company recognizes cash of restricted use (including cash of the consortia in the portion attributable to other consortium members and split payment bank accounts) in the statement of financial position under cash and cash equivalents. For the purpose of the statement of cash flow – the balance of cash at the beginning and at the end of the reporting period is reduced by cash of restricted use, and its change in the statement of financial position is recognized under cash flow from operating activities.

	31 March 2022	31 December 2021	31 March 2021
Cash recognised in the statement of financial position	2 876 066	2 379 932	2 124 015
Cash and cash equivalents of restricted use	(84 298)	(22 349)	(43 916)
Cash recognised in the statement of cash flow	2 791 768	2 357 583	2 080 099

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. 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 continuing activities after the reporting date, due to an intended or compulsory withdrawal from or a significant limitation in its activities.

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

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

Revenues and profitability

	3-month period ended		Change %
	31 March 2022	31 March 2021	
Net sales of finished goods and services	1 356 692	1 125 736	20.52%
Gross profit on sales	116 460	70 398	65.43%
Gross profitability on sales	8.58%	6.25%	2.33 p.p.
Operating profit	57 264	44 561	28.51%
Operating profitability	4.22%	3.96%	0.26 p.p.
Gross profit	60 507	223 774	(72.96%)
Gross profitability	4.46%	19.88%	(15.42 p.p.)
Net profit	51 632	220 290	(76.56%)
Net profitability	3.81%	19.57%	(15.76 p.p.)

Selling and administrative expenses

	3-month period ended		Change %
	31 March 2022	31 March 2021	
Selling expenses	(3 053)	(2 694)	13.33%
Administrative expenses	(53 343)	(51 741)	3.10%
Total selling & administrative expenses	(56 396)	(54 435)	3.60%
Share of selling & administrative expenses in net sales of finished goods and services	4.16%	4.84%	(0.68 p.p.)

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

	3-month period ended	
	31 March 2022	31 March 2021
Gains on sale of non-financial non-current assets	103	100
Subsidies received	36	1 253
Reversal of impairment write-downs against receivables	1 245	9 467
Reversal of provisions for penalties and sanctions	-	13 014
Penalties/ compensations awarded	8 384	8 878
Statute-barred liabilities written-off	1 084	297
Other	98	363
Total	10 950	33 372

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Other operating expenses

	3-month period ended	
	31 March 2022	31 March 2021
Impairment write-downs against receivables	(2 366)	(900)
Compensations and liquidated damages paid	(1 005)	(521)
Donations	(785)	(426)
Creation of provisions for penalties and sanctions	(25)	(1 668)
Creation of provisions for litigation	(8 478)	-
Loss on derivative financial instruments	(84)	(706)
Court charges	(305)	(548)
Other	(702)	(5)
Total	(13 750)	(4 774)

All valued derivative instrument contracts were classified as level 2 in the fair value hierarchy. During the 3 months ended 31 March 2022 and 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. The fair value of the financial instruments held by the Company is close to their carrying value.

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

	3-month period ended	
	31 March 2022	31 March 2021
Dividends	-	187 212
Interest earned	11 374	842
Foreign exchange gains	600	206
Total	11 974	188 260

Finance costs

	3-month period ended	
	31 March 2022	31 March 2021
Cost of bank commissions and guarantees	(5 875)	(7 114)
Discount of retentions for construction contracts	(1 721)	(1 047)
Interest expense	(1 113)	(886)
Other	(22)	-
Total	(8 731)	(9 047)

6. Other significant information on activity of Budimex SA in the I quarter of 2022**Provisions for liabilities and other charges**

	31 March 2022	31 December 2021
Provisions for litigation	39 955	31 477
Provisions for penalties and other sanctions	167 321	166 712
Provisions for warranty repairs	590 855	597 108
Other provisions	13 882	13 882
Total	812 013	809 179
<i>of which:</i>		
- long-term	554 194	546 794
- short-term	257 819	262 385

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Income tax in the profit and loss statement

	3-month period ended	
	31 March 2022	31 March 2021
Income tax – current	(69 422)	(33 746)
Income tax – deferred	60 547	30 262
Income tax in the profit and loss statement	(8 875)	(3 484)

Other information

	3-month period ended	
	31 March 2022	31 March 2021
Value of property, plant and equipment and intangible assets purchased or started to be leased:	10 656	15 269
- of which: plant and machinery	483	5 431

As at 31 March 2022, contractual liabilities of the Company for the purchase of property, plant and equipment amounted to PLN 1 980 thousand, while as at 31 December 2021, contractual investment liabilities amounted to PLN 2 863 thousand and related to the purchase of road equipment.

During the first 3 months of 2022, Budimex SA recorded a decrease in the balance of trade and other receivables, which is a result of the payment of receivables by the main clients of the Company. On the other hand, the increase in short-term trade and other liabilities as compared to 31 December 2021 and the increase in inventories resulted mainly from the seasonality of construction works and related settlements with subcontractors, as well as from rising prices of services and materials on the market. The increase in the level of cash and cash equivalents is a product of the cash flows resulting from the above facts.

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

In the first quarter of 2022 and 2021 net sales of services, goods for resale and raw materials, by type of good or service, were as follows:

Product/service type	3-month period ended	
	31 March 2022	31 March 2021
Sales of construction and assembly services	1 351 029	1 117 450
Sales of other services	5 013	7 105
Sales of goods for resale and raw materials	650	1 181
Total sales of finished goods, goods for resale, raw materials and services	1 356 692	1 125 736

In the first quarter of 2022 and 2021 net sales of services, goods for resale and raw materials, by geographical area, were as follows:

Region	3-month period ended	
	31 March 2022	31 March 2021
Poland	1 300 305	1 058 284
Germany	53 823	47 309
Other EU countries	2 564	20 143
Total sales of finished goods, goods for resale, raw materials and services	1 356 692	1 125 736

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In the first quarter of 2022 and 2021 net sales of services, goods for resale and raw materials by type of construction was as follows:

Type of construction	3-month period ended	
	31 March 2022	31 March 2021
Land-engineering	478 953	383 305
Railway	292 088	264 040
General construction, of which:	579 988	470 105
- non-residential	511 943	362 823
- residential	68 045	107 282
Other	5 663	8 286
Total sales of finished goods, goods for resale, raw materials and services	1 356 692	1 125 736

8. Related party transactions

Transactions with related parties made in the first quarter of 2022 and in the first quarter of 2021 and unsettled balances of receivables and liabilities as at 31 March 2022 and 31 December 2021 are presented in the tables below.

Transactions are made on an arm's length basis.

	Receivables		Liabilities	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Parent Company and related parties (the Ferrovial Group)	-	-	27 146	23 098
Subsidiary companies	65 001	226 184	41 153	25 801
Associates	44	44	-	-
Jointly controlled entities	15 593	20 991	884	1 313
Other related parties – other*	5	7	-	-
Total	80 643	247 226	69 183	50 212

	Loans granted		Loans taken out	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Subsidiary companies	47 723	39 557	-	-
Total	47 723	39 557	-	-

	Sales of finished goods and services and other operating income		Purchase of finished goods and services and other operating expenses	
	3-month period ended 31 March		3-month period ended 31 March	
	2022	2021	2022	2021
Parent Company and related parties (the Ferrovial Group)	-	15	(6 961)	(6 013)
Subsidiary companies	96 900	221 712	(53 375)	(11 641)
Associates	-	-	(137)	(134)
Jointly controlled entities	77	100	-	-
Other related entities – other*	-	-	-	(44)
Total	96 977	221 827	(60 473)	(17 832)

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	Finance income		Finance costs	
	3-month period ended 31 March		3-month period ended 31 March	
	2022	2021	2022	2021
Subsidiary companies	278	187 280	-	-
Total	278	187 280	-	-

*) 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 I quarter of 2022, key events concerning the Company's operations and significant events after 31 March 2022

In the first quarter of 2022 Budimex SA increased noticeably sales revenue. A high level of order portfolio and relatively good weather conditions allowed to increase sales revenue by 20.5% compared to the corresponding period of the prior year. Moreover, a part of significant road contracts carried out in the design and build formula stepped into realization phase which will increase sales revenue in the next quarters. The operating profitability remained on similar level compared to the first quarter previous year and the gross profitability decreased slightly due to lack of income from dividends received.

The war in Ukraine, which started on 24 February 2022, does not have a direct impact on the operating activity of the Company. Budimex SA does not conduct any operating activities in Ukraine, Belarus and Russia. Neither does it have a significant exposure to services provided by entities from these countries. Nevertheless, the reduction of imports of raw materials used in the construction sector, including iron ore, and fluctuations in oil prices have a significant impact on the functioning of the construction sector. In addition, an outflow of workers from Ukraine is observed in the sector, while the scale of this situation and the impact on the activity of the industry is currently difficult to assess. The increase in the prices of key assortments has an impact on the profitability of long-term contracts, especially those at the initial stage of implementation.

The order portfolio of the Budimex SA is diversified and has a stable profitability mainly due to contracts in the last stage of realization. The order portfolio secures revenue until the end of 2023. Budimex SA regularly updates the budgets of long-term contracts and the recently noted increase in material prices was already included in the revised cost estimates.

The financial situation of Budimex SA is stable and allows for uninterrupted operation in the coming quarters. The series of interest rate increases observed in the last quarter resulted in an increase in the average interest rate on bank deposits. As a result, the Company recorded a significant improvement in interest income compared to the same period last year. This trend is expected to continue in the coming quarters of 2022.

In the period from 31 March 2022 to the date of preparation of these condensed financial statements no other significant events took place.

10. Proceedings pending as at 31 March 2022 before court, competent arbitration body or any public administration authority

The total value of legal proceedings pending in respect of liabilities and receivables as at 31 March 2022 was PLN 529 896 thousand. Excess of the value of proceedings related to claims of Budimex SA over proceedings against the Company amounted to PLN 5 672 thousand.

On the basis of the information at hand, the total value of legal proceedings pending in respect of liabilities of Budimex SA as at 31 March 2022 was PLN 262 112 thousand. The proceedings pending in respect of Budimex SA relate to the operating activities of the Company.

The largest item in terms of the value of the dispute was the lawsuit against Budimex SA and Ferrovial Agroman SA in Madrid, members of the consortium related to implementation of the contract "Construction of the new premises for the Silesian Museum in Katowice" concluded on 7 June 2011, filed on 24 July 2017 by the claimant – the Silesian

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

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. 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 expert's remunerations in this case. As at the date of the report, the expert had not yet been selected by the court, and according to the parties' request, following a parallel court summons to initiate mediation by the parties, the court suspended the proceedings in its decision of 22 December 2021.

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 267 784 thousand as at 31 March 2022. The proceedings mainly concern the recovery of overdue receivables from contractors and additional claims for construction works performed. As at the date of this report, the final outcome of the proceedings is not known.

BUDIMEX SA

Condensed financial statements for 1 quarter of 2022
prepared in accordance with International Financial Reporting Standards



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

11. Contingent assets and contingent liabilities

	31 March 2022	31 December 2021
<u>Contingent assets</u>		
From related parties, of which:	1 816	1 816
– bills of exchange received as security	1 816	1 816
From other entities, of which:	695 281	673 096
– guarantees and sureties received	674 366	667 942
– bills of exchange received as security	20 915	5 154
Total contingent assets	697 097	674 912
<u>Contingent liabilities</u>		
To related parties, of which:	488 063	352 770
– guarantees and sureties issued	488 063	352 770
To other entities, of which:	3 989 711	3 903 116
– guarantees and sureties issued	3 981 094	3 894 499
– promissory notes issued as performance bond	8 617	8 617
Other contingent liabilities	181	181
Total contingent liabilities	4 477 955	4 256 067
Total off-balance sheet items	(3 780 858)	(3 581 155)

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 receivables 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, 28 April 2022

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.