

TRAKCJA CAPITAL GROUP

CONSOLIDATED HALF-YEARLY REPORT
FOR THE 6-MONTH PERIOD ENDED **JUNE 30, 2021**



**This document is a translation
The Polish original should be referred to in matters of interpretation**

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SELECTED FINANCIAL DATA OF TRAKCJA CAPITAL GROUP

The average PLN/EUR exchange rates in the period covered by the consolidated financial statements:

Financial year ended	Average exchange rate in the period*	Minimum exchange rate in the period	Maximum exchange rate in the period	Exchange rate as at the last day of the period
30.06.2021	4,5472	4,4541	4,6603	4,5208
31.12.2020	4,4742	4,2279	4,6330	4,6148
30.06.2020	4,4413	4,2279	4,6044	4,4660

* The average of the exchange rates applicable on the last day of each month in the reporting period concerned.

Key items of the consolidated balance sheet translated into the euro:

	30.06.2021		31.12.2020	
	TPLN	TEUR	TPLN	TEUR
Non-current assets	566 583	125 328	581 319	125 968
Current assets	856 634	189 487	896 437	194 253
TOTAL ASSETS	1 423 217	314 815	1 477 756	320 221
Equity	289 155	63 961	337 116	73 051
Long-term liabilities	397 277	87 878	340 847	73 860
Short-term liabilities	736 785	162 977	799 793	173 310
TOTAL EQUITY AND LIABILITIES	1 423 217	314 815	1 477 756	320 221

The consolidated balance sheet data is converted at the exchange rate established by the National Bank of Poland on the last day of the reporting period concerned.

Key items of the consolidated income statement translated into the euro:

	For the period 6 months 30.06.2021		For the period 6 months 30.06.2020	
	TPLN	TEUR	TPLN	TEUR
Sales revenues	533 973	117 429	558 417	125 733
Cost of goods sold	(542 643)	(119 336)	(557 590)	(125 547)
Gross profit (loss) on sales	(8 670)	(1 907)	827	186
Operating profit (loss)	(34 505)	(7 588)	(29 969)	(6 748)
Gross profit (loss)	(41 698)	(9 170)	(44 036)	(9 915)
Net profit (loss) from continued operations	(37 663)	(8 283)	(38 246)	(8 611)
Net profit for the period	(37 663)	(8 283)	(38 246)	(8 611)

The consolidated income statement data is converted at the average exchange rate of the euro, calculated as the average of the exchange rates applicable on the last day of each month in the reporting period concerned, established by the National Bank of Poland for that day.

Key items of the consolidated statement of cash flows translated into the euro:

	For the period 6 months 30.06.2021		For the period 6 months 30.06.2020	
	TPLN	TEUR	TPLN	TEUR
Cash flows from operating activities	(153 611)	(33 781)	(115 664)	(26 043)
Cash flows from investment activities	44 703	9 831	(2 264)	(510)
Cash flows from financial activities	47 455	10 436	52 065	11 723
Total net cash flows	(61 453)	(13 514)	(65 863)	(14 830)

The above data of the consolidated statement of cash flows is converted at the average exchange rate of the euro, calculated as the average of the exchange rates applicable on the last day of each month in the reporting period concerned, established by the National Bank of Poland for that day.

	30.06.2021		30.06.2020	
	TPLN	TEUR	TPLN	TEUR
Cash at start of period	135 906	29 450	107 461	25 234
Cash at end of period	74 453	16 469	41 598	9 314

The exchange rates adopted for the purpose of calculating the above data of the consolidated statement of cash flows are as follows:

- for the cash at end of period – the exchange rate established by the National Bank of Poland on the last day of the reporting period concerned,
- for the cash at start of period – the exchange rate established by the National Bank of Poland on the last day of the reporting period preceding the reporting period concerned.

The EUR/PLN exchange rate on the last day of the reporting period ended December 31, 2019 used for the conversion value of cash at the beginning of the period ended June 30, 2020, amounted to PLN 4.2585.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6-MONTH PERIOD ENDED **JUNE 30, 2021**
PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS



published in accordance with § 60 para. 1 point 1 of the Ordinance of the Minister of Finance of 29 March 2018 regarding current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757).

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APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Trakcja S.A. has approved the condensed consolidated financial statements of Trakcja Capital Group for the period from January 1, 2021 to June 30, 2021.

The condensed consolidated financial statements for the period from January 1, 2021 to June 30, 2021 are prepared in accordance with IAS 34 Interim Financial Reporting approved by the European Union.

Information included herein is presented in the following sequence:

1. Consolidated income statement for the period from January 1, 2021 to June 30, 2021, which shows a net loss of PLN **37,663** thousand.
2. Consolidated income statement for the period from January 1, 2021 to June 30, 2021, which shows negative total comprehensive income of PLN **47,877** thousand.
3. Consolidated balance sheet as at June 30, 2021, which shows the total assets and total equity and liabilities of PLN **1,423,217** thousand.
4. Consolidated statement of cash flows for the period from January 1, 2021 to June 30, 2021, which shows a decrease in the total net cash flows by PLN **61,453** thousand.
5. Consolidated statement of changes in equity for the period from January 1, 2021 to June 30, 2021, which shows a decrease in the total equity by PLN **47,961** thousand.
6. Selected explanatory notes.

The condensed consolidated financial statements have been drawn in thousands of Polish zlotys, unless explicitly stated otherwise.

Certain financial and operational data provided herein have been rounded. Therefore, the sum of the amounts in a certain column or row in certain tables provided herein may differ slightly from the total amount given for such a column or row.

Marcin Lewandowski

President of the Management Board

Paweł Nogalski

Vice-President of the Management Board

Arkadiusz Arciszewski

Vice-President of the Management Board

Aldas Rusevičius

Vice-President of the Management Board

Adam Stolarz

Member of the Management Board

Warsaw, September 15, 2021

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CONSOLIDATED INCOME STATEMENT

	Note	1.01.2021 - 30.06.2021 <i>Unaudited</i>	1.01.2020 - 30.06.2020 <i>Unaudited Modified*</i>
Continued operations			
Sales revenue	14	533 973	558 417
Cost of goods sold	15	(542 643)	(557 590)
Gross profit (loss) on sales		(8 670)	827
Cost of sales, marketing and distribution	15	(3 083)	(2 891)
General and administrative costs	15	(27 477)	(28 618)
Other operating revenues	16	5 838	4 286
Other operating costs	17	(1 113)	(3 573)
Operating profit (loss)		(34 505)	(29 969)
Financial revenues	18	3 855	564
Financial costs	19	(11 048)	(14 631)
Gross profit (loss)		(41 698)	(44 036)
Income tax	20	4 035	5 790
Net profit from continued operation		(37 663)	(38 246)
Net profit for the period		(37 663)	(38 246)
Attributable to:			
Shareholders of Parent entity		(37 551)	(37 994)
Non-controlling interest		(112)	(252)
Profit per share attributable to shareholders in the period (PLN per share)			
Basic	21	(0,43)	(0,44)
Diluted	21	(0,36)	(0,44)

*The restatement in I half year 2020 relates to the reclassification of costs between costs of sale, marketing and distribution as well as general management and administrative costs on one hand and own cost of sales on the other hand (for more information, see section 10.2 hereof)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	1.01.2021 - 30.06.2021 <i>Unaudited</i>	1.01.2020 - 30.06.2020 <i>Unaudited</i>
Net profit for the period		(37 663)	(38 246)
Other net comprehensive income that will not be reclassified into profit or loss under certain conditions:		479	6
Actuarial gains/(losses)		479	6
Other net comprehensive income that will be reclassified to profit or loss:		(10 693)	10 439
Foreign exchange differences on translation of foreign operations		(10 693)	10 439
Total other comprehensive income		(10 214)	10 445
Total comprehensive income for the period		(47 877)	(27 801)
Attributable to:			
Shareholders of Parent entity		(47 752)	(27 872)
Non-controlling interest		(125)	71

CONSOLIDATED BALANCE SHEET

	Note	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
ASSETS			
Non-current assets		566 583	581 319
Tangible non-current assets	22	276 401	285 257
Intangible assets	23	52 570	52 261
Goodwill from consolidation	24	131 223	138 537
Investment properties	25	26 546	26 587
Investments in other units		26	27
Other financial assets	26	7 343	6 425
Deferred tax assets	20	65 798	63 607
Long-term receivables		67	104
Prepayments		6 609	8 514
Current assets		856 634	896 437
Inventory	27	111 843	113 145
Trade and other receivables	28	401 481	420 101
Income tax receivables		893	968
Other financial assets	26	7 789	4 640
Cash and cash equivalents	29	75 404	136 178
Prepayments		14 212	13 095
Contracts with customers assets	31	239 975	203 273
Assets held for sale	32	5 037	5 037
TOTAL ASSETS		1 423 217	1 477 756
EQUITY AND LIABILITIES			
Equity attributable to shareholders of Parent entity		283 765	331 594
Share capital	33	69 161	69 161
Revaluation reserve		7 082	7 082
Other capital reserves		220 563	329 955
Retained earnings		(37 551)	(109 785)
Foreign exchange differences on translation of foreign operations		24 510	35 181
Non-controlling interest		5 390	5 522
Total equity		289 155	337 116
Long-term liabilities		397 277	340 847
Interest-bearing loans and borrowings	34	340 717	281 152
Bonds	35	28 141	27 832
Provisions	37	22 449	21 355
Liabilities due to employee benefits		3 500	3 690
Provision for deferred tax	20	2 450	4 998
Other financial liabilities		20	28
Prepayments		-	1 792
Short-term liabilities		736 785	799 793
Interest-bearing loans and borrowings	34	80 654	86 131
Bonds	35	189	194
Trade and other liabilities	38	405 480	436 658
Provisions	37	54 936	53 706
Liabilities due to employee benefits		13 885	16 468
Other financial liabilities		-	112
Accruals		14 998	5 973
Contracts with customers liabilities	31	166 643	200 551
Total equity and liabilities		1 423 217	1 477 756

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Period ended	
		30.06.2021	30.06.2020
		Unaudited	Unaudited
Cash flows from operating activities			
Gross profit from continued operations		(41 698)	(44 036)
Adjustments for:		(111 913)	(71 628)
Depreciation		18 901	18 821
FX differences		(720)	1 790
Net interest and dividends		6 784	8 475
Profit on investment activities		(1 430)	(572)
Change in receivables	30	(35 704)	(27 469)
Change in inventory		590	(13 009)
Change in liabilities, excluding loans and borrowings		(35 825)	(17 670)
Change in prepayments and accruals		7 307	5 070
Change in provisions		2 941	(24 898)
Change in settlements from contracts		(70 516)	(24 089)
Income tax paid		(732)	(953)
Other		(1 739)	993
Foreign exchange differences on translation of foreign operations		(1 770)	1 883
Net cash flows from operating activities		(153 611)	(115 664)
Cash flows from investment activities			
Sale (purchase) of intangible assets and tangible non-current assets		48 620	(1 912)
- acquisition		(6 424)	(4 894)
- sale		55 044	2 982
Financial assets		(4 058)	(727)
- sold or repaid		1 548	-
- granted or acquired		(5 606)	(727)
Interest received		141	375
Net cash flows from investment activities		44 703	(2 264)
Cash flows from financial activities			
Net proceeds from bond issues		-	20 000
Proceeds on account of taken borrowings and loans		120 651	58 488
Repayment of borrowings and loans		(57 526)	(8 327)
Interests and commissions paid		(5 662)	(8 484)
Payment of liabilities under financial lease agreements		(10 017)	(9 616)
Other		9	4
Net cash flows from financial activities		47 455	52 065
Total net cash flows		(61 453)	(65 863)
Cash at start of period		135 906	107 461
Cash at end of period	29	74 453	41 598
- with limited access		1	-

The cash excluded from the cash flow statement as at June 30, 2021 and June 30, 2020 relates to funds blocked on the property development project accounts in the amount of PLN 951 thousand and PLN 12 thousand.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders of parent entity											
	Share capital	Share premium account	Revaluation reserve	Other reserve capitals			Foreign exchange differences on translation of foreign operations	Retained earnings	Total	Non-controlling interests	Total
				Share premium account	Actuarial gains/(losses)	Results from previous years					
As at 1.01.2021 Audited	69 161	-	7 082	269 641	(1 020)	61 334	35 181	(109 785)	331 594	5 522	337 116
Net profit for the period	-	-	-	-	-	-	-	(37 551)	(37 551)	(112)	(37 663)
Other comprehensive income	-	-	-	-	470	-	(10 671)	-	(10 201)	(13)	(10 214)
Total comprehensive	-	-	-	-	470	-	(10 671)	(37 551)	(47 752)	(125)	(47 877)
Distribution of profit	-	-	-	-	-	(109 785)	-	109 785	-	-	-
Payment of dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(7)	(7)
Other changes	-	-	-	-	-	(77)	-	-	(77)	-	(77)
As at 30.06.2021 Unaudited	69 161	-	7 082	269 641	(550)	(48 528)	24 510	(37 551)	283 765	5 390	289 155

Equity attributable to shareholders of parent entity											
	Share capital	Share premium account	Revaluation reserve	Other reserve capitals			Foreign exchange differences on translation of foreign operations	Retained earnings	Total	Non-controlling interests	Total
				Share premium account	Actuarial gains/(losses)	Results from previous years					
As at 1.01.2020 Audited	69 161	340 561	7 082	-	(1 152)	277 340	12 681	(285 430)	420 243	5 241	425 484
Net profit for the period	-	-	-	-	-	-	-	(37 994)	(37 994)	(252)	(38 246)
Other comprehensive income	-	-	-	-	6	-	10 116	-	10 122	323	10 445
Total comprehensive income	-	-	-	-	6	-	10 116	(37 994)	(27 872)	71	(27 801)
Reclassification in accordance with the resolution of the General Meeting	-	(340 561)	-	340 561	-	-	-	-	-	-	-
Distribution of profit	-	-	-	(70 920)	-	(214 510)	-	285 430	-	-	-
Issue of bonds convertible into shares	-	-	-	-	-	178	-	-	178	-	178
Payment of dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(4)	(4)
Other changes	-	-	-	-	-	(832)	-	-	(832)	-	(832)
As at 30.06.2020 Unaudited	69 161	-	7 082	269 641	(1 146)	62 176	22 797	(37 994)	391 717	5 308	397 025

Equity attributable to shareholders of parent entity											
	Share capital	Share premium account	Revaluation reserve	Other reserve capitals			Foreign exchange differences on translation of foreign operations	Retained earnings	Total	Non-controlling interest	Total equity
				Share premium account	Actuarial gains/(losses)	Results from previous years					
As at 1.01.2020 Audited	69 161	340 561	7 082	-	(1 152)	277 340	12 681	(285 430)	420 243	5 241	425 484
Net profit for the period	-	-	-	-	-	-	-	(109 785)	(109 785)	(201)	(109 986)
Other comprehensive income	-	-	-	-	132	-	22 500	-	22 632	389	23 021
Total comprehensive income	-	-	-	-	132	-	22 500	(109 785)	(87 153)	188	(86 965)
Reclassification in accordance with the resolution of the General Meeting	-	(340 561)	-	340 561	-	-	-	-	-	-	-
Distribution of profit	-	-	-	(70 920)	-	(214 510)	-	285 430	-	-	-
Issue of bonds convertible into shares	-	-	-	-	-	178	-	-	178	-	178
Payment of dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(4)	(4)
Other	-	-	-	-	-	(1 674)	-	-	(1 674)	97	(1 577)
As at 31.12.2020 Audited	69 161	-	7 082	269 641	(1 020)	61 334	35 181	(109 785)	331 594	5 522	337 116

CONDENSED ADDITIONAL INFORMATION AND EXPLANATIONS

1. General information

These condensed consolidated financial statements cover the period of 6 months ended June 30, 2021 and include comparative data for the period of 6 months ended June 30, 2020 and for the period ended December 31, 2020.

Trakcja Capital Group ("Group" or "Trakcja Group") consists of the parent company, namely Trakcja S.A. ("Trakcja", "Parent Company" or "Company"), its subsidiaries (see Note 2).

Trakcja S.A. in its present form was established on November 30, 2004 as a result of the acquisition of Trakcja Polska S.A. by Przedsiębiorstwo Kolejowych Robót Elektryfikacyjnych S.A. ("PKRE S.A."). The name of the Company at the time was Trakcja Polska S.A. and was changed by Resolution No. 2 adopted by the Extraordinary General Meeting on November 22, 2007. The change was entered in the National Court Register on December 10, 2007. The prior business name of the Company was Trakcja Polska - PKRE S.A. The Company operates under the Articles of Association in the form of a notarial deed of January 26, 1995 (Rep. A No. 863/95), as amended.

On September 1, 2009 the District Court of the City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, registered the merger of Trakcja Polska S.A. as the overtaking company with Przedsiębiorstwo Robót Komunikacyjnych-7 S.A. as the overtaken company. The merger was settled and recognised in the accounting books of the company to which the assets of the merged companies were transferred, i.e. Trakcja Polska S.A., under the pooling of interest method, as at August 31, 2009. The companies were effectively merged at the acquisition of control, i.e. on September 1, 2007, in accordance with IFRS 3.

On June 22, 2011 the District Court of the City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered a change in the company name from Trakcja Polska S.A. to Trakcja – Tiltra S.A. The above change was registered pursuant to Resolution No. 3 adopted by the Extraordinary General Meeting on June 15, 2011.

On December 21, 2012 the District Court of the City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered a change in the Company's business name from Trakcja – Tiltra S.A. to Trakcja S.A. The above change was registered pursuant to Resolution No. 3 adopted by the Extraordinary General Meeting on December 12, 2012.

On December 19, 2013 the District Court of the City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, registered the merger of Trakcja S.A. as the overtaking company with Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. as the overtaken company. The merger was settled and recognised in the accounting books of the company to which the assets of the merged companies were transferred, i.e. Trakcja S.A., according to the pooling of interest method, as at December 31, 2013.

On December 19, 2013 the District Court of the City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered a change in the Company's business name from Trakcja S.A. to Trakcja PRKiL S.A. The above change was registered pursuant to Resolution No. 4 adopted by the Extraordinary General Meeting of Shareholders on November 27, 2013.

On January 29, 2002 the Company was entered in the National Court Register by the District Court in Warsaw, 19th Commercial Division, under KRS 0000084266. The Company was assigned the statistical number REGON 010952900, the tax identification number NIP 525-000-24-39 and the PKD code 4212Z.

On July 29, 2020, the District Court for the capital city of Warsaw in Warsaw has registered an amendment in the Statute concerning a change of the Company's name from "Trakcja PRKiL Spółka Akcyjna" to "Trakcja Spółka Akcyjna".

The registered office of the Parent Company is located at Al. Jerozolimskie 100 Street in Warsaw. Both the Parent Company and other entities that are members of the Group are established for an indefinite period of time.

The Group's activities focus on the comprehensive performance of works relating to a widely understood rail and road infrastructure with the use of modern machinery. The Group specialises in providing engineering and construction

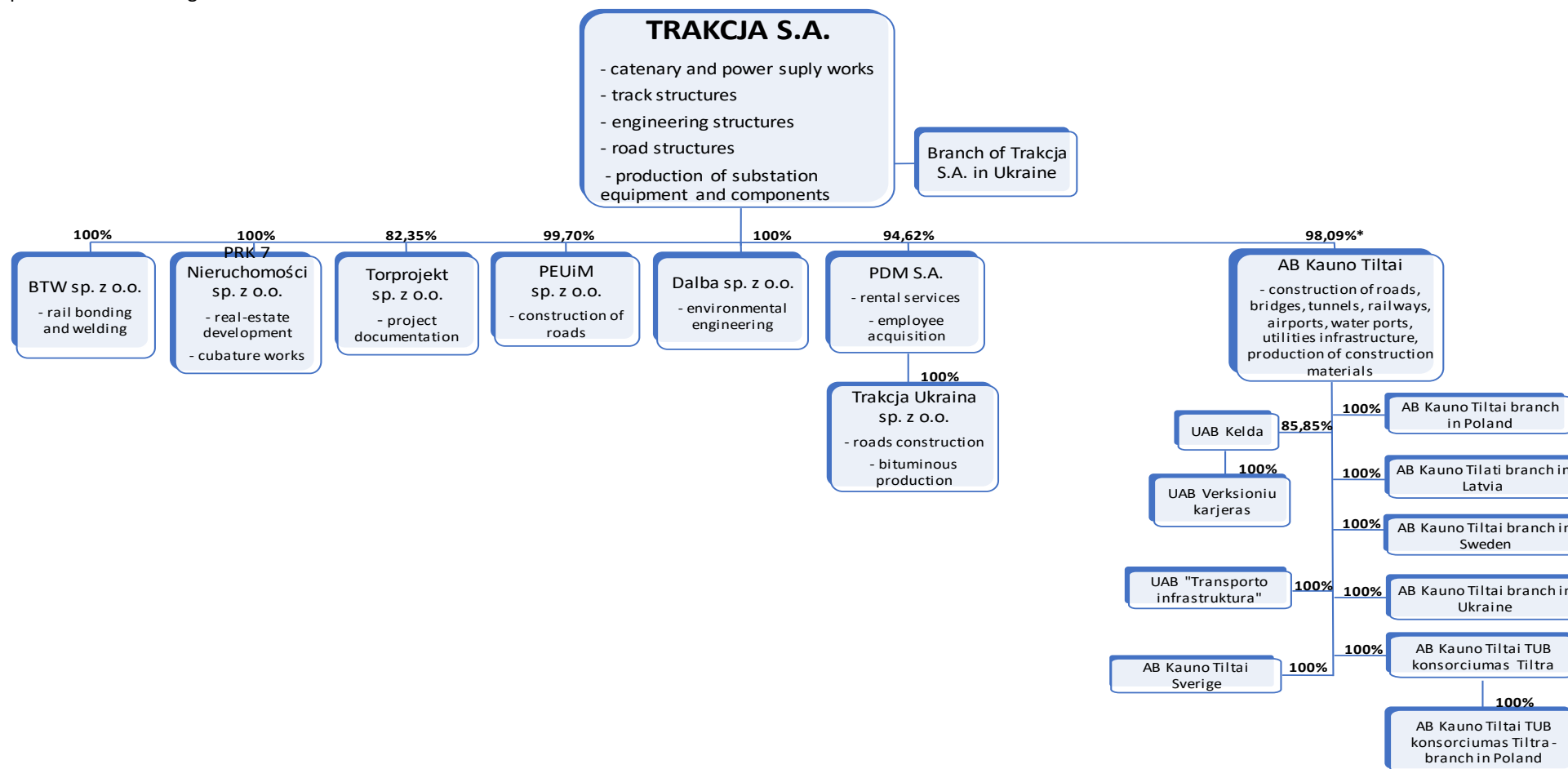
services in the following scope: design, construction and modernisation of rail and tram lines, rail and tram electrification system and power lines, as well as the construction of bridges, viaducts, piers, overpasses, tunnels, underpasses, retaining walls, roads and associated elements of rail and road infrastructure. In addition, Trakcja Group may perform general construction works, including the preparation of construction sites and the construction and modernisation of structures, as well as structural works and finishing works. The key part of the Group's activities consists in the construction of buildings both for rail infrastructure purposes (traction substation buildings, switch towers, railway crossing cabins, railway stations, train buildings and other) and for general purposes (residential and commercial) and environmental engineering. The services provided also include the development of power systems and remote control systems. For over seventy years, the Group members have been implementing complete power installations of medium and lately high voltage, both in new and in modernised and renovated rail power facilities. The Group modernised several thousand kilometres of rail lines and provided power to over 10,000 kilometres of rail lines. It also constructed and modernised over 450 traction substations and 380 track section cabins.

In the road construction sector, the Group specialises in the construction and alteration of roads, motorways, bridges, viaducts, airports, water ports and public utility infrastructure systems. Since its establishment, i.e. since 1949 AB Kauno Tiltai, a member of the Group and the largest company in the infrastructure construction sector in the Baltic countries, has constructed over 100 bridges and viaducts and has been responsible for constructing and reconstructing numerous roads in Lithuania.

The ultimate parent company in Trakcja Group is COMSA S.A., a Spanish company, which prepares the consolidated financial statements that include, among many, the data of Trakcja Group.

2. Structure of Trakcja Group, including entities subject to consolidation

As at June 30, 2021 the Group consists of the Parent Company (Trakcja S.A.) and its subsidiaries, that are consolidated using the full method. The Group's organisational structure is presented in the diagram below.



*) Trakcja S.A. holds a total of 98.09% (96.84% directly and 1.25% indirectly) of the share capital of its subsidiary AB Kauno Tiltai. The indirect shareholding results from the acquisition of own shares by the subsidiary

3. Changes in the Group structure

On March 9, 2021, in line with the decision of October 20, 2020, the liquidation process of UAB Taurakelis and UAB Kedainiu Automobiliu Keliai, which formed a part of the AB Kauno Tiltai Group, was completed. The Parent Company has settled the winding-up of the above-mentioned companies by June 31, 2021.

In addition, on August 4, 2021, the Registry Court changed the name of the subsidiary of Trakcja S.A. from "Bahn Technik Wrocław" limited liability company to "BTW" limited liability company.

Apart from the above, there were no changes in the structure of the Trakcja Group in the I half of 2021 including as a result of the merger of units, obtaining or loss of control over subsidiaries and long-term investments, as well as a result of division, restructuring or cessation of business.

4. Parent Company's Management Board

As at June 30, 2021 the Parent Company's Management Board was composed of the following members:

- Marcin Lewandowski - President of the Management Board;
- Paweł Nogalski - Vice-President of the Management Board;
- Arkadiusz Arciszewski - Vice-President of the Management Board;
- Aldas Rusevičius - Vice-President of the Management Board;
- Robert Sobków - Member of the Management Board;
- Adam Stolarz - Member of the Management Board;

During the I half-year of 2021 no changes occurred in the composition of the Management Board.

On May 31, 2021 the Supervisory Board of the Parent Company, pursuant to Article 16(2)(1) in conjunction with Article 18(2)(1) of the Parent Company's Articles of Association, adopted resolutions by virtue of which it appointed the existing four members of the Management Board of the Parent Company, i.e. Messrs Marcin Lewandowski, Paweł Nogalski, Aldas Rusevičius and Arkadiusz Arciszewski, for a new joint term of office commencing on the date of the Annual General Meeting of the Parent Company, i.e. June 29, 2021.

On June 29, 2021, Agencja Rozwoju Przemysłu S.A., a shareholder of the Parent Company, acting pursuant to Article 18(2)(2) and 18(2)(3) of the Parent Company's Articles of Association, submitted a written declaration on the appointment for another term of office of Mr Robert Sobków to the position of Management Board Member responsible for internal audit and Mr Adam Stolarz to the position of Management Board Member responsible for key customers of the Parent Company.

The following changes took place in the composition of the Management Board after the balance sheet date:

On August 10, 2021, Mr Robert Sobków submitted a statement on termination of the Managerial Contract with the Parent Company, with a 3-month notice period. On August 19, 2021, Mr Robert Sobków resigned from the position of Member of the Management Board effective as of August 19, 2021.

As at the date of publication of this report the Parent Company's Management Board was composed of the following members:

- Marcin Lewandowski - President of the Management Board;
- Paweł Nogalski - Vice-President of the Management Board;
- Arkadiusz Arciszewski - Vice-President of the Management Board;

- Aldas Rusevičius - Vice-President of the Management Board;
- Adam Stolarz - Member of the Management Board.

5. Parent Company's Supervisory Board

As at June 30, 2021 the Company's Supervisory Board was composed of the following members:

- Dominik Radziwiłł - Chairman of the Supervisory Board;
- Jorge Miarnau Montserrat - Deputy Chairman of the Supervisory Board;
- Michał Hulbój - Deputy Chairman of the Supervisory Board;
- Krzysztof Tenerowicz - Member of the Supervisory Board;
- Klaudia Budzisz - Member of the Supervisory Board;
- Miquel Llevat Vallespinosa - Member of the Supervisory Board;
- Fernando Perea Samarra - Member of the Supervisory Board.

During the I half-year of 2021 no changes occurred in the composition of the Supervisory Board.

The following changes took place in the composition of the Supervisory Board after the balance sheet date:

On July 27, 2021, the Parent Company received a statement from the shareholder COMSA S.A.U., according to which, as of 27 July 2021:

- Mr Fernando Perea Samarra was dismissed from the position of a member of the Supervisory Board of the Parent Company; and
- Mr Julio Alvarez Lopez was appointed as a member of the Supervisory Board of the Parent Company.

On September 10, 2021, pursuant to a resolution of the Extraordinary General Meeting of the Parent Company:

- Mr. Michał Hulbój was dismissed from the position of a member of the Supervisory Board of the Parent Company,
- Ms Magdalena Komaracka was appointed as a member of the Supervisory Board of the Parent Company.

As at the date of publication of this report the Parent Company's Supervisory Board was composed of the following members:

- Dominik Radziwiłł - Chairman of the Supervisory Board;
- Jorge Miarnau Montserrat - Deputy Chairman of the Supervisory Board;
- Magdalena Komaracka - Member of the Supervisory Board;
- Krzysztof Tenerowicz - Member of the Supervisory Board;
- Klaudia Budzisz - Member of the Supervisory Board;
- Miquel Llevat Vallespinosa - Member of the Supervisory Board;
- Julio Alvarez Lopez - Member of the Supervisory Board.

6. Approval of the condensed consolidated financial statements

These consolidated financial statements were approved for publication by the Management Board on September 15, 2021.

7. Basis for preparing the consolidated financial statements

The condensed consolidated financial statements are prepared according to the historical cost principle, except for the financial derivatives, investment properties which are measured at fair value.

These condensed consolidated financial statements are presented in Polish zlotys ("PLN") and all amounts are expressed in thousands of Polish zlotys, unless otherwise indicated.

These consolidated financial statements are prepared on the assumption that the Group remains a going concern in the foreseeable future. As at the date of authorisation of these consolidated financial statements, there are circumstances indicating a threat of continuation operations by the Group. Details are described in note 11 of this report.

The current development of the SARS CoV-2 pandemic has no influence on the Company's going concern in the foreseeable future. Further development of pandemic-related events is currently difficult to foresee and may adversely affect the Group's operations, timeliness of works, and costs incurred. Detailed information is presented in points 1.5 and 7 of the Report on the Activities of the Trakcja Group.

8. Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with the IAS 34 "Interim Financial Reporting" approved by the European Union and in accordance with the relevant accounting standards applicable to interim financial reporting adopted by the European Union, published and binding at the time of preparing the interim financial statements using these the same rules for the current and comparable period.

These condensed consolidated financial statements do not cover all information or disclosures required in the annual financial statements and they should be read together with the Group's consolidated financial statements for the year ended December 31, 2020.

Measurement currency and currency of the financial statements

The Polish zloty is the measurement currency of the Parent Company and some of the companies within the Group, as well as the reporting currency herein. The euro is the measurement currency of the companies with their registered offices in Lithuania, whereas the Swedish crown (SEK) is the currency of AB Kauno Tiltai Sverige with its registered office in Sweden, and the Ukrainian hryvnia (UAH) is the currency of Trakcja Ukraina Sp. z o.o..

9. Significant values based on professional judgement and estimates

Significant values based on professional judgement and estimates are described in detail in Note 7 to the consolidated annual financial statements of Trakcja Group for 2020. In the first half-year of 2020, no significant changes have been made to any such accounting estimates, assumptions or professional judgement of the management as verified as at June 30, 2021.

Please find below the professional judgement of the management and the assumptions concerning the future and also other key sources of uncertainties present at the balance sheet date, which bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

9.1. Professional judgement

Fair value of financial instruments

If the market for financial instruments is not active, their fair value is established by using relevant measurement techniques. When selecting methods and assumptions, the Group follows the professional judgement. The assumptions made for this purpose are presented in Note 49 of the Notes to the consolidated financial statements for 2020.

In the first half-year of 2021, the Group has not changed the measurement method for financial instruments measured at fair value. The carrying amounts of financial assets and liabilities are close to their fair values.

Investment properties

The Group classifies a property as a tangible non-current asset or an investment property depending on its intended use.

Allocation of goodwill to cash generating units

Pursuant to IAS 36, goodwill is allocated to cash generating units. The Group performs tests related to the allocation of goodwill to the appropriate cash generating units.

Classification of joint contractual arrangements

The Group verifies whether it exercises joint control and determines the type of joint arrangement in which it is involved by considering its rights and obligations under a given arrangement and the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and other facts and circumstances.

Control over related entities

The Parent Company exercises control over related entities, if it is exposed or has rights to variable returns from its involvement and when it is in a position to use its powers over an entity to exert an effect on such returns. In the first half of 2021, the Parent Company did not take control of any significant entity.

9.2. Estimate uncertainty

Measurement of long-term construction contracts

The Parent Company measures long-term construction contracts based on the input-based method, where it recognizes revenue based on costs incurred as compared to the total expected expenditure required to fulfill the performance obligation. Individual contract budgets are subject to a formal updating process based on current information, but no more frequently than once a quarter. If the cost incurred is not proportional to the degree in which the performance obligation is fulfilled, the Parent Company – in order to better reflect the degree in which the obligation is fulfilled – adjusts the effort-based method so as to recognize only those revenues that correspond to the costs incurred.

If the Company is unable to measure the results of fulfilling a performance obligation in a rational manner, then the revenue earned on account of that contract is recognized only up to the amount of costs incurred that the Company expects to recover.

Separation of non-lease components

The Group assesses whether the contract includes lease and non-lease components. Non-lease components, such as maintenance fees in contracts for lease of premises, or service maintenance of components of assets constituting the subject of the contract, are then separated from contracts that included lease and non-lease components. However if the contract covers non-lease elements which the Group deems insignificant in the light of the entire contract, the Group shall apply a simplification consisting in joint treatment of lease and non-lease elements as one lease element.

Defining the lease term

In defining the lease term, the Group assesses all material facts and events which affect the existence of economic triggers to use the option of prolongation, or not using the option of termination. The assessment is made in case of a significant event or a significant change in circumstances affecting the assessment.

Period of use of asset components due to the right of use

The estimated period of use of assets related with the right of use is determined in the same manner as in the case of tangible fixed assets.

Provisions for additional works

Provisions for additional works are estimated based on the knowledge of the construction site (contract) directors with regard to the required or potential performance of additional works for the benefit of the contracting entity, in order to fulfil warranty obligations. The largest companies that are members of Trakcja Group are obliged to grant warranty for their services. The provision for additional works depends on the segment in which the companies operate and is based on the Group's historical data. It is subject to individual review and may be increased or decreased when necessary. Any change in the estimates affects the value of the provisions.

Provisions for contractual penalties

The Group recognises provisions for contractual penalties in relation to any contracts under completion in the amounts in which they may and are likely to be imposed. Provisions are recognised based on the documentation regarding the contract completion and on the opinion of lawyers who participate in the ongoing negotiations and estimate the Group's potential future liabilities on the basis of their course. The balance sheet amount of provisions for contractual penalties as at June 30, 2021 was presented in the total amount of provisions in Note 37 to this report.

Measurement of employee benefit liabilities

Any employee benefit liabilities for retirement allowances and jubilee bonuses in the current period are estimated on the basis of actuarial methods which take into account the amendments to the remuneration regulations made on September 21, 2020. The amount of liability depends on various factors which are applied as assumptions in the actuarial method. Key assumptions for determining the amount of liability are the discount rate and the average expected increase in wages.

Deferred tax assets

The Group recognises a deferred tax asset assuming that in the future a taxable profit is generated that will allow for its use. Any deterioration in the future taxable profits may result in the assumption becoming unjustified. The Parent Company's Management Board verifies the estimated recoverability of deferred tax assets on the basis of changes in the factors taken into account, new information and past experiences. The likelihood that deferred tax assets will be utilised against future taxable profits is assumed in the Group's forecast. The Group members recognise deferred tax assets up to the amount corresponding to the likely amount of future taxable profit that will allow for negative temporary differences to be deducted. The Group's companies, which generated losses in the past and whose financial forecast does not project future taxable profits that would allow for negative temporary differences to be deducted, do not recognise any deferred tax assets in their books.

Amortisation and depreciation rates

Depreciation and amortisation rates are determined on the basis of the expected economic useful lives of tangible non-current assets and intangible assets. Every year the Group reviews the adopted economic useful lives using current estimates. During the 6-month period ended June 30, 2021, no significant changes were made to the depreciation rates applied by the Group.

Investment properties

Investment properties are measured at fair value. The value of investment properties is determined by independent experts who hold valid authorisations to perform such valuations. In selecting the approach and technique thereof, the Group follows the principles set forth in IFRS 13 and in the Real Estate Management Act and also in the Regulation of the Council of Ministers on the detailed principles of property valuation and rules and method for preparing valuation reports. Fair value of investment properties is measured by way of applying measurement techniques that require a maximum use of observable data. As at June 30, 2021, there were no indications of a possible change in the value of investment properties, therefore the Group did not make a valuation as at that date.

Goodwill impairment

Pursuant to IAS 36, cash-generating units to which goodwill has been allocated are tested for impairment annually by the Parent Company's Management Board. The tests performed consist in the estimation of the value in use of cash

generating units ("CGU") on the basis of future cash flows generated by such units, which are next adjusted to their present value with the use of a discount rate. As at June 30, 2021, there were indications of impairment of some cash-generating units, and the Group carried out a test on this day, however no impairment was identified.

Impairment of financial assets

In assessing whether financial assets have been impaired, available and generally used methods of valuation were employed, taking into account forecasts of the shaping of future Company cash flows in connection with the held assets.

Impairment of inventories - real estate development

The Management Board assesses whether there are any indications of possible impairment of real estate inventories in accordance with Note 9.13 of the Additional information and notes to the annual consolidated financial statements for 2020. Inventories are valued at cost (acquisition price or manufacturing cost) not higher than their selling price obtainable at the balance sheet date. The acquisition price includes the purchase price plus the costs directly attributable to the purchase and the adaptation of the asset to a usable or marketable condition.

Write-downs of inventories - other

The Management Board assesses whether there are any indications that inventories may need to be written down in accordance with Note 9.13 of the Notes to the Consolidated Financial Statements for 2020. For that purpose, the Company estimates the net realisable value of those inventories that lost their functional properties or are no longer useful. The change the write of inventories is presented in Note 42 of this report.

Expected credit loss on trade receivables and other receivables

Pursuant to IFRS 9, the Group recognizes write-downs on the account of expected credit losses due to trade receivables and other receivables. In terms of trade receivables, the Group applies a simplified method for receivables recognized in the group dimension – for these receivables, a write-down is made for so-called lifelong credit losses, regardless of the analysis of credit risk changes. In terms of other receivables and held financial instruments, the Group defines the write-down to the 12-month expected credit losses if the credit risk is low or it has not increased significantly since the date of including the given component of receivables in the balance sheet, in the amount equivalent to the expected credit losses throughout the life, if the credit risk related with the given component of financial assets has increased significantly since the initial recognition. The change in the expected credit loss of the value of trade and other receivables is presented in Note 42 of this report.

Fair value and its measurement

Some assets and liabilities of the Group are measured at fair value for the purposes of financial reporting. The Group measures the fair value of assets or liabilities, to the extent possible, on the basis of the market data observable. The detailed information on the items measured at fair value is presented in Note 39 and Note 40. Information regarding measurement techniques and input data used for measuring the fair value of individual assets and liabilities is disclosed in Note 26, Note 46 and Note 52 of the Notes to the consolidated financial statements for 2020.

10. Accounting principles

The condensed consolidated financial statements for the period from January 1, 2021 to June 30, 2021 are prepared in accordance with IAS 34 Interim Financial Reporting approved by the European Union and in accordance with the relevant accounting standards applicable to interim financial reporting adopted by the European Union, published and binding at the time of preparing the interim financial statements using these the same rules for the current and comparable period.

These financial statements are presented according to IAS 34 with the same principles being applied for the current and comparable periods and with the comparable period being adjusted accordingly to the changes in the accounting and presentation principles adopted in the current period.

Except for the changes specified in Note 10.1 hereto, the accounting principles (policy) applied to these condensed consolidated financial statements for the first half-year of 2021 are consistent with those applied to the consolidated financial statements for the financial year ended December 31, 2020, except for the changes described in note 10.1 of this report.

10.1. Selected accounting principles

The accounting principles adopted by the Group are described in detail in its consolidated financial statements for the financial year ended December 31, 2020, published on April 15, 2021.

Conversion of items in foreign currency

The Polish zloty is the measurement currency of the Parent Company and the majority of the companies within the Group, as well as the reporting currency in these condensed consolidated financial statements for the first half-year of 2021. Measurement currencies of individual Group companies operating abroad and the method of conversion have not changed compared to those used in the consolidated financial statements of the Trakcja Group for the financial year 2020, where they were described in Note 9.2.

Exchange rate on the reporting date	30.06.2021	31.12.2020
PLN/USD	3,8035	3,7584
PLN/EUR	4,5208	4,6148
PLN/SEK	0,4466	0,4598
PLN/BGN	2,3114	2,3595
PLN/UAH	0,1396	0,1326

Average rate, calculated as the arithmetic mean of monthly average rates	30.06.2021	30.06.2020
PLN/USD	3,7653	4,0089
PLN/EUR	4,5382	4,4140
PLN/SEK	0,4480	0,4141
PLN/BGN	2,3203	2,2568
PLN/UAH	0,1357	0,1543

Principles of consolidation

The consolidation principles used to prepare the condensed consolidated financial statements are consistent in all material aspects with the principles described in Note 9.1 to the audited consolidated financial statements of the Trakcja Group for the 2020 financial year prepared in accordance with the International Financial Reporting Standards.

10.2. Effect of application of new accounting principles and changes to the accounting policy

Amendments to standards applied for the first time in 2021

The Group has applied the following amendments to standards for the first time:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform – Phase 2,
- Amendments to IFRS 4 “Insurance Contracts” – postponement of IFRS 9.

The foregoing modifications had no material impact on the Company’s accounting policy, applied to date.

Standards and amendments to standards accepted by the IASB, but not yet approved by the EU

The IFRS as approved by the EU do not differ significantly from the measures adopted by the IASB, with the exception of the following standards and amendments thereto, which as at the date of drafting the report, have not been accepted yet for application:

- IFRS 17 “Insurance Contracts”, published on May 18, 2017, with the exception of amendments of June 25, 2020, effective within the EU beginning on or after January 1, 2021,

- Amendment to IAS 1 “Presentation of Financial Statements” – and classification of liabilities as short- or long-term – published on January 23, 2020, along with amendments of July 15, 2020,
- Amendment to IAS 1 “Accounting Policy Disclosure) and ” and to IAS 8 “Definition of Estimates”, published on beginning on or after January 1, 2023), published on February 12, 2021
- Amendment to IFRS 16 “Leasing”: COVID-19-related rent concessions after June 30, 2021 (effective for annual periods beginning on or after June 30, 2021),
- Amendment to IAS 12 Incomes taxes: Assets and liabilities deferred tax arising as a result of a single transaction, published on May 7, 2021.

The foregoing standards and amendments of existing standards would have had no material impact on the financial statements, if they had been applied by the Group on the balance sheet date.

Standards and amendments to standards issued by the IASB, but which not become effective yet

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB), but have not become effective as at the balance sheet date.

- IFRS 17 Insurance Contracts

The new standard was published on May 18, 2017 and subsequently modified on June 25, 2020, and is effective for annual periods beginning on or after January 1, 2023. Its earlier application is permitted (provided that IFRS 15 and IFRS 9 are applied simultaneously). The standard supersedes the to-date provisions concerning insurance contracts (IFRS 4). On June 25, 2020 IFRS 4 was also amended – as regards the extension of the exemption period for insurers in the application of IFRS 9 Financial Instruments until January 1, 2023.

The Group shall apply the new standard as of January 1, 2023. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standard.

- Amendment to IAS 1 Presentation of financial statements: classification of liabilities as current or non-current

The amendment to IAS 1 was published on January 23, 2020, and subsequently in July 2020 the date of entry into force was modified, and is effective for annual periods beginning on or after January 1, 2023.

The amendment redefines the criteria which must be met for a liability to be recognized as current. This amendment may have an impact on a change of presentation of liabilities and their reclassification as current or non-current liabilities.

The Group shall apply the amended standard as of January 1, 2023. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standard.

- Amendment to IFRS 3, IAS 16, IAS 37 and annual improvements, 2018-2020

The amendments to these standards were published on May 14, 2020 and are effective for annual periods beginning on or after January 1, 2022. Modifications include, inter alia, the introduction of a prohibition of decreasing the expenses of manufacturing fixed assets by revenues from the sale of test products generated during the process of manufacturing/commissioning of a fixed asset.

The Group shall apply the amended standard as of January 1, 2022. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standards.

- Amendment to IAS 1 – Accounting policy disclosures and IAS 8 –Definition of estimates

The amendments to these standards were published on February 12, 2021 and are effective for annual periods beginning on or after January 1, 2023. The objective of these amendments is placing more stress on the disclosure of material accounting rules and clarification of the nature of the differences between changes of estimates and changes in accounting rules (policies).

The Group shall apply the amended standard as of January 1, 2023. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standards.

- Amendment to IFRS 16 Leasing: COVID-19-related rent concessions after June 30, 2021

The amendment to IFRS 16 was published on March 31, 2021 and is effective for annual periods beginning on or after April 1, 2021. The objective of this amendment is exclusively the extension of the period by one year (until June 30, 2022), in which the granting of concessions in leasing payments associated with COVID-19 need not be linked with the modification of the lease. This amendment is strictly linked with the already effective amendment to IFRS 16, published in May 2020.

The Group shall apply the amended standard as of January 1, 2021. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standards.

- Amendment to IAS 12 Incomes taxes: Assets and liabilities deferred tax arising as a result of a single transaction

The amendment to IAS 12 was published on May 7, 2021 and is effective for annual periods beginning on or after April 1, 2023. These amendments clarify that the exemption concerning the initial disclosure of deferred tax is not applicable to transactions, in which at the initial moment of disclosure, equal negative and positive transitional differences arise, and the units are obliged to disclose deferred tax on such transactions, and by the same token, explain rising doubts whether the exemption is applicable to such transactions as leasing and liabilities under retirement from operation.

The Group shall apply the amended standard as of January 1, 2023. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standards.

Amendments introduced independently by the Company

On June 25, 2020, Management Board of Trakcja adopted a resolution on the adoption of the cost relocation instruction, where a new method of allocating costs of entities and organizational units to individual cost centers was specified. In connection with the above, commencing from July 1, 2020, the Company introduced amendments to the presentation of costs related to the performance of contracts. In line with this instruction, individual rules for reallocation of costs to relevant cost centers were determined for each organizational unit of the Group's headquarters.

In accordance with IAS 8.22 "Retrospective application": an entity discloses comparative data for each period as if the amended accounting policy had always been applied, which means that the Group should apply the aforementioned amendments as of January 1, 2020. The change introduced by the Group does not affect the Company's net result and equity, and only constitutes an adjustment in presentation among the elements of the Issuer's profit and loss account.

The Group has applied the amendment with the effect as of July 1, 2020 and changed the presentation of comparative data with the effect as of July 1, 2019. The change had the following impact on the comparative period:

- own cost of sales was increased by kPLN 4,044,
- costs of sale, marketing and distribution increased by kPLN 217,
- while general management and administrative costs decreased by kPLN 4,261.

11. Risk to going concern and actions taken and planned by the Management Board

Trakcja S.A. is the Parent Company of the Trakcja Capital Group. The Group's condition is closely dependent on the condition of the Parent Company.

With reference to note 10 of the annual standalone financial statement of Trakcja Company for the financial year which ended December 31, 2020, note 11 of annual consolidated financial statement of Trakcja Group for the financial year which ended December 31, 2020 the Management Board of the Parent Company provides the following update regarding the matters referred to in the aforementioned notes to the financial statements.

Going concern

These consolidated financial statements for the six-month period ended June 30, 2021 were prepared based on the going concern assumption and, therefore, do not contain any adjustments in respect of different policies for the

recognition and measurement of assets and liabilities that would be required if the going concern assumption was unjustified.

The Management Board of the Company presented the following information on the current financial standing of the Company, indicating the risk to the Company's going concern status in the period of twelve months from the date of preparation of the financial statements.

Risk to the going concern status

In the period of 6 months ended on June 30, 2021, the Parent Company recorded net loss of PLN 26,409 thousand, and the net working capital amounted to PLN 23,998 thousand as at June 30, 2021.

As at June 30, 2021, the Company's financial liabilities due to credits, lease and bonds amounted to a total of PLN 449,325 thousand (long-term part PLN 381,152 thousand, short term part PLN 68,173 thousand) and in the comparable period as at December 31, 2020 amounted to a total of PLN 386,517 thousand (long-term part PLN 291 713 thousand, short term part PLN 94 804 thousand).

As at June 30, 2021, trade liabilities and other liabilities were at PLN 267,694 thousand, including trade liabilities and retained amounts were at PLN 206,477 thousand, of which overdue PLN 57 675, which were significantly reduced compared to the amount as at December 31, 2020 (trade liabilities and retained amounts overdue as at December 31, 2020 amounted to PLN 121,940 thousand) due to the financing received in period I the first half of 2021.

Therefore, there is a risk of a threat to going concern.

General situation of the Company

The Parent Company recorded the following results for the 6 months ended on June 30, 2021:

- Gross result on sales: PLN -10,572 thousand (H1 2020 modified: PLN -2,762 thousand)
- EBITDA: PLN -13,581 thousand (H1 2020: PLN -8,097 thousand)
- Net result: PLN -26,409 thousand (H1 2020: PLN -23,017 thousand)
- Equity: PLN 253,236 thousand (as at December 31, 2020: PLN 279,645 thousand)

Implementation of projects optimising the Parent Company's operations

During the first half of 2021 and until the date of publication, the Company continued the implementation Stage II of the Recovery Plan scheduled for 2020-21. The Stage II of the Recovery Plan provides that the Company is to take a number of measures (57 new initiatives) with a view of obtaining financial advantages by the Company, improvement of in-house procedures and optimization of its internal structure. Furthermore, in accordance with the financing documentation, the Company provides the credit agent (mBank S.A.) at least once a month with the Management's Board report on the implementation of the Recovery Plan, additionally verified by a consultant.

Continued negotiations on claims

In the period of first half of 2021, the Management Board of the Parent Company undertook negotiations with PKP PLK to amicably settle court disputes. As at the date of publication of this report the value of contractual claims, claimed in court by Trakcja with consortium partners and subcontractors against PKP PLK, amounts to a total of PLN 158,6 million (gross amount including interest capitalized as at the date of filing the suit); the amount due to Trakcja is at approximately PLN 120,3 million.

The Company conducts mediations with PKP PLK with the involvement of the General Prosecutor's Office as part of mediations at the Arbitration Court by the General Prosecutor's Office of the Republic of Poland for the amount of PLN 139.2 million (the gross amount together with capitalized interest as of the date when the claim was filed), including for the amount due to Trakcja – about PLN 106,9 million. Detailed information has been provided in note 49 condensed consolidation financial statement for the first half of 2021.

As of June 30, 2021, the value of other contractual claims which the Company is pursuing, together with consortium partners and subcontractors, on a contractual basis (out of court) is PLN 305,9 million, including the amount due to Trakcja being PLN 264,2 million.

At the present stage, the Management Board of the Company is unable to estimate when the negotiations concerning the legal claims will conclude and their impact on the financial result.

The Trakcja Group order backlog

The Company's order backlog as at June 30, 2021 amounted to PLN 1,713 million (excluding a part of revenues attributable to consortium members), of which PLN 198,1 million are contracts signed in the first half of 2021

Solicited new significant contracts

During the first half of 2021, the Company signed the following significant contracts:

- a) On February 11, 2021, the Company executed a contract for "Extension of the traffic system accompanied by construction of a flyover above the railroad tracks in Skarżysko-Kamienna as part of: "Construction of an integrated transport system comprising the reconstruction of the existing traffic system accompanied by the construction of a structure serving as a crossing of the Warsaw-Cracow railroad line no. 8 and a connection between Osiedla Dolna Kamienna (Dolna Kamienna Housing Estate) with Osiedle Przydworcowe (Railway Station Housing Estate) in Skarżysko-Kamienna", detailed information was presented in the current report 4/2021 (contract value – PLN 28,3 million net);
- b) on June 2, 2021 the contract for the „Expansion of the Tram Line in Olsztyn”.; details were provided in Current Report no. 18/2-021 (the forecast share of the Company as at the publishing of this report – 162,1 million net); the contract provides for an advance in the amount of 10% of the gross value of the contract.

The most advantageous bids submitted during undecided public tenders as at the date of publishing the report for the first half of 2021:

- a) Expansion of the road and rail system along the route: ulica Ogrodowa-ulica Północna of the segment from ulica Zachodnia to ulica Franciszkańska, Łódź, (value of contract – PLN 37 million net)
- b) Construction of a pedestrian and bicycle crossing under the railway tracks at the route: ul. Ostra - ul. Kręta, Kiekrz within the framework of the following project: "Work on railroad line E59 along the segment Poznań Główny – Szczecin Dąbie" (value of contract – PLN 13,7 million net)
- c) Reconstruction of the Toruń Miasto Railroad Station and Reconstruction of the Toruń Wschodni Railroad Station (value of contract – PLN 26,7 million net)

Furthermore, on 9 April 2012, Trakcja submitted the most advantageous bid in a private tender for the "Construction of a new Police Headquarters Building in Saarbrücken, Germany" (value of contract – PLN 6,4 million net).

Significant contracts signed after the balance sheet date

Trakcja signed the following contracts after the balance sheet date:

- a) On July 6, 2021 - „Construction of a tram route connecting ul. Fordońska with ul. Toruńska, along with the expansion of the road layout and restructuring of the rail transport infrastructure in Bydgoszcz”; details have been provided in Current Report no. 26/2021 (the Company's share – PLN 124,9 million net);
- b) On August 11, 2021 – "Work on railroad line no. 7 Warszawa Wschodnia Osobowa – Dorohusk along the segment Warszawa-Otwock-Deblin-Lublin, stage II" segment Warszawa Wschodnia – Warszawa Wawer", details have been provided in Current Report no. 31/2-021 (the Company's share – PLN 422,4 million net); the contract provides for an advance in the amount of 10% of the contract's gross value).

Active policy for the management of the Company's liquidity

In addition to measures aimed at improving financial results in the future, the Management Board of the Company pays close attention to the Company's liquidity situation. Trakcja pursues an active liquidity management policy, monitoring on an ongoing basis short-term and long-term liquidity, and also carries out weekly cash flow monitoring in order to maintain a stable level of available funds. For the purpose of maintaining liquidity, the Company takes

measures aimed at acquiring contracts where advance payments are stipulated. Further, Trakcja pursues an active policy of maintaining a low level of receivables, inventory management, sale of key materials to principals at the initial stage of contract implementation and negotiates with subcontractors to extend payment deadlines. The Company puts great emphasis on optimization of invoicing procedures by reducing the time between the completion of works and issuance of the invoice for performed works.

On March 3, 2021, the Company notified in its current report 6/2021 that it received payment for the sale of the real estate at ul. Lotnicza 100 in Wrocław in the total amount of PLN 53,000 thousand, as follows: the Company received a part of the price in the amount of PLN 2,850 thousand; - a part of the price in the amount of PLN 50,150 thousand the buyer transferred by wire transfer to mBank S.A. bank account, in order to repay the Company's entire liability under the working capital facility (in the amount of PLN 50,000 thousand, including interest) which allowed to cross out the mortgage that secured the credit.

Within the framework of the contract for the "Performance of designing and construction work within the framework of the project entitled "Revitalisation of railway lines no. 694/157/190/191 Bronów- Bieniowiec - Skoczów - Goleiszów - Cieszyn/Wisła Głębce" – Partial Contract A: Performance of designing and construction work along the segment Bronów - Wisła Głębce", the Company has received the following funds:

- 1) on July 13, 2021 – an advance in the amount of PLN 30,067 thousand gross;
- 2) on July 14, 2021 – release of the performance bond in the amount of PLN 30,067 thousand gross.

On August 3, 2021 within the framework of the contract: "Design and construction of the S-61 Szczuczyn - Budzisko Expressway (state border) with the following division of tasks: Task no. 2: Ełk Południe section hub - Wysokie hub (with an exit along the dk16 route), Trakcja received an advance in the amount of PLN 30,868 thousand gross.

As of June 30, 2021, Trakcja held cash and cash equivalents in the amount of PLN 7,435 thousand and unused credit lines in the amount of PLN 14,552 thousand.

As of the day preceding that when the financial statement has been approved, the Company held cash in the amount of PLN 19,901 thousand and has unused credit lines in the amount of PLN 20,000 thousand.

Based on the data and assumptions adopted at the time of publication hereof, a financing gap concerning the Company in the amount of approx. PLN 103-141 million was identified (the financing gap disclosed in the financial statement for 2020 was PLN 159-216 million). The estimated amount of the financial gap has been provided without taking into account capital injections (referred to in Current Reports nos. 14/2021, 37/2021 and 40/2021). The Company emphasizes that the indicated value constitutes an estimate which is imprecise and subject to over time changes depending on assumptions regarding the occurrence of future events and is subject to a high risk of variability over time.

If discussions as part the second round of financing prove unsuccessful, the continuation of operations, in the Company's opinion, will be threatened.

New sources of funding

During the I half of 2021 and until the date of publication of this report, the Company is taking intense action with a view of soliciting capital and debt financing, which would allow the coverage of the financial gap discussed in this report. The above, in particular, includes:

1. on May 10, 2021, in the current report No. 9/2021, the Company informed about the convening of the Extraordinary General Meeting of Trakcja S.A. as of September 10, 2021 in order to Adoption of a resolution on increasing the Company's share capital through the issuance of ordinary bearer shares of series E through a private subscription excluding all the pre-emptive rights of the existing shareholders, dematerialization and applying for admission and introduction of series E shares to trading on a regulated market conducted by the Warsaw Stock Exchange and on amending the Articles of Association;
2. on May 24, 2021, the Company has received from its stockholder ARP notice on the concluding of a conditional understanding between ARP, PKP PLK and the State Treasury of the Republic of Poland – Minister of Infrastructure, which primarily concerns involvement with the Company, within the framework of which, inter

alia, PKP PLK has committed itself to subscribe 250 million shares of the Company's stock, series E, for a total issue price in the amount of PLN 200 million. Detailed information was presented in the current report 10/2021;

3. on May 24, 2021, the Company communicated inside information delayed on 26 November 2020 concerning the receipt of notice from ARP and PKP PLK under Article 87 (1) (5) read jointly with Article 69 (1) (1) read jointly with Article 69b (1 and 2) of the Act of 29 July 2005 on Public Offerings - that PKP PLK has exceeded 15% of the total number of votes in the Company as a result of concluding an understanding between ARP and PKP PLK concerning, inter alia, the exercise of voting rights by ARP by reason of stock held in the Company's share capital in the manner agreed with PKP PLK, as regards the taking over of shares of stock of the new issue by PKP PLK. Public disclosure of the delayed Inside Information follows from receipt by the Company on May 24, 2021 of notice from ARP, as to which the Company provided detailed information in current report no. 10/2021, to the effect that ARP, PKP PLK and the State Treasury of the Republic of Poland – Minister of Infrastructure concluded a conditional understanding on the potential involvement of PKP PLK with the Company. Detailed information was presented in the current report 11/2021;
4. on May 24, 2021, the Company has received on November 25, 2020 ARP and PKP PLK notice that PKP PLK has exceeded 15% of the total number of votes in the Company as a result of adding votes at the disposal of ARP following the concluding of an understanding between ARP and PKP PLK stipulated under Article 87 (1) (5) of the Act on Public Offerings. Detailed information was presented in the current report 12/2021;
5. on May 24, 2021, the Company has received from its stockholder, ARP noticed on the concluding of a non-binding understanding between the Company's stockholders, that is, ARP and COMSA, concerning primarily the acquisition by ARP or an entity under the direct or indirect control of the State Treasury of the Republic of Poland or another entity designated by ARP, previously approved by COMSA of all stock issued by the Company, held by COMSA at a particular moment. The Parties have also agreed in the understanding that ARP or the Designated Buyer shall acquire from COMSA all bonds issued by the Company, held by COMSA at a particular moment. Detailed information was presented in the current report 13/2021;
6. on May 24, 2021, the Company has received from its stockholder, ARP a stockholder representing at least one tenth of the Company's share capital – a motion for supplementing draft resolutions concerning business introduced into the Agenda of the Company's Extraordinary Meeting convened for September 10, 2021 ("EM") accompanied by draft resolutions. The draft resolutions notified by the Stockholder include a new draft resolution concerning resolution on the increase of the Company's share capital and concerning amendment to the Memorandum containing i.a. the following points:
 - a. the Company's share capital shall be increased from PLN 69,160,780, by PLN 200,000,000.00 i.e. to PLN 269,160,780.80;
 - b. The increase of the Company's share capital shall be effected through the issuance of 250,000,000 ordinary bearer shares of series E, having the nominal value of PLN 0.80 each;
 - c. Series E Shares will be covered in full only by cash contributions before the registration of the increase of share capital made by issuing Series E Shares;
 - d. the issue of Series E Shares will be conducted by way of private subscription referred to in Article 431 § 2 item 1) of the Code of Commercial Companies as part of an offer addressed to a single investor, i.e. to the company PKP Polskie Linie Kolejowe S.A. with its registered office in Warsaw;
 - e. the agreement for taking up Series E Shares should be concluded by within 45 (forty five) days from the date of adoption of the resolution.

Detailed information was presented in the current report 14/2021;

7. on June 17, 2021 the Company has signed the following documents on long-term financing, which cover the following annexes:
 - a. annex which introduces a modified and consolidated credit agreement concluded between the Company and BTW sp. z o.o., PRK 7 Nieruchomości sp. z o.o., Platforma Działalności Międzynarodowej S.A.,

Przedsiębiorstwo Produkcyjno-Usługowe „DALBA” sp. z o.o., as borrowers and guarantors, and Torprojekt sp. z o.o., Przedsiębiorstwo Eksploatacji Ulic i Mostów sp. z o.o., TOB Trakcja Ukraina as guarantors (jointly “Affiliates”), and mBank S.A. with its seat in Warsaw, Credit Agricole Bank Polska S.A. with its seat in Wrocław, Bank Gospodarstwa Krajowego with its seat in Warsaw, as creditors, and ARP as the lender, pursuant to which the Company was granted a new credit and a new loan, and the guaranty line has been modified (“Consolidated Credit Agreement”);

- b. annex which introduces modifications to the agreement between creditors dated June 13, 2019, concluded by the Company, Affiliates, COMSA and creditors, that is: Bank Gospodarstwa Krajowego, ARP, mBank S.A., Credit Agricole Bank Polska S.A., Bank Polska Kasa Opieki S.A., AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (presently UNIQA Towarzystwo Ubezpieczeń S.A.), Credendo – Excess & Surety Societe Anonyme, Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A., Korporacja Ubezpieczeń Kredytów Eksportowych S.A., Generali Towarzystwo Ubezpieczeń S.A. and COMSA S.A.U. , PZU S.A., UNIQA Towarzystwo Ubezpieczeń S.A. (jointly the “Creditors”), pursuant to which the conditions of cooperation between Creditors have been consolidated, the hierarchy of receivables has been set out as to which Creditors are entitled from the Company and from Affiliates, as well as of security interests established in the Creditors’ favour by the Company and its Affiliates;
- c. annex which introduces modifications to the agreement on joint conditions, concluded by the Company, Affiliates, mBank S.A., Credit Agricole Bank Polska S.A., Bank PKO S.A., Bank Gospodarstwa Krajowego and ARP, pursuant to which the conditions of granting financing to the Company and Affiliates by creditors which are banks and the ARP – have been consolidated;
- d. annex which introduces modifications to the understanding on the consolidation of selected conditions of granting guaranty and surety agreements of June 13, 2019, concluded by the Company, Affiliates, AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (now UNIQA Towarzystwo Ubezpieczeń S.A.), Credendo – Excess & Surety Societe Anonyme, operating in Poland through Credendo – Excess & Surety Spółka Akcyjna Oddział w Polsce [Polish Branch], Generali Towarzystwo Ubezpieczeń S.A., Korporacja Ubezpieczeń Kredytów Eksportowych S.A., Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A., PZU S.A. and UNIQA Towarzystwo Ubezpieczeń S.A., pursuant to which the conditions of granting financing to the Company and Affiliates by creditors which are insurance companies – have been consolidated (“Insurance Agreement on Joint Conditions”).

(the documents specified in a-d shall be jointly referred to as “Financing Documents”).

Pursuant to the Consolidated Credit Agreement and under its terms, the Company which is the borrower:

- a. has been granted a new, open-end credit of a total amount equal to PLN 52,983 thousand;
- b. has been granted a new, open-end loan of a total amount equal to PLN 52,746 thousand;
- c. the bank guaranty lines have been modified, inter alia, by extending their periods of availability.

In particular, two new guaranties for returning an advance shall be issued, in amounts, as appropriate: PLN 30,067 thousand and PLN 30,868 thousand.

Additionally, as the Insurance Agreement on Joint Conditions has been modified, a new good performance guaranty shall be issued by insurance companies in an amount of PLN 30,067 thousand.

Furthermore, the Consolidated Credit Agreement also provides for capital injections to the Company by PKP PLK S.A., in an amount of no less than PLN 200,000 thousand by January 31, 2022. In the event the capital injection is not effected, the Company commits itself to conduct the sale of its subsidiary – AB Kauno Tiltai.

The foregoing information is contained in Current Report no. 20/2021.

8. the Company has concluded in June 23, 2021 a consulting agreement with KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp.k., which marks the beginning of a review of strategic options for the Trakcja Group. This process shall concern the Issuer’s capital structure. The Management Board shall review the Company’s assets

and areas of activity of the Issuer's group with a view of divestments as regards the potential sale of shares held in subsidiaries.

Detailed information was provided in Current Report no. 21/2021.

9. on June 24, 2021 the Company received notice from mBank S.A. ("mBank"), acting in the capacity of credit agent, on the satisfaction on 24 June 2021 of the conditions precedent specified in the annex to the credit agreement dated June 17, 2021 concluded between the Company, Bahn Technik Wrocław sp. z o.o., PRK 7 Nieruchomości sp. z o.o., PDM S.A., Przedsiębiorstwo Produkcyjno - Usługowe „DALBA” sp. z o.o., Torprojekt sp. z o.o., PEUiM sp. z o.o. and TOB Trakcja Ukraina („Affiliates"), mBank, Credit Agricole Bank Polska S.A., BGK, ARP, Bank PKO S.A. (Annex to the Credit Agreement), which has introduced the modified and consolidated credit agreement ("Consolidated Credit Agreement"), as to the conclusion of which the Company informed in Current Report no. 22/2021.
10. As a result of triggering the documentation concerning long-term financing, the Company has received the following funds in 2021 until the date of publishing the report:
 - a. under the loan from ARP in the amount of PLN 52,746 thousand;
 - b. under open end credit from BGK, mBank, ARP in the amount of PLN 52,983,000.00 (including mBank and BGK – PLN 43,892,000.00 and ARP – PLN 9,091 thousand);
 - c. by reason of proper performance of the "Wisła" contract in the amount of PLN 30,067 thousand on July 13, 2021 (return of the deducted amount of 7%);
 - d. under an advance on the "Wisła" contract in a gross amount of PLN 30,067 thousand on July 14, 2021;
 - e. under an advance on the "Ełk" contract in a gross amount of PLN 30,868 thousand on August 3, 2021.

The total amount of the foregoing proceeds amounts to PLN 196,731 thousand.

The foregoing proceeds have allowed the Company to unblock the possibilities of performing the contracts by payments in favour of sub-contractors and suppliers of materials, as well as triggering of invoicing associated with the supply of statements by subcontractors on non-arrears in payments. Furthermore, after the balance sheet date, the Company was able to reduce trade liabilities past due over 60 days. There has been significant improvement in the flow of trade receivables, which was associated with the triggering of payments blocked by subcontractors.

11. The Extraordinary Meeting of the Company was held on September 10, 2021; as a result of a motion submitted by ARP, a shareholder (which represents at least one twentieth of the Company's share capital), the review of the agenda item concerning a resolution on increasing the Company's share capital – was waived.

Additionally, at the motion submitted by ARP, a resolution was adopted on the convening of an Extraordinary Meeting for November 29, 2021, 10:00 o'clock, on which the above-mentioned resolution on increasing the Company's share capital is to be reviewed, previously waived by the Extraordinary Meeting on 10 September 2021).

Detailed information was provided in Current Report no. 37/2021.

12. on September 10, 2021 the Company informed by Current Report no. 40/2021 on the convening of an Extraordinary Meeting of the Company for November 29, 2021 for the purpose of adopting the resolution on increasing the Company's share capital by issuing ordinary Series E bearer shares by means of a private subscription with the complete exclusion of the drawing rights of the to-date shareholders, dematerialization and application for a marketing permit in the regulated market run by the Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Securities Exchange) for the Series E shares and concerning the amendment of the Company's Memorandum.

Risks related to the SARS CoV-2 pandemic

A detailed description of risks is presented in section 2.5 of the Management Board's Report on the Company's operations for the year 2020.

The development of the SARS CoV-2 pandemic up to this date has had no significant impact on the Company's continued operations in the foreseeable future. Further pandemic-related developments that are difficult to predict at the present time could have an adverse effect on the Company's operations, timely performance of works and costs incurred by the Company.

The ongoing SARS CoV-2 pandemic, which so far has resulted in, inter alia, transport restrictions and an interrupted supply of components and raw materials, may lead to delays in the Company's performance of orders under contracts, where the Company acts as a contractor or a subcontractor, and as a result there may be a risk that principals will submit claims for the Company to pay contractual penalties for the failure to complete the orders on time.

Even though, as of this report publication date, business partners and financial institutions retain the continuity of their operations, the further spread of the SARS CoV-2 and a change in how Company's business partners, courts and entities providing funding to the Company carry on their activities may lead to protracted decision-making processes, which may indirectly impact the Company's day-to-day operations, in particular through:

- limited access to funds that the Company may obtain from the securities market;
- the need to change the delivery times of certain imported materials;
- limited the availability of foreign workers;
- longer acceptance procedures due to customer's personnel working on a remote basis;
- longer administrative and judicial procedures;
- limited mobility;
- partial need to work remotely and quarantine some employees.

As a consequence, the events referred to above may lead to delays in the Company's ability to obtain the funds necessary to perform its financial obligations, to obtain new orders, in the event that the Company does not have the required financial collateral in the form of guarantees or funds necessary to provide a deposit or does not fulfill its contractual obligations. As a result of the detrimental impact of the SARS CoV-2 pandemic on the operations referred to above, the Company's liquidity and financial position may deteriorate. At the same time, the contingent limitations or delays in the implementation of investments for principals, as a consequence of the pandemic, may affect the financial perspectives of the Company in subsequent financial periods. In the Company's assessment, the risk of those risks occurring is medium and as of the financial statement publication date of publication the Company is unable to estimate the impact of these risks on the future financial results and cash flows of the Company.

Actions taken by the Company within the framework of review of strategic options

The Parent Company is in the process of reviewing strategic options. The Trakcja Management Board is in the process of analyzing the Parent Company's assets and areas of activity of the Issuer's group with a view of divestments as regards the potential sale of shares or stock held in subsidiaries. The above-mentioned review of strategic options is being conducted in parallel to the process of increasing the share capital as its alternative in the event of no capital injections for the Parent Company (as informed by the Company in Current Report no. 21/2021). As at the date of publishing this report, no decisions have been reached as to the implementation of options in this regard.

Risk of not achieving the values of financial ratios provided under the Agreement

Pursuant to the signing on June 17, 2021 of a number of annexes to the agreements referred to in Current Report no. 20/21, Trakcja is obliged to comply with the financial ratios (hereinafter "Covenants") associated with the current financial situation of the Parent Undertaking and Group. The Agreement provides for the first verification of the Company's and Group's compliance with the Covenants on December 31, 2021, and subsequently

within quarterly intervals by the Company and annual intervals the Group until September 30, 2023. Accordingly, there exists a risk of not achieving the values of financial ratios on December 31, 2021.

Risk of failure of undertaken actions

The Parent Company's Management Board prepared the financial statements with the assumption of continued operation for at least 12 months following the date of approval of these statements for publication. The continuation of the Company's operation is contingent on the effective implementation process of covering the financial gap within the framework of the second funding round, which takes into account financial capital, debt and guaranty instruments. The Company's Management Board draws particular attention to the risk of failure of the conditional understanding between ARP, PKP PLK and the State Treasury of the Republic of Poland-Minister of Infrastructure which primarily concerns involvement in the Company, under which PKP PLK committed itself to subscribe 250 million Series E Company shares for the issue price in the amount of PLN 200 million. There is also a risk that in the event the Company receives no capital injections, the proceeds of any sale of the AB Kauono Tiltai subsidiary or of other non-operative assets and shares in subsidiaries identified within the framework of the strategic options review- will not be sufficient for the whole coverage of the estimated financial gap.

Contingent failure to achieve the expected results of measures implemented in respect of additional financing and claims negotiations may constitute a threat to continued operations of Trakcja

In addition, such factors as the timing of obtaining funds from advance payments, claims as well as adverse COVID-19 related events may affect future deterioration of liquidity.

Taking into account the possible adverse or unforeseen effects of the events referred to in this section as well as contingent postponement of measures ensuring sufficient financing of operations, the Parent Company has the option to take further actions consisting of:

1. commencing negotiations with the Parent Company's creditors concerning debt restructuring combined with taking steps permitted by applicable legal regulations, aimed at protecting the Company and the interests of the creditors and shareholders;
2. mitigation of risk as regards the success of increasing capital by a subscription of 250 million Series E Company shares – the Parent Company has taken alternative courses concerning the divestment of the Parent Company's key assets as an alternative action for covering the financial gap;
3. conducting operational restructuring involving the sale of assets that are not used in the core operating activities, inter alia shares in subsidiaries, tangible fixed assets;
4. limiting the scope of the Parent Company's operations.

12. Amounts that have had a significant impact on assets, liabilities, equity, net profit/loss or cash flows which are atypical due to their type, size, impact or frequency

In the opinion of the Management Board, in the 6-month period ended June 30, 2021, except for the factors described in other notes hereto, no other significant events occurred, which could have had an impact on the assessment of the Trakcja Group's financial condition. The main impact on the results achieved during in the first half-year of 2021 was primarily affected by the contracts completed by the Group.

13. Information on operating and geographical segments

Segments are described in the consolidated annual financial statements of Trakcja Group for 2020.

Key customers:

In the first half-year of 2020, revenues from transactions with external single customers were respectively 10% or more of the Group's total revenues. Total revenues by type of customers and by segments to which such revenues pertain are presented in the table below.

Total revenue obtained in IH 2020 by a single recipient (TPLN)	Segment presenting the revenues
233 922	Civic building segment - Poland
55 258	Construction , engineering and concession contracts - Baltic countries

The Group does not present its revenues from external customers by revenues from goods and revenues from services, because the performance of segments is analysed in terms of the construction contracts completed by individual segments.

Operating segments

For the period from 1.01.2021 to 30.06.2021

Unaudited

	Continued operations					
	Civic building segment in Poland	Construction, engineering and concession agreements segment - Baltic countries	Other segments	Total	Discontinued operations	Exclusions
Revenues						
Sales to external customers	343 873	179 548	10 552	533 973	-	-
Sales between segments	339	-	51	390	-	(390)
Total segment revenues	344 212	179 548	10 603	534 363	-	(390)
Results						
Depreciation	12 823	5 876	202	18 901	-	-
Financial income - interests	484	280	97	861	-	(218)
Financial expenses - interests	7 573	261	93	7 927	-	(218)
Gross profit	(32 988)	(7 350)	(2 285)	(42 623)	-	925

For the period from 1.01.2020 to 30.06.2020*Unaudited*

	Continued operations						Total operations
	Civic building segment in Poland	Construction, engineering and concession agreements segment - Baltic countries	Other segments	Total	Discontinued operations	Exclusions	
Revenues							
Sales to external customers	347 194	196 535	14 688	558 417	-	-	558 417
Sales between segments	2 615	-	1 223	3 838	-	(3 838)	-
Total segment revenues	349 809	196 535	15 911	562 255	-	(3 838)	558 417
Results							
Depreciation	12 559	6 162	100	18 821	-	-	18 821
Financial revenues - interests	249	156	310	715	-	(307)	408
Financial expenses - interests	9 459	1 083	173	10 715	-	(307)	10 408
Gross profit	(33 886)	(6 278)	(3 140)	(43 304)	-	(732)	(44 036)

As at 30.06.2021

Unaudited

	Continued operations						
	Civic building segment in Poland	Construction, engineering and concession agreements segment - Baltic countries	Other segments	Total	Discontinued operations	Exclusions	Total operations
Segment assets	1 069 184	537 806	62 969	1 669 959	-	(312 540)	1 357 419
Assets not allocated to segments							65 798
Total assets							1 423 217
Segment liabilities*	500 378	287 376	20 591	808 345	-	(71 560)	736 785
Other disclosures:							
Capital expenditure	(5 704)	(7 434)	(14)	(13 152)	-	-	(13 152)
Impairment of non-financial assets	-	-	-	-	-	-	-

* short-term liabilities were allocated to assess segment

As at 31.12.2020

Audited

	Continued operations						
	Civic building segment in Poland	Construction, engineering and concession agreements segment - Baltic countries	Other segments	Total	Discontinued operations	Exclusions	Total operations
Segment assets	1 067 483	549 149	59 311	1 675 943	-	(261 794)	1 414 149
Assets not allocated to segments							63 607
Total assets							1 477 756
Segment liabilities	593 914	276 979	14 203	885 096	-	(85 303)	799 793
Other disclosures:							
Capital expenditure	(10 005)	(12 234)	(1 441)	(23 680)	-	-	(23 680)
Impairment of non-financial assets	(925)	(40 467)	-	(41 392)	-	-	(41 392)

*short-term liabilities were allocated to assess segment

Geographical segments

The key data concerning geographical segments has been presented below.

For the period from 1.01.2021 to 30.06.2021

Unaudited

	Continued operations			Discontinued operations	Exclusions	Total operations
	Domestic	Abroad	Total			
Revenues						
Sales to external customers	354 462	179 511	533 973	-	-	533 973
Sales domestic/ abroad	335	-	335	-	(335)	-
Total segment revenues	354 797	179 511	534 308	-	(335)	533 973

For the period from 1.01.2020 to 30.06.2020

Unaudited

	Continued operations			Discontinued operations	Exclusions	Total operations
	Domestic	Abroad	Total			
Revenues						
Sales to external customers	362 115	196 302	558 417	-	-	558 417
Sales domestic/ abroad	305	1	306	-	(306)	-
Total segment revenues	362 420	196 303	558 723	-	(306)	558 417

As at 30.06.2021

Unaudited

	Continued operations			Discontinued operations	Exclusions	Total operations
	Domestic	Abroad	Total			
Operating assets	1 123 751	546 207	1 669 958	-	(312 540)	1 357 419
Operating liabilities*	536 134	272 211	808 345	-	(71 560)	736 785

As at 31.12.2020

Audited

	Continued operations			Discontinued operations	Exclusions	Total operations
	Domestic	Abroad	Total			
Operating assets	1 117 123	558 820	1 675 943	-	(261 794)	1 414 149
Operating liabilities*	623 970	261 126	885 096	-	(85 303)	799 793

* short-term liabilities were allocated to assess segment

14. Sales**revenue**

Main types of products and services	Period ended	
	30.06.2021	30.06.2020
	Unaudited	Unaudited
Revenues from sale of construction services	512 974	542 790
Revenues from design services	10 838	5 503
Revenues from Equipment rental	817	1 608
Deliveries of products (switchgears, supporting structures, etc.)	7 654	6 677
Deliveries of goods and materials	379	691
Other	1 311	1 148
Total	533 973	558 417

Distribution of revenues by country	Period ended	
	30.06.2021	30.06.2020
	Unaudited	Unaudited
Poland	353 765	360 828
Lithuania	155 669	162 085
Sweden	21 009	28 857
Latvia	2 833	5 365
Hungary	-	58
Germany	697	1 224
Total	533 973	558 417

Distribution of revenues due to recipients	Period ended	
	30.06.2021	30.06.2020
	Unaudited	Unaudited
Government and local government institutions	505 455	535 131
Private sector	28 518	23 286
Total	533 973	558 417

Distribution of revenues due to the duration of contracts	Period ended	
	30.06.2021	30.06.2020
	Unaudited	Unaudited
Over 12 months	277 371	294 424
Up to 12 months	256 601	263 993
Total	533 973	558 417

All agreements concerning construction contracts are based on a fixed price. 99% of revenues from contracts are recognized using the percentage of completion method. In turn, revenues related to the sale of materials and other services are recognized at the time of transfer of the goods.

In H1 2021, the Company's Management Board undertook negotiations with PKP PLK to amicably settle court disputes. The Company's Management Board is negotiating the receipt of payment due to contract claims proceeded in court from PKP PLK, the total amount of which as at the date of publication of this semi-annual report amounts to approximately PLN 158,6 million (gross amount along with interest capitalized as at the date of filing the law suit), including the amount attributable to Trakcja is approximately PLN 120.3 million.

The Parent Company, along with consortium partners and subcontractors, is conducting negotiations with PKP PLK with the participation of the General Prosecutor's Office of the Arbitration Court of the Republic of Poland concerning the amount of PLN 139.2 million (gross amount, along with interest capitalized as at the date of filing the suit), whereas the amount due to Trakcja is approximately PLN 106.9 million.

At this stage, the Management Board of the Parent Company is not able to define the end date of negotiations or their effect on the financial result.

Based on internal analyses and the opinions of external advisors, the Company takes court claims filed against contracting authorities into account in the budgets of long-term contracts. The amount of court claims filed by the Company against contracting authorities, accounted for in long-term contract budgets, was adjusted by the risk factor and the probability factor. The amount of claims recoverable by the Company ranges from PLN 35 million to PLN 50 million. The amount was estimated on the basis of expert opinions and estimates of the Company, based on historical data and analyses of individual contracts. The Management Board is not stating an exact amount of claims in the financial statements in the interest of pending negotiations with the contracting authority. In addition, the Parent Company included revenue from claims raised under a contract in the valuation of a significant road contract.

15. Operating expenses

Expenses by type:

	Year ended	
	30.06.2021 <i>Unaudited</i>	30.06.2020 <i>Unaudited Modified</i>
Depreciation	18 901	18 821
Consumption of materials and energy	153 385	176 137
External services	253 632	278 345
Taxes and charges	2 381	2 285
Payroll	109 626	106 951
Social security and other benefits	19 863	19 647
Other types of costs	14 913	18 792
Total costs by type	572 701	620 978
Change in inventories, products and prepayments	(1 026)	(27 629)
Cost of manufacture of products for the entity's own needs (negative value)	(3 854)	(7 167)
Cost of sales, marketing and distribution (negative value)	(3 083)	(2 891)
General and administrative costs (negative value)	(27 477)	(28 618)
Manufacturing cost of products sold	537 261	554 673
Value of materials and goods sold	5 382	2 917
Cost of goods sold	542 643	557 590

16. Other operating revenues

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Overpaid social security contributions	2 217	-
Profit on sale of non-financial non-current assets	1 482	1 407
Received penalties and fines	723	280
Revenue from the recognition of output VAT on the use of company cars for private purposes	233	-
Reimbursed costs from tenders in Denmark	151	-
Profit from lease of investment real estate	123	-
Re-invoicing of costs	36	-
Revenue from patents and licenses	21	1 024
Redeemed liabilities	11	17
Other	841	1 558
Total	5 838	4 286

17. Other operating costs

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Value of liquidated non-financial assets	595	41
Paid penalties, fines and compensations	188	-
Litigation costs paid	169	594
Donations made	48	142
Receiveables write-off	-	1 592
Other	113	1 204
Total	1 113	3 573

18. Financial revenues

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Financial revenues from interest, including:	643	408
- bank interest	13	212
- interest on receivables	484	15
- other	146	181
Foreign exchange rate gain	672	-
Release of provision for interest on liabilities	2 311	-
Other financial revenues	229	156
Total	3 855	564

19. Financial costs

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Financial costs on account of interest, including:	7 709	10 408
- interest on loans and borrowings	4 299	6 583
- on liabilities	622	1 363
- on bonds	740	116
- on leasing	1 960	1 931
- on liability from employee benefits	86	32
- other	2	383
Loss from exchange rate differences	-	1 824
Financial commission paid	2 828	773
Tax on civil law transactions (PCC) on loan agreements	250	300
Factoring related costs	-	1
Revaluation write-offs on bonds	33	-
Other financial costs	228	1 325
Total	11 048	14 631

20. Income tax

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Current income tax:	796	778
- current income tax charge	799	771
- adjustments related to current income tax from previous years	(3)	7
Deferred tax:	(4 831)	(6 568)
- related to increase and decrease in temporary differences	(4 831)	(6 568)
Total	(4 035)	(5 790)

Income tax was partially determined according to the rate of 19% applicable to legal entities that operate in Poland. The income tax rates applicable to foreign companies being members of Trakcja Group are as follows: 15% in Lithuania and Latvia, 21,4% in Sweden, 0% in Latvia and 18% in Ukraine.

Income tax recognised in other comprehensive income

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Actuarial gains/(losses)		
Gross amount	564	9
Tax	(85)	(3)
Net amount	479	6
Foreign exchange differences on translation of foreign operations		
Gross amount	(10 693)	10 439
Net amount	(10 693)	10 439

21. Profit (loss) per share

Net profit per share for each period is calculated by dividing net profit for the period by the weighted average number of shares in a given reporting period.

In order to calculate diluted net profit per share, the values used in the calculation of basic earnings per share have been adjusted to reflect:

- the impact of costs on account of bond interest after income tax
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The dilution of profit per share results from the issue of convertible bonds, as specified in detail in note 35 hereof.

Earnings (loss) per share:

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Net profit (loss) from continued operations	(37 663)	(38 246)
Net profit (loss) applied to calculate diluted earnings per share	(37 064)	(38 246)
Net profit (loss) attributable to shareholders of Parent entity applied to calculate diluted earnings per share	(36 952)	(37 994)
Number of issued shares (pcs)	86 450 976	86 450 976
Weighted average number of issued ordinary shares applied to calculate basic earnings per share (pcs)	86 450 976	86 450 976
Adjusted weighted average number of ordinary shares applied to calculate diluted earnings per share	102 730 086	86 450 976

Earnings (loss) per share attributable to shareholders during the period (in PLN per share):

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
- basic	(0,44)	(0,44)
- diluted	(0,36)	(0,44)

Earnings (loss) per share from continuing operations attributable to shareholders during the period (in PLN per share):

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
- basic	(0,44)	(0,44)
- diluted	(0,36)	(0,44)

Earnings (loss) per share attributable to shareholders of the Parent Company during the period (in PLN per share):

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
- basic	(0,43)	(0,44)
- diluted	(0,36)	(0,44)

22. Tangible non-current assets

Below we present the structure of tangible fixed assets divided into own and leased assets:

As at 30.06.2021	Land, buildings and	Machines and equipment	Vehicles	Other fixed asset	Fixed assets under construction	Total
Own	58 599	75 036	30 350	7 820	2 304	174 109
Used on the basis of a lease, tenancy or other contract, including lease, perpetual usufruct right to land	20 493	38 536	43 263	-	-	102 292
Total	79 092	113 572	73 613	7 820	2 304	276 401

As at 31.12.2020	Land, buildings and	Machines and equipment	Vehicles	Other fixed asset	Fixed assets under construction	Total
Own	60 176	76 783	30 856	8 494	162	176 471
Used on the basis of a lease, tenancy or other contract, including lease, perpetual usufruct right to land	20 173	42 253	46 360	-	-	108 786
Total	80 349	119 036	77 216	8 494	162	285 257

Below is presented the change in the status of fixed assets used under a lease, tenancy or other agreement, including a lease agreement, perpetual usufruct right to land:

	Land, buildings and	Machines and equipment	Vehicles	Other fixed asset	Fixed assets under construction	Total
Balance as at January 1, 2020	20 173	42 253	46 360	-	-	108 786
Audited						
Depreciation	(2 620)	(1 872)	(2 920)	-	-	(7 412)
Assets under new leases	2 952	23	198	-	-	3 173
Other increases / decreases	-	(1 695)	(269)	-	-	(1 964)
Foreign exchange differences	(12)	(173)	(106)	-	-	(291)
Balance as at June 30, 2021	20 493	38 536	43 263	-	-	102 292
Unaudited						

23. Transaction of acquisition and sale of tangible non-current assets and other intangible assets, including any commitments for acquisition of tangible non-current assets

From January 1, 2021 to June 30, 2021 the Group purchased tangible non-current assets and intangible assets in the amount of PLN 13,152 thousand (as compared to PLN 20,787 thousand in the comparable period),

From January 1, 2021 to June 30, 2021 the Group sold tangible non-current assets and intangible assets in a total book value of PLN 577 thousand (as compared to PLN 2,159 thousand in the comparable period).

24. Goodwill

As at June 30, 2021 the goodwill disclosed in the consolidated financial statements by the Group was PLN 179,955 thousand (as at December 31, 2020: PLN 187,269 thousand) was recognised in the following items:

- Goodwill on consolidation – PLN 131,223 thousand (as at December 31, 2020: PLN 138,537 thousand),
- Intangible assets – PLN 48,732 thousand (as at December 31, 2020: PLN 48,732 thousand).

Goodwill on consolidation

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Balance at the beginning of the period	138 537	168 983
Decreases	-	(38 735)
Impairment charged to P&L during the year	-	(38 735)
Exchange rate differences	(7 314)	8 289
Balance at the end of the period	131 223	138 537

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Goodwill at cost	393 915	401 229
Accumulated impairment	(262 692)	(262 692)
Goodwill after all write-offs	131 223	138 537

Allocation of goodwill to cash generating units ("CGU") after recognition of impairment losses

Goodwill was allocated to the following cash generating units:

	CGU: Trakcja S.A., Torprojekt sp. z o.o., BTW sp. z o.o.	CGU: PEUiM sp. z o.o., Dalba sp. z o.o., PDM S.A.	CGU: Spółki z Grupy AB Kauno Tiltai	CGU: PRK7 Nieruchomości	Total
As at 30.06.2021					
Goodwill allocated after recognition of impairment	58 160	28 374	88 641	4 780	179 955
recognized in goodwill on consolidation	9 428	28 374	88 641	4 780	131 223
recognized in intangible assets	48 732	-	-	-	48 732

	CGU: Trakcja S.A., Torprojekt sp. z o.o., BTW sp. z o.o.	CGU: PEUiM sp. z o.o., Dalba sp. z o.o., PDM S.A.	CGU: Spółki z Grupy AB Kauno Tiltai	CGU: PRK7 Nieruchomości	Total
As at 31.12.2020					
Goodwill allocated after recognition of impairment	58 160	28 374	95 955	4 780	187 269
recognized in goodwill on consolidation	9 428	28 374	95 955	4 780	138 537
recognized in intangible assets	48 732	-	-	-	48 732

Test for impairment of goodwill

Due to the occurrence of premises indicating the possibility of impairment of goodwill, as at June 30, 2021, a test was performed for the impairment of goodwill assigned to all cash-generating units. The recoverable amount of CGUs is determined by calculating the value in use. These calculations use 4,5-year projections of cash flows. The growth rate in the residual period was set at 2% and it does not exceed the long-term inflation rate. The Management Board determines the budgeted margin on the basis of historical performance, updated contract budgets and its projections

The condensed additional information and explanations constitute an integral part hereof.

regarding market growth. Weighted average growth rates are consistent with the projections presented in industry reports. The discount rate applied is a pre-tax rate reflecting specific threats to individual segments not included in the cash flow projections, calculated using the CAPM model.

Impairment tests were carried out as at the balance sheet date, according to the best knowledge at the time of their preparation. A systemic factor that may affect the future measurement of all assets, in particular financial assets (in the separate financial statements) and goodwill in the consolidated financial statements is the COVID-19 pandemic. At the time of preparing these statements, it is not possible, for objective reasons, to make an overall assessment of the impact of the pandemic on test results. When assessing potential effects specific to the company, the following factors can be distinguished (with indication of their direction):

- decrease in the cost of debt financing due to the decrease in interest rates (+),
- increase in risk factors for cash generating units on the Polish and Lithuanian markets (-),
- potential decrease in labour costs and increase in labour availability (+),
- improvement of competitive position in relation to other contractors due to insignificant share of foreigners in the employment structure (+),
- potential disruptions to the continuity of contract performance due to prolonged administrative decisions (-),
- change in prices of key materials, including: (1) potential decrease in the price of petroleum-based materials (e.g. asphalt) (+), (2) potential increase in material prices due to disruption of supply chains (-),
- stimulation of the economy through governmental infrastructure investment programmes (+),
- weakening of PLN against EUR and USD and potential volatility of exchange rates (+/-),
- potential increase in risk of payment backlogs and even insolvency of consortium partners and subcontractors (-).

Given the number of variables and uncertainties related to the direction of the pandemic's development as well as its effects, the result of future impairment tests may fluctuate beyond the levels of reasonable change in key assumptions assumed at the date of approval of the financial statements for publication.

Basic assumptions adopted for the purpose of the impairment test of CGU:

	CGU: Trakcja S.A., Torprojekt sp. z o.o., BTW sp. z o.o.	CGU: PEUİM sp. z o.o., Dalba sp. z o.o., PDM S.A.	CGU: Spółki z Gr.AB Kauno Tiltai	CGU: PRK 7 Nieruchomości sp. z o.o.
As at 30.06.2021				
WACC before taxation	10,1%	10,1%	8,1%	10,1%
WACC after taxation	8,2%	8,2%	6,9%	8,2%
EBITDA margin	3,5% - 7,7%	7,0% - 11,5%	2,8% - 6,6%	3,0% - 5,4%
Growth rate in the residual period	2,0%	2,0%	2,0%	2,0%
	CGU: Trakcja S.A., Torprojekt sp. z o.o., BTW sp. z o.o.	CGU: PEUİM sp. z o.o., Dalba sp. z o.o., PDM S.A.	CGU: Spółki z Gr.AB Kauno Tiltai	CGU: PRK 7 Nieruchomości sp. z o.o.
As at 31.12.2020				
WACC before taxation	9,5%	9,5%	8,5%	9,5%
WACC after taxation	7,7%	7,7%	7,2%	7,7%
EBITDA margin	3,3% - 6,8%	5,7% - 11,5%	3,7% - 5,3%	2,3% - 5,4%
Growth rate in the residual period	2,0%	2,0%	2,0%	2,0%

As a result of the tests, as at June 30, 2021, no impairment of goodwill was found.

The sensitivity analysis carried out indicates that significant factors affecting the estimates of the value in use of cash-generating units include profitability of construction contracts in progress and the discount rate used.

Below is presented an analysis of the sensitivity of the recoverable amount of cash-generating units to changes in individual indicators used in the impairment test, using the after-tax discount rate.

Sensitivity analysis for CGU comprising: Trakcja, Torprojekt sp. z o.o. and BTW sp. z o.o.:

Factor applied	Reasonably possible change of the factor	The impact on the recoverable amount of cash generating unit	
		increase	decrease
EBITDA	+/- 2,5%	24 911	(24 911)
WACC after taxation	+/- 0,25 p.p.	(14 982)	16 185

The Group analysed the sensitivity of the change in EBITDA by +/- 2.5% and in after-tax WACC by +/-0.25 p.p., which led to the conclusion that a reasonable change in assumptions would not trigger the need to recognise an impairment loss.

Sensitivity analysis for CGU comprising: PEUiM sp. z o.o., Dalba sp. z o.o., PDM S.A.:

Factor applied	Reasonably possible change of the factor	The impact on the recoverable amount of cash generating unit	
		increase	decrease
EBITDA	+/- 2,5%	2 315	(2 315)
WACC after taxation	+/- 0,25 p.p.	(1 688)	1 823

The Group analysed the sensitivity of the change in EBITDA by +/- 2.5% and in after-tax WACC by +/-0.25 p.p., which led to the conclusion that a reasonable change in assumptions would not trigger the need to recognise an impairment loss.

Sensitivity analysis for CGU comprising companies from the AB Kauno Tiltai Group:

Factor applied	Reasonably possible change of the factor	The impact on the recoverable amount of cash generating unit	
		increase	decrease
EBITDA	+/- 2,5%	13 585	(13 585)
WACC after taxation	+/- 0,25 p.p.	(12 842)	14 225

The Group analysed the sensitivity of the change in EBITDA by +/- 2.5% and in after-tax WACC by +/-0.25 p.p., which led to the conclusion that a reasonable change in assumptions would not trigger the need to recognise an impairment loss.

Sensitivity analysis for CGU comprising companies from the PRK 7 Nieruchomości sp. z o.o.:

Factor applied	Reasonably possible change of the factor	The impact on the recoverable amount of cash generating unit	
		increase	decrease
EBITDA	+/- 2,5%	916	(916)
WACC after taxation	+/- 0,25 p.p.	(1 106)	1 193

The Group analyzed the sensitivity of the change in the EBITDA +/- 2.5% level and the WACC level after tax +/- 0.25pps as a result, it was concluded that a rational change in the assumptions would not necessitate the recognition of an impairment loss.

25. Investment properties

Investment properties are measured by the Group at fair value. The Group estimates their values as at December 31 on the basis of valuations carried out as at such a date by independent experts. Throughout the year, as at the consecutive balance sheet dates, i.e. March 31, June 30 and September 30, the Group assesses whether there are any indications that the fair value may need to be changed.

The most recent valuation of investment properties by an independent expert was carried out as at December 31, 2019. As at June 30, 2021 the Group stated that there were no indications that the values of investment properties changed significantly. The valuation method applied and the unobservable input data used for valuation, as well as the descriptive presentation of the fair value sensitivity to changes in the unobservable input data are described in detail in Note 24 to the Consolidated Annual Financial Statements of Trakcja Group for 2019. In the first half of 2020, there was no change in the technique of fair value measurement.

The Group categorises investment properties within Level 3 of the fair value hierarchy. In the first half-year of 2020, there were no transfers made between levels 1, 2 and 3.

In the period of 6 months ended June 30, 2021, there were no significant changes in the value of investment properties.

26. Other financial assets

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Assets valued at amortised cost	15 132	11 065
Guarantee deposits	12 612	9 031
Loans granted and receivables	254	242
Other bank deposits	2 266	1 792
Total	15 132	11 065
including:		
- recognised as non-current assets	7 343	6 425
- recognised as current assets	7 789	4 640

In the first half-year of 2021, there were no impairment losses recognised on the individual financial assets.

27. Inventory

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Materials	72 309	81 110
Semi-finished goods and products in progress	8 703	19 895
Finished goods	20 588	985
Merchandise	12 983	13 940
Total, gross inventory	114 583	115 930
Inventory revaluation write-offs	(2 740)	(2 785)
Materials	69 617	78 372
Semi-finished goods and products in progress	8 703	19 895
Finished goods	20 560	958
Merchandise	12 963	13 920
Total, net inventory	111 843	113 145

28. Trade and other receivables

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Gross trade receivables, before discounting	383 129	341 650
Total, gross trade receivables	383 129	341 650
<i>including:</i>		
- receivables from related entities	721	95
Budgetary receivables	12 713	1 652
Receivables claimed in court	6 547	9 843
Investment property sale receivables	-	53 000
Other receivables from third parties	30 174	33 058
Amounts held	74 568	72 329
Advances paid	2 046	6 281
Total, gross trade and other receivables	509 177	517 813
Expected credit loss	(107 696)	(97 712)
Total	401 481	420 101

On March 3, 2021 the Parent Company received payment for the property situated at ul. Lotnicza 100, Wrocław of a total amount of PLN 53,000 thousand, in the following manner: a part of the price in the amount of PLN 2,850,000.00 was received by the Company and a part of the price, PLN 50,150 thousand was transferred by the buyer by wire transfer to the account of mBank S.A. with a view of repaying the whole of the Company's liabilities under a working capital facility (in the amount of PLN 50 million and interest, which allowed the striking out of the mortgage securing the facility).

The Group's budgetary receivables in the amount of PLN 12,713 thousand are receivables for unsettled VAT, which the Group will settle in subsequent months.

29. Cash and cash equivalents

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Cash in hand	41	44
Cash at bank	72 654	133 394
Other cash - deposits	2 709	2 740
Total cash and cash equivalents	75 404	136 178
Cash and cash equivalents excluded from cash flow statement	(951)	(272)
Cash and cash equivalents presented in cash flow statement	74 453	135 906
- with limited access	1	-

Cash excluded from the cash flow statement as at June 30, 2021 in the amount of PLN 951 thousand. They relate to blocked funds on development project accounts (as at December 31, 2020: PLN 272 thousand).

Funds with limited disposability in the amount of PLN 1 thousand shown in the cash flow statement as at June 30, 2021 were funds on blocked escrow accounts.

30. Explanation to the consolidated cash flow statement

The balance sheet change of the status of trade receivables and other receivables as at June 30, 2021 amounted to PLN 18,620 thousand, and the change shown in the cash flow statement is PLN -35,704 thousand. This difference is primarily attributed to the receipt of payment by Trakcja for the sale of fixed assets of a total amount of PLN 53,530 thousand, including the sale of the real property at ul. Lotnicza 100 in Wrocław in 2018 (as informed by the Company in current Report no. 26/2018), for which payment was received in 2021 (as informed by the Company in Current Report no. 6/2021).

31. Settlements under contracts with customers

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Contracts with customers assets	239 975	203 273
Surplus of revenues resulting from degree of advancement over invoiced revenues	211 055	174 682
Advances paid towards contracts being performed	28 920	28 591
Contracts with customers liabilities	166 643	200 551
Surplus of invoiced revenues over revenues resulting from degree of advancement	100 962	100 675
Advances received towards contracts being performed	65 681	99 876

In the statement of the balance sheet, the Group recognises a contract asset, i.e. the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. This item of the statement of financial position includes, in particular, assets relating to completed and delivered works under long-term construction contracts that have not yet been invoiced and the recognition of revenue in connection with the transfer of control over products or goods that will be invoiced in the future.

In the statement of the balance sheet, the Group recognises a contract liability, i.e. the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group recognises a contract liability mainly in relation to contracts for which the payment is made in advance and in relation to the consideration for construction works received in advance for services not yet provided by the Group.

No adjustments to revenue were made in any of the periods presented that would affect an asset or liability for contracts with customers in connection with the settlement of changes in contracts or changes in the estimated transaction price. In addition, no revenue was recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods.

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Balance at the beginning of the period	203 273	211 032
(+/-) Change in the valuation of contracts / Implementation of new performance obligations without issuing an invoice	121 233	140 875
(-) Invoicing	(83 285)	(149 795)
Foreign exchange differences	(1 246)	1 161
Closing balance	239 975	203 273

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Balance at the beginning of the period	200 551	154 250
(+/-) Change in the valuation of contracts / Implementation of new performance obligations without issuing an invoice	50 517	143 063
(-) Revenues recognized in the period included in balance of liabilities at the beginning of the period	(82 609)	(96 663)
(-) Invoicing	-	(4 647)
Foreign exchange differences	(1 816)	4 548
Closing balance	166 643	200 551

The advances towards contracts being performed are disclosed as the short-term liabilities and will be settled during the performance of contracts in the course of the Group's normal operating cycle.

The table below shows the change in the balance of advance payments received:

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Balance at the beginning of the period	28 591	13 832
Increases: transfer of advances	2 162	52 447
Reductions: settlement of advances in the period	(1 362)	(38 873)
Foreign exchange differences	(471)	1 185
Closing balance	28 920	28 591

The table below presents the change in the balance of advance payments transferred:

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Balance at the beginning of the period	99 876	112 963
Increases: receipt of advances	22	75 763
Reductions: settlement of advances against income for the period	(33 240)	(91 286)
Foreign exchange differences	(977)	2 436
Closing balance	65 681	99 876

After the balance sheet date, the Parent Company has received the following advances within the framework of performed contracts:

- 1) Performance of designing and construction work within the framework of the project entitled "Revitalisation of railway lines no. 694/157/190/191 Bronów- Bieniowiec - Skoczów - Goleszów - Cieszyn/Wisła Głębce" – Partial Contract A: Performance of designing and construction work along the segment Bronów - Wisła Głębce" – advance in the amount of PLN 30,067 thousand gross
- 2) "Design and construction of the S-61 Szczuczyn - Budzisko Expressway (state border) with the following division of tasks: Task no. 2: Elk Południe section hub - Wysokie hub (with an exit along the dk16 route) – advance in the amount of PLN 30,868 thousand gross.

32. Assets held for sale

On November 30, 2018, the Extraordinary General Meeting of Trakcja S.A. adopted a resolution to dispose of a real estate and perpetual usufruct of a real estate at ul. Oliwska 11 in Warsaw for a net price not lower than PLN 14 million. For or details, see CR 23/2018 and CR 20/2018. The planned transaction meets the conditions for classification of fixed

assets as held for sale specified in IFRS 5. Therefore, the Parent Company recognised assets in the amount of PLN 5,037 thousand as non-current assets held for sale. Currently, work is underway to obtain the consents and permits that are necessary to carry out the sale of real estate. The finalization date of the transaction, at the request of the business partner, has been postponed due to COVID-19 pandemic-related reasons. The Parent Company expects the transaction to be finalized in the IV quarterly of 2021.

33. Share capital

As at June 30, 2021 the share capital was PLN 69,160,780.80 and was divided into 51,399,548 series A ordinary bearer shares and 10,279,909 series B ordinary bearer shares and also 24,771,519 series C registered shares with a par value of PLN 0.80 per share. Each share constitutes one vote at the General Meeting of Shareholders. All shares are fully paid-up.

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
	Par value 0.8	Par value 0.8
	PLN	PLN
Series A ordinary shares	51 399 548	51 399 548
Series B ordinary shares	10 279 909	10 279 909
Series C ordinary shares	24 771 519	24 771 519
Total	86 450 976	86 450 976

On February 6, 2020, by the decision of the District Court of the City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register under KRS, a conditional increase in the Company's share capital was entered into the commercial register. In relation to the foregoing, the Company's share capital was conditionally increased from PLN 69,160,780.80 by an amount no higher than PLN 13,023,288 by way of issuing no more than 16,279,110 series D ordinary bearer shares with a nominal value of PLN 0.80 per share. Series D shares may be subscribed by holders of convertible Series F and G bonds issued that the Company issued on May 8, 2020. Series D shares will be subscribed at PLN 1.70 each if the series F or G bonds are converted into shares of the Company.

On May 8, 2020 the Parent Company allotted convertible bonds for stock in favour of ARP 11,764,705 secured series F registered bonds convertible for Series D stock and in favour of COMSA 4,514,405 unsecured Series G registered bonds convertible for Series D stock. Details are provided in Note 35 of these statements.

34. Interest-bearing loans and borrowings

Loans incurred by the Parent Company and its subsidiaries have been set out in the table below:

Name of company	Lender Creditor	Type of loan, credit	Amount by currency contracts (in thousands)	Contract Currency	Maturity date	Interests	Amount left to be paid
Trakcja S.A.	COMSA S.A.	loan from related entities	2 674	PLN	30.12.2021	WIBOR 1M + margin	82
Trakcja S.A.	COMSA S.A.	loan from related entities	5 000	PLN	30.12.2021	WIBOR 1M + margin	159
Trakcja S.A.	Agencja Rozwoju Przemysłu S.A.	loan from related entities	27 600	PLN	31.12.2022*	WIBOR 1M + margin	27 648
Trakcja S.A.	Agencja Rozwoju Przemysłu S.A.	loan from related entities	52 746	PLN	01.01.2023*	WIBOR 1M + margin	52 764
Trakcja S.A.	Agencja Rozwoju Przemysłu S.A.	loan from related entities	9 091	PLN	31.12.2022*	WIBOR 1M + margin	9 094
Trakcja S.A.	mBank S.A.	Working capital credit	15 000	PLN	31.12.2022*	WIBOR 1M + margin	14 999
Trakcja S.A.	mBank S.A.	Working capital credit	15 000	PLN	31.12.2022*	WIBOR 1M + margin	14 999
Trakcja S.A.	mBank S.A.	Overdraft	20 000	PLN	31.12.2022*	WIBOR O/N + margin	15 463
Trakcja S.A.	mBank S.A., Bank Gospodarstwa Krajowego	Working capital credit	43 892	PLN	31.12.2022*	WIBOR 1M + margin	43 907
Trakcja S.A.	Pekao S.A.	Overdraft	20 000	PLN	31.12.2022*	WIBOR 1M + margin	9 433
Trakcja S.A.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	21 500	PLN	31.12.2022*	WIBOR 1M + margin	21 535
Trakcja S.A.	mBank S.A.	Investment credit	21 500	PLN	16.09.2021	WIBOR 1M + margin	2 950
Trakcja S.A.	mBANK S.A., Credit Agricole Bank Polska S.A., Bank Gospodarstwa Krajowego	Working capital credit	92 600	PLN	31.12.2022*	WIBOR 1M + margin	92 749
AB Kauno Tiltai	Luminor Bank AB	Working capital credit	4 000	EUR	31.05.2023	EURIBOR 3M + margin	8 849
AB Kauno Tiltai	Luminor Bank AB	Overdraft	12 000	EUR	30.06.2021	EURIBOR 1M + margin	-
Przedsiębiorstwo Eksploatacji Ulic i Mostów sp. z o.o.	Idea Getin Leasing	loan from other entities	244	PLN	15.06.2024	WIBOR 1M + margin	156
Przedsiębiorstwo Eksploatacji Ulic i Mostów sp. z o.o.	mBank S.A.	Overdraft	3 000	PLN	31.12.2022*	WIBOR 1M + margin	424
PDM S.A.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	2 500	PLN	31.12.2022*	WIBOR 1M + margin	2 500
Dalba sp. z o.o.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	1 000	PLN	31.12.2022*	WIBOR 1M + margin	1 000

Dalba sp. z o.o.	Polski Fundusz Rozwoju S.A.	loan from other entities	814	PLN	31.05.2023	interest-free	362
BTW sp. z o.o.	mLeasing	loan from other entities	16 397	PLN	15.03.2025	WIBOR 1M + margin	11 484
BTW sp. z o.o.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	2 000	PLN	31.12.2022*	WIBOR 1M + margin	2 000
BTW sp. z o.o.	Polski Fundusz Rozwoju S.A.	loan from other entities	1 412	PLN	31.05.2023	interest-free	435
Torprojekt sp. z o.o.	Polski Fundusz Rozwoju S.A.	loan from other entities	1 180	PLN	13.05.2023	interest-free	263
PRK 7 Nieruchomości sp. z o.o.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	4 000	PLN	31.12.2022*	WIBOR 1M + margin	4 000
Total							337 255

*) According to the annexes signed on June 17, 2021 referring to long-term financing, the term of repayment of these credit facilities and loans shall be extended to December 31, 2023 and January 1, 2024, respectively, as a result of extending the maturity of Series F and G Bonds, to which the Company's EGM agreed on September 10, 2021.

The interest rate of the loans received is the WIBOR/EURIBOR rate plus a bank margin. Bank margins depend on the bank and fixed repayment of the loan.

Long-term interest bearing loans and borrowings:

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Bank loans	192 820	185 704
- working capital loans	172 018	167 841
- overdraft	20 802	17 863
Loans from other entities	9 231	13 470
Loans from related entities	83 726	20 959
Lease liabilities	54 940	61 019
Total	340 717	281 152

Short-term interest bearing loans and borrowings:

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Bank loans	41 987	46 399
- investment loans	2 950	3 793
- working capital loans	34 519	38 087
- overdraft	4 518	4 519
Loans from other entities	3 470	3 105
Loans from related entities	6 021	6 933
Lease liabilities	29 176	29 694
Total	80 654	86 131
Total short and long term loan and credits	421 371	367 283

New financing agreements:

On June 17, 2021 the Company has signed the following documents on long-term financing, which cover the following annexes:

- annex which introduces a modified and consolidated credit agreement concluded between the Company and BTW sp. z o.o., PRK 7 Nieruchomości sp. z o.o., Platforma Działalności Międzynarodowej S.A., Przedsiębiorstwo Produkcyjno-Usługowe „DALBA” sp. z o.o., as borrowers and guarantors, and Torprojekt sp. z o.o., Przedsiębiorstwo Eksploatacji Ulic i Mostów sp. z o.o., TOB Trakcja Ukraina as guarantors (jointly “Affiliates”), and mBank S.A. with its seat in Warsaw, Credit Agricole Bank Polska S.A. with its seat in Wrocław, Bank Gospodarstwa Krajowego with its seat in Warsaw, as creditors, and ARP as the lender, pursuant to which the Company was granted a new credit and a new loan, and the guaranty line has been modified (“Consolidated Credit Agreement”);
- annex which introduces modifications to the agreement between creditors dated 13 June 2019, concluded by the Company, Affiliates, COMSA and creditors, that is: Bank Gospodarstwa Krajowego, ARP, mBank S.A., Credit Agricole Bank Polska S.A., Bank Polska Kasa Opieki S.A., AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (presently UNIQA Towarzystwo Ubezpieczeń S.A.), Credendo — Excess & Surety Societe Anonyme, Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A., Korporacja Ubezpieczeń Kredytów Eksportowych S.A., Generali Towarzystwo Ubezpieczeń S.A. and COMSA S.A.U., PZU S.A., UNIQA Towarzystwo Ubezpieczeń S.A. (jointly the “Creditors”), pursuant to which the conditions of cooperation between Creditors have been consolidated, the hierarchy of receivables has been set out as to which Creditors are entitled from the Company and from Affiliates, as well as of security interests established in the Creditors’ favour by the Company and its Affiliates;
- annex which introduces modifications to the agreement on joint conditions, concluded by the Company, Affiliates, mBank S.A., Credit Agricole Bank Polska S.A., Bank PKO S.A., Bank Gospodarstwa Krajowego and ARP, pursuant to which the conditions of granting financing to the Company and Affiliates by creditors which are banks and the ARP – have been consolidated;
- annex which introduces modifications to the understanding on the consolidation of selected conditions of granting guaranty and surety agreements of June 13, 2019, concluded by the Company, Affiliates, AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (now UNIQA Towarzystwo Ubezpieczeń S.A.), Credendo – Excess & Surety Societe Anonyme, operating in Poland through Credendo – Excess & Surety Spółka Akcyjna Oddział w Polsce [Polish Branch], Generali Towarzystwo Ubezpieczeń S.A., Korporacja Ubezpieczeń Kredytów Eksportowych S.A., Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A., PZU S.A. and UNIQA Towarzystwo Ubezpieczeń S.A., pursuant to which the conditions of granting financing to the Company

and Affiliates by creditors which are insurance companies – have been consolidated (“Insurance Agreement on Joint Conditions”).

(the documents specified in a-d shall be jointly referred to as “Financing Documents”).

Pursuant to the Consolidated Credit Agreement and under its terms, the Company which is the borrower:

- a. has been granted a new, open-end credit of a total amount equal to PLN 52,983 thousand;
- b. has been granted a new, open-end loan of a total amount equal to PLN 52,746 thousand;
- c. the bank guaranty lines have been modified, inter alia, by extending their periods of availability.

In particular, two new guaranties for returning an advance shall be issued, in amounts, as appropriate: PLN 30,067 thousand and PLN 30,868 thousand.

Additionally, as the Insurance Agreement on Joint Conditions has been modified, a new good performance guaranty shall be issued by insurance companies in an amount of PLN 30,067 thousand.

Furthermore, the Consolidated Credit Agreement also provides for capital injections to the Company by PKP PLK S.A, in an amount of no less than PLN 200,000 thousand by January 31, 2022. In the event the capital injection is not effected, the Company commits itself to conduct the sale of its subsidiary – AB Kauno Tiltai.

On June 24, 2021, the Company received notification from mBank, acting as credit agent, that the conditions precedent indicated in the annex to the Consolidated Credit Agreement dated June 17, 2021 had been fulfilled on June 24, 2021.

Change in interest-bearing loans and advances in the first half of 2021:

As at 1.01.2021	276 570
<i>Audited</i>	
Receipt of credits and loans	120 651
Repayment of credits and loans	(57 526)
Overpaid social security contributions	(2 217)
Accrued interest	4 343
Interest paid	(4 324)
Exchange rate differences	(242)
As at 30.06.2021	337 255
<i>Unaudited</i>	
including	
- long-term	285 777
- short-term	51 478

Structure of leasing liabilities:

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Long-term	54 940	61 019
Short-term	29 176	29 694
Total	84 116	90 713

Maturity analysis of lease liabilities according to contracts:

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Undiscounted lease liabilities as per contracts		
Within 0 to 90 days	12 460	5 732
Within 90 to 360 days	19 281	27 047
Within 1 to 5 years	44 497	49 545
Over 5 years	41 995	43 964
Total undiscounted lease liabilities	118 233	126 288

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
The present value of the minimum lease payments		
Within 0 to 90 days	11 753	4 860
Within 90 to 360 days	17 423	24 834
Within 1 to 5 years	39 213	43 689
Over 5 years	15 727	17 330
Total	84 116	90 713

Costs related to lease contracts:

	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Depreciation	7 412	9 986
Interest	1 960	2 602
Total leasing costs	9 372	12 588

Cash flows from leasing contracts in the period from January 1, 2021 to June 30, 2021 were negative and amounted to PLN -10,017 thousand.

35. Bonds

On May 8, 2020 the Company's Management Board adopted a resolution to:

- allot all 11,764,705 Series F secured registered bonds convertible into Series D shares of the Company with a nominal value of PLN 1.70 per share, with a total nominal value of PLN 19,999,998.50 and an issue price equal to the par value ("Series F Bonds") to Agencja Rozwoju Przemysłu S.A. ("ARP") and
- allot all 4,514,405 Series G unsecured registered bonds convertible into Series D shares of the Company with a nominal value of PLN 1.70 per share, with a total nominal value of PLN 7,674,488.50 and an issue price equal to the par value ("Series G Bonds") to COMSA S.A.U ("Comsa").

Series F Bonds and Series G Bonds were issued at an issue price equal to their par value. The Series F Bonds are secured with collateral indicated in the Terms and Conditions of Issue of Series F Bonds, including in particular a highest-ranking contractual mortgage on the Company's real property located in Bieńkowice established in favour of the mortgage administrator. In addition, the Company submitted representations on submission to enforcement under Article 777 § 1(5) of the Code of Civil Procedure for the benefit of the ARP concerning all of the Company's assets and for the benefit of the collateral administrator concerning the mortgaged property. Series G bonds are unsecured and are subject to contractual subordination in accordance with the Intercreditor Agreement.

The bonds bear interest based on 1M WIBOR plus an agreed margin. The Bonds redemption date is December 30, 2022. The Bonds may be redeemed early in cases provided for by law, as well as in the event of occurrence of circumstances that are typical for this type of bonds, as set out in the Terms and Conditions of issue of Series F Bonds and Series G Bonds. The Bonds were issued pursuant to Article 33 (2) of the Bond Act. The period for the payment of interest (interest period) under the Series F Bonds Conditions of Issue with the bondholders: ARP and Comsa, is 3 months.

Bond series	Issue date	Redemption date	Nominal value of one bond (in PLN)	Nominal value of the series (in thousands PLN)
F	08.05.2020	30.12.2022	1.7	20 000
G	08.05.2020	30.12.2022	1.7	7 674

Structure of bonds:

	30.06.2021	31.12.2020
	Unaudited	Audited
Long-term	28 141	27 832
Short-term	189	194
Total	28 330	28 026

As at the balance sheet date, June 30, 2021, the bonds were recognized in the balance sheet at amortized cost.

On September 10, 2021 the Extraordinary Meeting of the Parent Company adopted resolutions on the amending of Resolution No. 3 of the Extraordinary Meeting of the Parent Company of December 11, 2019 and Resolution No. 5 of the Extraordinary Meeting of the Parent Company of January 14, 2020, as a result of which the Extraordinary Meeting approved:

- Change of the buy-out date of Series F Bonds from December 30, 2022 to December 31, 2023,
- Change of the buy-out date of Series G Bonds from December 30, 2022 to February 1, 2024,
- Change of the date on which it will be possible to convert Series G Bonds to Series D stock, that is, as of 1 February 2022 the conversion of these bonds to Series D stock will be possible at any time before their buy-out date (at the present, a conversion may take place no more frequently than once per every quarter).

The new consolidated texts of the Conditions of Bond Issue adopted by the Management Board of the Parent Company, which take the above changes into account, shall be subject to approval by the Parent Company's Supervisory Board, and shall be accepted in the form of annexes with Bond Holders.

36. Failure to repay borrowings or violation of their terms, with regard to which no corrective measures have been taken

As at June 30, 2021, the Group had no credits or loans outstanding in accordance with the schedule. In addition, the Group was not in breach of any material provisions of the credit or loan agreement for which no remedial action had been taken by the end of the reporting period.

In connection with the signing on June 17, 2021 of a number of annexes to the agreements referred to in current report No. 20/2021, the Parent Company is required to comply with financial indices (hereinafter "Covenants") related to the current financial position of the Parent Company and the Group. The Agreement provides for the first verification of compliance with the Covenants by the Parent and the Group on December 31, 2021, and thereafter on a quarterly basis by the Parent and on an annual basis by the Group until September 30, 2023.

37. Provisions

As at 1.01.2021	75 061
<i>Audited</i>	
Recognized	15 278
Variations due to currency translation	(461)
Used	(10 690)
Reversed	(1 803)
As at 30.06.2021	77 385
<i>Unaudited</i>	
including	
- long-term	22 449
- short-term	54 936

38. Trade and other liabilities

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Trade liabilities, before discounting	275 382	320 615
Discounting of liabilities	-	-
Total, net trade liabilities after discounting	275 382	320 615
including:		
- liabilities from related entities	806	180
Amounts held	50 297	50 821
Budgetary liabilities	60 393	50 405
Payroll liabilities	13 258	11 641
Other liabilities towards third parties	6 057	3 083
Dividends and other distributions	93	93
Total trade and other liabilities	405 480	436 658

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Trade liabilities before discounting	325 679	371 436
With maturity within 12 months	308 763	350 208
With maturity over 12 months	16 916	21 228
Liability discounting	-	-
Total, Trade liabilities after discounting	325 679	371 436

39. Fair value of financial instruments

In the first half-year of 2021, the Group did not change the measurement method for any categories of financial instruments measured at fair value as compared to the annual financial statements. The carrying amounts of financial assets and liabilities are close to their fair values.

Due to a short-term nature of trade and other receivables and trade and other liabilities, as well as cash and cash equivalents, the carrying amounts of these financial instruments are close to their fair value.

Any borrowings granted and any loans and borrowings and lease liabilities incurred are based on the variable market rates linked to WIBOR and EURIBOR, and therefore their fair values are close to their carrying amounts.

For the shares held in other entities (including the related entities), the Group is unable to reliably determine their fair value due to the fact that they are not listed on the active market. In keeping with the accounting policy adopted by the Group, such shares are measured at cost less any impairment losses. An impairment test was conducted as at June 30, 2021, as there were prerequisites indicating a possibility of an impairment of the investment in subsidiaries of Trakcja S.A. No write-downs were made based on this test.

In the first half-year of 2021, no fair value was transferred between Level 1, 2 or 3 in the fair value hierarchy.

40. Assets and liabilities measured at fair value

The Group measures at fair value such categories of assets and liabilities as investment properties and financial derivatives. In the first half of 2021, there was no change in the technique of fair value measurement of the above assets and liabilities. The measurement method applied and the unobservable inputs used for measurement are described in detail in notes 24 and 47 in the Group's consolidated annual financial statements for 2020.

Balance sheet elements accounted in fair value	Level 1		Level 2		Level 3	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Investment properties	-	-	-	-	26 546	26 587
Office properties	-	-	-	-	22 291	22 331
Land properties	-	-	-	-	2 049	2 049
Deposits of natural aggregates	-	-	-	-	2 206	2 207

Level 1 – quoted market prices for similar assets or liabilities in active markets;

Level 2 – prices in active markets other than quoted market prices, set directly (by comparison with actual transactions) or indirectly (by application of measurement methods based on actual transaction);

Level 3 – prices other than prices in active markets.

In the first half-year of 2021, no fair value was transferred between Level 1, 2 or 3 in the fair value hierarchy.

41. Changes in business or economic conditions affecting fair value of the Group's financial assets or liabilities either recognised at fair value or at amortised cost

In the first half-year of 2021, there were no changes in any business or economic conditions which would have a significant effect on fair value of financial assets or liabilities.

In addition, the Group analysed the risk of impairment of assets and financial liabilities in connection with the outbreak of the SARS CoV-2 pandemic and assessed this risk as low.

42. Change in impairment losses and write-downs

	Goodwill	Inventory	Receivables	Total
As at 1.01.2021	262 692	2 785	97 712	363 189
<i>Audited</i>				
Recognized	-	-	14 954	14 954
Variances due to currency translation	-	(45)	(40)	(85)
Used	-	-	(894)	(894)
Reversed	-	-	(4 036)	(4 036)
As at 30.06.2021	262 692	2 740	107 696	373 128
<i>Unaudited</i>				

During the first half of 2021, the Parent Company effected an impairment write-off for trade receivables and other receivables in the amount of PLN 14,902 thousand (which includes the amount of PLN 5,391 thousand which was taken into account in the contract budget as a decrease of revenue, and the amount of PLN 6,702 thousand concerned the creation of a write-off of debit notes issued by the Parent Company for recipients and subcontractors during the same settlement period, and accordingly, made no impact on the financial performance for the period). The amount of the created impairment write-off for trade receivables and other receivables, which had an impact on the gross sales result during the first half of 2021 amounted to PLN 2,861 thousand.

43. Joint ventures

Jointly controlled operations – contracts performed in consortia

The Group performs certain long-term contracts under consortium agreements, as the consortium leader, without establishing separate entities. The Group recognises shares in such contracts as shares in joint operations in accordance with IFRS 11. Therefore, the Group does not recognise in profit or loss any such part of the revenues or costs related to such contracts as is attributable to the consortium members.

In the first half-year of 2021, the revenues attributable to the consortium members in relation to the contracts performed under the aforementioned consortia, which were not recognised in profit or loss of the Group, were PLN 99,051 thousand and the costs related thereto were PLN 97,089 thousand. In the comparable period, they were respectively PLN 38,706 thousand and PLN 40,033 thousand.

The Group's balance sheet as at June 30, 2021 does not include the trade receivables attributable to the consortium members in the amount of PLN 47,994 thousand (PLN 17,771 thousand as at December 31, 2020) or the trade liabilities attributable to the consortium members in the amount of PLN 48,149 thousand (PLN 19,206 thousand as at December 31, 2020).

44. Contingent and other off-balance-sheet items

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Contingent receivables		
From related entities due to:	83 945	78 648
Received guarantees and sureties	82 654	77 965
Bills of exchange received as collateral	1 291	683
Total contingent receivables	83 945	78 648
From related entities due to:		
From other entities due to:	11 064 520	11 050 816
Provided guarantees and sureties	932 590	873 150
Promissory notes	732 176	571 456
Mortgages	5 611 390	5 717 542
Assignment of receivables	1 170 717	1 053 263
Assignment of rights under insurance policy	-	227 438
Security deposits	44 434	34 754
Registered pledges	2 573 213	2 573 213
Total contingent liabilities	11 064 520	11 050 816

**) As at June 30, 2021 the Parent Company was in the process of signing new assignments under insurance policies, and for this reason the value of this item as at the balance sheet date amounts to PLN 0. The new agreements were signed on July 14 and 22, 2021. The assignments under insurance policies in force on December 31, 2020 expired as at June 30, 2021. New agreements were signed on July 14 and 22, 2021 and August 19, 2021 for a total amount of PLN 164,586 thousand.*

Contingent liabilities due to guarantees and sureties granted for the benefit of other entities are mainly guarantees issued by banks for the benefit of business partners of the Group members as collateral for their claims against the Group arising from the construction contracts performed (performance bonds, retention bonds and advance payment guarantees). Banks have a right of recourse against the Group members. Promissory notes are a different form of collateral for the aforementioned bank guarantees.

As at June 30, 2021, except for the aforementioned contingent receivables and liabilities, the Group had contingent receivables in the amount of PLN 706 thousand (as compared to PLN 1,245 thousand as at December 31, 2020) arising from the employment contracts signed with employees. If a manager fails to meet his or her obligations defined in Article 1 of the Non-Competition Agreement, he or she will pay, immediately and without a termination notice or any demand issued by the Group, a contractual penalty in the amount equal to the PLN equivalent of EUR 25,000 for each failure and the amount equal to the PLN equivalent of EUR 1,000 for each day in which such a failure occurs or continues. The contingent liabilities arising from employment contracts with employees were PLN 6,799 thousand as at June 30, 2021 (PLN 7,712 thousand as at December 31, 2020).

Tax settlements and other fields of business subject to regulations (for example, customs or foreign currency matters) may be subject to inspections by administrative authorities entitled to impose high penalties and sanctions. The lack of reference to the well-established legal regulations in Poland and Lithuania results in the legislation in force being ambiguous and inconsistent. Frequent differences in opinions as to the legal interpretation of tax regulations, both within the state authorities themselves and between such authorities and business entities, create conflicts and uncertainty. Such events result in the tax risk in Poland being much higher than in countries with more advanced tax systems. Tax settlements may be subject to inspection during the period of five years starting from the end of the year in which the tax was paid. As a result of the inspections carried out, any current tax settlements of the Group may be increased by additional tax liabilities. In the Group's opinion, the provisions recognised as at June 30, 2021 are sufficient to mitigate the recognised and measurable tax risk.

45. Significant events occurring in the first half of 2020 and subsequent to the end of the reporting period, which were not reflected in the financial statements for the first half of 2021

All significant events occurring in H1 2021 and after the reporting period were reflected in the Group's financial statements for the 6 months ended on June 30, 2021.

Below are presented significant events occurring in the first half of 2021.

Significant construction contracts	CR
11.02.2021 The Company and the Skarżysko-Kamienna Powiat, on behalf and for the benefit of which the County Roads Management Board in Skarżysko-Kamienna acts, as part of the project: »The construction of an integrated transportation system, including the reconstruction of the existing transportation system and the construction of a road structure to cross the Warsaw-Cracow railway line No. 8 and connect the Dolna Kamienna Housing Estate with the Przydworcowe Housing Estate in Skarżysko-Kamienna. The net value of the contract is PLN 28,281,151.47. The Work is to be completed by 31.12.2022.	4/2021
17.02.2021 The Management Board of Trakcja S.A. has become aware of the fact that on 16 February 2021 a contract was signed between the Issuer's subsidiary, Kauno Tiltai Sverige AB (with its registered office in Sweden), and the Skellefteå City Council ("Employer") for the execution of the following construction works: "New wooden bridge over the Skellefteälven River" ("Contract"). The subject of the Agreement is the construction of a new bridge for pedestrian, bicycle and vehicular traffic. The contract covers all the work, including delivery and installation in accordance with the tender documentation. Total net value of the Contract amounts to SEK 202,847,706 (PLN 90,733,778.89 - according to the exchange rate as of the day of signing the contract). The work being the subject of the Contract is to be completed by 31.08.2023.	5/2021
09.04.2021 The Management Board of Trakcja S.A. has become aware of the bilateral signing on 08.04.2021 of Annexes and Agreements of a similar nature as the basic contract in connection with the agreement concluded on 10 January 2018 for realization of project documentation and exercising author's supervision over the execution of the Warsaw cross-city line reconstruction under the project POIiŚ 5.1-13 titled "Works on the Warsaw cross-city line on section Warszawa Wschodnia – Warszawa Zachodnia". The total net value of the Annexes concluded on 8 April 2021 shall amount to PLN 15,964,381.26 , net, and the share of Torprojekt Sp. z o.o shall amount to PLN 12,270,223.44, net. The work is to be completed by 25 June 2029. The total net value of the Annexes in question and of the Agreement shall amount to PLN 40,008,188.26, and the share of Torprojekt Sp. z o.o shall amount to PLN 31,034,030.44, net.	8/2021
28.05.2021 The Management Board of Trakcja S.A. informs that today an annex was signed by the Company with PKP Polskie Linie Kolejowe S.A. to the contract concluded on 16 August 2017, for the open tender for designing and performing construction works on the E20 railway line Siedlce-Terespol for the task titled "Works on the E20 railway line in the section Siedlce-Terespol, stage III-LCS Terespol". The total net value of the concluded Annex will amount to PLN 24,195,948.83.	15/2021
02.06.2021 The Management Board of Trakcja S.A. informs that in its capacity of a Consortium Partner, it has signed today with the Municipality of Olsztyn an agreement on the performance and finishing of construction work defined as „Expansion of the Tram Line in Olsztyn”. The other Consortium participants are Polimex Mostostal S.A. and Polimex Infrastruktura sp. z o.o. (Consortium Leader). The net value of the contract amounts to PLN 327,775,896.84, where Trakcja S.A.'s share is 50% of the net contract value, i.e. PLN 163,887,948.42.	18/2021
The Issuer's Management Board has decided to publish the foregoing information, as the performance of the above-mentioned contract is a further step in the diversification of the Company's activities and its involvement in projects concerning the construction and modernisation of rail transport infrastructure.	

Refinancing process**CR**

17.06.2021 The Management Board of Trakcja S.A. informs that Company has signed the following documents on long-term financing.

Pursuant to the Consolidated Credit Agreement and under its terms, the Company which is the borrower:

- (i) has been granted a new, open-end credit of a total amount equal to PLN 52,983,000.00;
- (ii) has been granted a new, open-end loan of a total amount equal to PLN 52,746,000.00;
- (iii) the bank guaranty lines have been modified, inter alia, by extending their periods of availability. In particular, two new guaranties for returning an advance shall be issued, in amounts, as appropriate: PLN 30,067,215.94 and PLN 30,867,672.81.

20/2021

Additionally, as the Insurance Agreement on Joint Conditions has been modified, a new good performance guaranty shall be issued by insurance companies in an amount of PLN 30,067,216.67.

Furthermore, the Consolidated Credit Agreement also provides for capital injections to the Company by PKP PLK S.A. in an amount of no less than PLN 200,000,000.00 by 31 January 2022. In the event the capital injection is not effected, the Company commits itself to conduct the sale of its subsidiary – AB Kauno Tiltai.

24.06.2021 The Company's Management Board informs that on 24 June 2021 it has received notice from mBank S.A., acting in the capacity of credit agent, on the satisfaction on 24 June 2021 of the conditions precedent specified in the annex to the credit agreement dated 17 June 2021.

22/2021

Other	CR
04.01.2021 The Company received a notification pursuant to Article 19.1 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (MAR), presented by Comsa S.A.U. based in Barcelona as a person closely related with Fernando Perea Samarra, Miquel Llevat Vallespinosa and Jorge Miarnau Montserrat - members of the Company's Supervisory Board.	1/2021
07.01.2021 The Company hereby announced dates of publication of periodic reports in 2021.	2/2021
22.01.2021 The Company completed the process of cyclical reviews of long-term contracts and collection of financial data for the purpose of preparation of the Company's individual financial statements for the 12 months ended on 31 December 2020. Therefore, the Company announced the initial estimate 2020 results: Sales revenues: PLN 652,753 thousand, Gross result on sales: PLN -18,614 thousand, EBITDA: PLN -32,089 thousand, Net profit/loss: PLN -64,928 thousand.	3/2021
03.03.2021 the sales price for the Property has been paid, which has taken place in the following manner a part of the price in the amount of PLN 2,250,000.00 (two million two hundred fifty thousand) was received by the Company, a part of the price in the amount of PLN 50,150,000.00 (fifty million one hundred fifty thousand) was transferred by the buyer, that is, Lotnicza 100 spółka z o.o. (the "Buyer") by wire transfer to the account of mBank S.A with a view of repaying the whole of the Company's debt obligations under a working capital credit (in the amount of PLN 50 million and interest), secured by a contractual joint mortgage established upon the Property which was the object of the sale, this will enable the removal of the mortgage in question.	6/2021
01.04.2021 The Company has decided to create a revaluation write-down for "Investments in subsidiaries" within the framework of the Company's standalone balance sheet in the amount of PLN 3,855,000.00 and a revaluation write-down for "Goodwill from consolidation" within the framework of the Trakcja Group consolidated balance sheet in the amount of PLN 38,735,000.00. Additionally, the company made available to the public the update of the preliminary estimates of the Company's financial results for the 12 months ending on 31 December 2020.	7/2021
10.05.2021 The Company hereby informed on convening the Extraordinary General Meeting of Trakcja S.A. to be held on 10 September 2021.	9/2021
24.05.2021 The Company has received from its stockholder, Agencja Rozwoju Przemysłu S.A. [Industrial Development Agency JSC] ("ARP") notice on the concluding of a conditional understanding between ARP, PKP Polskie Linie Kolejowe S.A. ("PKP PLK") and the State Treasury of the Republic of Poland – Minister of Infrastructure, which primarily concerns involvement with the Company, within the framework of which, inter alia, PKP PLK has committed itself to subscribe 250,000.000 shares of the Company's stock for a total issue price in the amount of PLN 200,000.000.00.	10/2021
24.05.2021 The Company communicated inside information delayed on 26 November 2020 concerning the receipt of notice from Agencja Rozwoju Przemysłu S.A. [Industrial Development Agency JSC] and PKP PLK that PKP PLK has exceeded 15% of the total number of votes in the Company as a result of concluding an understanding between ARP and PKP PLK concerning, inter alia, the exercise of voting rights by ARP by reason of stock held in the Company's share capital in the manner agreed with PKP PLK, as regards the taking over of shares of stock of the new issue by PKP PLK.	11/2021
24.05.2021 The Company informed that on 25.11.2020 it received from Agencja Rozwoju Przemysłu S.A. [Industrial Development Agency JSC] and PKP PLK notice that PKP PLK has exceeded 15% of the total number of votes in the Company as a result of adding votes at the disposal of ARP following the concluding of an understanding between ARP and PKP PLK stipulated.	12/2021

24.05.2021 The Company has received from its stockholder, Agencja Rozwoju Przemysłu S.A. [Industrial Development Agency JSC] ("ARP") notice on the concluding of a non-binding understanding between the Company's stockholders, that is, ARP and COMSA, concerning primarily the acquisition by ARP or an entity under the direct or indirect control of the State Treasury of the Republic of Poland or another entity designated by ARP, previously approved by COMSA ("Designated Buyer") of all stock issued by the Company, held by COMSA at a particular moment. The Parties have also agreed in the understanding that ARP or the Designated Buyer shall acquire from COMSA all bonds issued by the Company, held by COMSA at a particular moment.	13/2021
24.05.2021 The Company has received from its stockholder, Agencja Rozwoju Przemysłu S.A. [Industrial Development Agency JSC] a stockholder representing at least one tenth of the Company's share capital – a motion for supplementing draft resolutions concerning business introduced into the Agenda of the Company's Extraordinary Meeting convened for 10 September 2021 accompanied by draft resolutions. The draft resolutions include a new draft concerning the increase of the Company's share capital containing i.a. the following points: a. the Company's share capital shall be increased from PLN 69.160.780, by PLN 200.000.000,00 zł i.e. to PLN 269.160.780,80 b. The increase of the Company's share capital shall be effected through the issuance of 250.000.000 ordinary bearer shares of series E, having the nominal value of PLN 0.80 each c. Series E Shares will be covered in full only by cash contributions before the registration of the increase of share capital made by issuing Series E Shares; d. the issue of Series E Shares will be conducted by way of private subscription referred to in Article 431 § 2 item 1) of the Code of Commercial Companies as part of an offer addressed to a single investor, i.e. to the company PKP Polskie Linie Kolejowe S.A. with its registered office in Warsaw e. the agreement for taking up Series E Shares should be concluded by within 45 days from the date of adoption of the resolution;	14/2021
31.05.2021 The Management Board of the Trakcja S.A. Company informs that on 31 May 2021 the Supervisory Board of the Company adopted resolutions, under which it appointed current four members of the Management Board of the Company i.e. Marcin Lewandowski, Paweł Nogański, Aldas Rusevičius i Arkadiusz Arciszewski for a new, joint term of office.	16/2021
01.06.2021 The Management Board of Trakcja S.A. convenes the Ordinary General Meeting of Trakcja S.A. for 29 June 2021.	17/2021
07.06.2021 The Management Board of Trakcja S.A. informs that the venue of holding the Company's Extraordinary General Meeting, convened for 10 September 2021 has been changed.	19/2021
23.06.2021 The Management Board of Trakcja S.A. informs that the Company has concluded today a consulting agreement with KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp.k., which marks the beginning of a review of strategic options for the Trakcja S.A. Group.	21/2021
29.06.2021 The Management Board of Trakcja S.A. announces the resolutions undertaken by the Company's Annual General Meeting, which was held on 29 June 2021.	23/2021
29.06.2021 The Management Board of Trakcja S.A. presents a list of shareholders holding at least 5% of the total number of voting rights at the Annual General Meeting held on 29 June 2021 in Warsaw.	24/2021
29.06.2021 The Management Board of Trakcja S.A. informs that on 29 June 2021, the shareholder of the Company, Agencja Rozwoju Przemysłu S.A. [Industrial Development Agency JSC], has submitted a written statement on the appointment – for a subsequent term of office – of Mr. Robert Sobków as Member of the Management Board, responsible for internal audit and Mr. Adam Stolarz as Member of the Management Board, responsible for the Company's key accounts.	25/2021

Events subsequent to the end of the reporting period, which are not reflected in the financial statements for the first half-year of 2021, are presented below.

Significant construction contracts	CR
05.07.2021 The Management Board of Trakcja S.A. informs that it has signed today with the City of Bydgoszcz a contract for the „Construction of a tram route connecting ul. Fordońska with ul. Toruńska, along with the expansion of the road layout and restructuring of the rail transport infrastructure in Bydgoszcz”. The net value of the contract amounts to PLN 124,890,000.00.	26/2021
11.08.2021 The Management Board of the Company Trakcja S.A. informs that today a contract has been signed bilaterally between Trakcja S.A. and PKP Polskie Linie Kolejowe S.A. on the performance of construction works within the Project OPI&E 5.1-11.2 entitled: “Works on the railway line no. 7 Warszawa Wschodnia Osobowa – Dorohusk at the section Warsaw – Otwock – Dęblin – Lublin, stage II” the section Warszawa Wschodnia Osobowa – Warszawa Wawer (“Contract”). In compliance with the Contract, the value of works amounts to: PLN 366,155,460.89 net.	31/2021
18.08.2021 The Management Board of Trakcja S.A., acting in the capacity of Consortium Leader, informs that it has signed today with Generalna Dyrekcja Dróg Krajowych i Autostrad in Olsztyn [General Directorate for National Roads and Motorways] an annex for a supplementary contract to the basic contract entitled “Design and construction of the S-61 Szczuczyn-Budzisko Expressway (state border) with the following division of tasks: Task no. 2: Elk Południe section hub - Wysokie hub (with an exit along the dk16 route). The estimated net value of the remuneration for the performance of additional work shall amount to PLN 23,118,309.59 – which includes the amount of PLN 16,537,938.34, net, for the Issuer. The actual value of the remuneration shall be confirmed by measurements.	33/2021

Other	CR
21.07.2021 The Management Board of Trakcja S.A. informs that on 21 July 2021 marks the completion of the cyclical review process of long-term contracts and collection of financial data for the purposes of preparing the Company's unit financial statements for the first half of the year ending on 30 June 2021.	27/2021
26.07.2021 Management Board of Trakcja S.A. announces that the Company has today received a notification submitted by Comsa S.A.U., seated in Barcelona, as a person closely related to Fernando Perea Samarra, Miquel Llevat Vallespinosa and Jorge Miarnau Montserrat - members of the Supervisory Board of the Company, regarding pledges on stocks held by Comsa S.A.U.	28/2021
26.07.2021 Management Board of Trakcja S.A. announces that on 26 July 2021, the Company received a statement from a stockholder, COMSA S.A.U., with its registered seat in Barcelona, submitted under Article 13.4 of the Company's Articles of Association, to the effect that as of 27 July 2021: - The Stockholder dismissed Mr Fernando Perea Samarra from the Supervisory Board of the Company; and - The Stockholder appointed Mr Julio Alvarez Lopez to the Supervisory Board of the Company.	29/2021
10.08.2021 The Management Board of the Trakcja S.A. company informs that today the Company has received from a Member of the Management Board Mr. Robert Sobków a statement on the termination of the Management Contract concluded with the Company, with a 3-month notice period.	30/2021
16.08.2021 The Management Board of Trakcja S.A. informs that it has received a motion for the placement of certain items in the agenda of the Company's Extraordinary General Meeting convened for 10 September 2021 from the following shareholder: Otwarty Fundusz Emerytalny PZU "Złota Jesień" (which is a shareholder holding alone at least one twentieth of the Company's share capital).	32/2021
19.08.2021 The Management Board of Trakcja S.A. informs that it has received a statement today from Mr. Robert Sobków concerning his resignation from the post of Member of the Company's Management Board, effective as of 19 August 2021.	34/2021
20.08.2021 The Management Board of Trakcja S.A. informs that it has received a motion for the placement of certain items in the agenda of the Company's Extraordinary General Meeting convened for 10 September 2021 from the following shareholder: Agencji Rozwoju Przemysłu S.A. (which is a shareholder holding alone at least one twentieth of the Company's share capital).	35/2021
08.09.2021 The Management Board of Trakcja S.A. informs that its shareholder, Otwarty Fundusz Emerytalny PZU „Złota Jesień” has nominated Ms. Magdalena Komaracka as a candidate in the election of a member of the Supervisory Board at the Company's Extraordinary Meeting.	36/2021
10.09.2021 The Management Board of Trakcja S.A. makes public the content of the resolutions adopted by the Extraordinary General Meeting of the Company ("EGM") held on September 10, 2021, together with the results of voting.	37/2021
10.09.2021 The Management Board of Trakcja S.A. informs that on September 10, 2021 the Extraordinary General Meeting of the Company adopted resolutions by means of which it: (i) dismissed Mr Michał Hulbój from the Company's Supervisory Board, (ii) appointed Ms Magdalena Komaracka as a member of the Supervisory Board of the Company.	38/2021
10.09.2021 The Management Board of Trakcja S.A. in Warsaw provides the list of shareholders holding at least 5% of the total number of votes at the Extraordinary General Meeting of the Company held in Warsaw on 10 September 2021.	39/2021
10.09.2021 The Management Board of Trakcja S.A. informed about the resolution of the Extraordinary General Meeting of 10 September 2021 on convening the Extraordinary General Meeting, the Management Board convenes the Extraordinary General Meeting of Trakcja S.A. on 29 November 2021 at 10:00 a.m. in Warsaw, in Room Sonata of the Mercure Hotel.	40/2021

46. Cyclicity and seasonality of operations

The sale of the construction and installation, renovation, as well as road and rail services in Poland is of a cyclical nature above all due to the weather conditions. The highest revenues are usually generated in the third and fourth quarters and the lowest in the first quarter.

47. Reclassification of financial assets due to changes in their purpose or use

In the first half of 2021, the Group did not change the classification of financial assets as a result of a change in their purpose or use.

48. Information on dividends paid or declared

In the first half-year of 2021, Trakcja S.A. did not pay any dividends.

On June 29, 2021, the Ordinary General Meeting of the Parent Company adopted a resolution to cover the Parent Company's loss for 2020 in the amount of PLN 70,481,175.84 from the Parent Company's capital reserve, created from the surpluses achieved on the issue of shares above their nominal value.

49. Significant court cases and disputes

The Parent Company below indicates significant proceedings pending before a court or other body regarding its liabilities and receivables and its subsidiaries.

Proceedings concerning the Parent Company:

The case concerning claims against Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. w upadłości likwidacyjnej with its registered office in Warsaw

The Parent Company merged with Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. with its registered office in Wrocław. As a result of this merger, the legal successor of both companies is Trakcja S.A. with its registered office in Warsaw. In connection with the announcement by the District Court of Warsaw-Praga Północ in Warsaw of the bankruptcy of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. ("PNI") with an option of composition, Przedsiębiorstwo Robót Komunikacyjnych i Inżynieryjnych S.A. with its registered office in Wrocław provided a submission of claims of November 20, 2012 to the bankruptcy court. The submission covered claims in the total amount of PLN 55,664,100.89, including the principal amount and the interest due up to the declaration of bankruptcy, as well as the accrued contractual penalties.

To the Parent Company's best knowledge, the list of claims towards PNI was drawn up. The claims of Trakcja S.A. were recognised in the amount of PLN 10,569,163.16, including PLN 10,274,533.87 for unpaid invoices and PLN 294,632.29 for interest on late payment. The Company's receivables from contractual penalties and other claims in the total amount of PLN 44,956,834.35 were dismissed. The Parent Company did not agree with that dismissal; therefore, an objection was submitted to the judge commissioner concerning the dismissal in the aforementioned scope. The court had rejected the objection; therefore the Parent Company filed a complaint which was overruled. On June 8, 2015, the Parent Company received a notice from the trustee in bankruptcy on the change in the bankruptcy procedure from the arrangement bankruptcy to the liquidation bankruptcy. The case is pending and its resolution date is difficult to predict.

Case against Leonhard Weiss International GmbH

As Leonhard Weiss International failed to respond to the statement including a debit note and a request for payment dated October 31, 2017, the Parent Company decided to take the case to court.

The case against Leonhard Weiss International GmbH ("LWI") for payment due under the sale agreement of 50% of shares in Bahn Technik Wrocław sp. z o.o. The Parent Company has responded to the lawsuit. At present, it is not possible to precisely indicate the expected date of completion of the case.

The value of the Parent Company's claim is PLN 20,551,495.00, including the statutory interest calculated as follows:

- 1) on PLN 7,500,000.00 from November 17, 2017 to the payment date;
- 2) on PLN 12,756,000.00 from December 8, 2017 to the payment date;
- 3) on PLN 295,495.00 from December 8, 2017 to the payment date.

The Parent Company requested also that the defendant reimburse the Company with the costs of the proceedings, including the costs of legal representation, in accordance with the cost records. At this stage, it is impossible to objectively at least estimate the amount of interest and costs of the proceedings which could be ordered to be paid for the benefit of the Company.

Case against ELTRANS sp. z o.o.

On May 30, 2019 the Company filed a lawsuit against ELTRANS sp. z o.o. based in Chorzow for the payment of PLN 2,768,004 plus interest as the payment of remuneration for delivery, assembly and training on operating two oil-less turbochargers.

On January 29, 2020 the court issued a decision to initiate the sanative proceedings.

A final judgement was delivered in the matter, which awarded the amount of PLN 2,768,003.20, including interest, in favour of Trakcja, as per the head of claim. Trakcja received an enforcement instrument; however, as Eltrans remains in a state of bankruptcy as at the date of publishing this report, enforcement is not possible at the moment.

Case against ALSTAL Grupa Budowlana sp. z o.o.

On May 22, 2019 the Company filed a lawsuit against ALSTAL Grupa Budowlana sp. z o.o. based in Jacewo for the payment of PLN 556,683.00 plus interest as the payment of remuneration for construction works performed as a contractor within the scope of the project ordered by Tauron Dystrybucja S.A. entitled "Network Management Development in Wrocław". On November 17, 2020, the trial will take place before the District Court in Bydgoszcz. The case is at the early stage of proceedings and its resolution date is difficult to predict.

Proceedings against the State Treasury – GDDKiA

On December 23, 2020, the Parent Company, Masfalt sp. z o.o. and Akcine bendrove "Kauno Tiltai" filed a request for arbitration against the State Treasury – the General Director of National Roads and Motorways, pursuing the amount of PLN 20,453,092.08 in total by way of remuneration for the performance of the essential part of the Agreement of October 23, 2017 for the design and implementation of the project referred to as "Extension of the national road no. 22 on the Czarlin – Knybawa section" and by way of remuneration for materials on the construction site, contractual penalty for the Contractor rescinding the Contract due to the Principal's fault, remuneration for additional works and reimbursement of general construction costs in connection with extending the time necessary to implement the investment. The case is at an early stage of proceedings and it is difficult to predict when it will conclude.

On December 30, 2020, the Parent Company and Przedsiębiorstwo Usług Technicznych Intercor sp. z o.o. lodged a claim against the State Treasury – the General Director of National Roads and Motorways, pursuing the amount of PLN 23,860,572.76 in total by way of reimbursement for general construction costs in connection with extending the execution period of the Agreement of October 12, 2015 for the design and construction of the project referred to as "Design and construction of the S-5 expressway on the Nowe Marzy - Bydgoszcz section – border of the Kujawsko-Pomorskie and Wielkopolskie Voivodeships, split into 4 parts. Part 4 – Design and construction of the S-5 expressway at the section from Szubin junction (together with junction) to Jaroszewo junction (together with junction), with a

length of approx. 19.3 km”, on account of a lump-sum payment for extending the time necessary to implement the investment, reimbursement of costs for performing additional land improvements and capitalized interest. The case is at an early stage of proceedings and it is difficult to predict when it will conclude.

On December 31, 2020, the Company and Przedsiębiorstwo Usług Technicznych Intercor sp. z o.o. lodged a claim against the State Treasury – the General Director of National Roads and Motorways, pursuing increased remuneration for the performance of the Agreement of October 12, 2015 for the design and construction of the project referred to as “Design and construction of the S-5 expressway on the Nowe Marzy - Bydgoszcz section – border of the Kujawsko-Pomorskie and Wielkopolskie Voivodeships, split into 4 parts. Part 4 – Design and construction of the S-5 expressway at the section from Szubin junction (together with junction) to Jaroszewo junction (together with junction), with a length of approx. 19.3 km” by the amount of PLN 33,633,917.85 and award of the amount of PLN 33,633,917.85 with statutory interest for delay. The case is at an early stage of proceedings and it is difficult to predict when it will conclude.

Proceedings against the Wielkopolskie Voivodeship - Wielkopolski Zarząd Dróg Wojewódzkich (Management for Provincial Roads) in Poznań

On July 15, 2021, the Company filed a lawsuit against the Wielkopolskie Voivodeship - Wielkopolski Zarząd Dróg Wojewódzkich in Poznań for payment of PLN 9,972,986.23 as compensation for the loss incurred in connection with the actions of the Wielkopolski Zarząd Dróg Wojewódzkich in Poznań. The dispute relates to the contract dated October 17, 2018 for the task entitled “Extension of provincial road No. 263 on the section from the intersection with DP 3403P in the town of Drzewce to the intersection with DW473 in the design and build system.” The case is at an early stage of proceedings and its completion date is difficult to predict.

On July 15, 2021, the Company and its subsidiary Akcine Bendrove Kauno Tiltai filed a lawsuit against the Wielkopolskie Voivodeship - Wielkopolski Zarząd Dróg Wojewódzkich in Poznań for payment of PLN 11,701,824.58 as compensation for the loss incurred in connection with the actions of the Wielkopolski Zarząd Dróg Wojewódzkich in Poznań. The dispute relates to the contract dated August 24, 2018 for the task entitled “Extension of provincial road No. 190 on the section from the intersection with provincial road No. 188 in Krajenka to the intersection with national road No. 10 - stage I in the design and build system”. The case is at an early stage of proceedings and its completion date is difficult to predict.

Proceedings against PKP PLK

On October 31, 2017, the Parent Company filed a case against PKP PLK for the payment of PLN 46,747,276.90 (including, interest of PLN 4,913,969.34), requesting that compensation be paid to it in connection with extension of the completion date of the agreement entitled: “Design and completion of construction works on the railway line Kraków – Medyka – State border, at the section Podłęże – Bochnia, km 16.000 – 39.000 as part of the project “Modernisation of railway line E 30/C-E30, section Kraków – Rzeszów, phase III” and a part of the lump-sum fee due to the Parent Company and unpaid by PKP PLK due to the submission of an unjustified statement on the withdrawal from the Agreement in part. On December 12, 2017, the Parent Company extended the claim whose current value is PLN 50,517,012.38 (including, interest of PLN 5,336,177.01). The extension pertained to the Parent Company’s claims against PKP PLK in relation to the groundless enforcement of the contractual penalties accrued and the part of remuneration for the performance of the contract and agreements for additional works, which PKP PLK unreasonably refuses to pay. On October 18, 2018, the Parent Company extended the claim to PLN 51,767,012.38. The damage of the Parent Company includes PLN 1,250,000.00, which the Parent Company was obliged to pay to the Bocheński Powiat in order to satisfy the request of PKP PLK concerning the earlier – than it resulted from the Work Schedule – launching of track 1 on the Bochnia route - Brzesko Okocim. On May 6, 2019, the Parent Company extended the claim to PLN 84,121,127. The Parent Company extended the scope of the claims pursued also by the claims for damages against PKP PLK, including tort claims of its subcontractors: Arcadis sp. z o.o., Torpol S.A. and PUT Intercor sp. z o.o. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On October 31, 2017, the Company along with Przedsiębiorstwo Budowlane "FILAR" Spółka z ograniczoną odpowiedzialnością with its registered office in Wrocław, and Berger Bau Polska Spółka z ograniczoną odpowiedzialnością with its registered office in Wrocław, has filed a case against PKP PLK S.A. for reimbursement of additional costs related with the extension of the completion date of the Contract for basic linear construction works at the section Wrocław – Grabiszyn – Skokowa and Żmigród – border of the Dolnośląskie Province within the scope of the project entitled "Modernisation of railway line E 59 at the section Wrocław – Poznań, Stage II – section Wrocław – border of the Dolnośląskie Province". The Parent Company's portion of the claim is PLN 11,640,113.77 (including, interest of PLN 1,415,797.02). The case is at the early stage of proceedings and its resolution date is difficult to predict.

On October 31, 2017, the Parent Company filed a case in the payment order proceedings against PKP PLK for the payment of PLN 12,221,007.10 (including, interest of PLN 1,821,726.10), requesting that unjust enrichment the form of unpaid remuneration be refunded for the completion of:

- a) additional works in connection with contract dated December 16, 2010 for the "Design and implementation of the construction works at the railway line Kraków – Medyka – national border, at the section Dębica – Sędziszów Małopolski (111.500 km – 133.600 km) under the project POIiŚ 7.1- 30 "Modernisation of railway line E30/C-E 30, section Kraków – Rzeszów, phase III" Tender proceedings 2.2" in the total amount of PLN 7,570,281.00;
- b) additional works in connection with contract dated November 29, 2010 for the "Design and implementation of the construction works at the railway line Kraków – Medyka – national border, at the section Sędziszów Małopolski – Rzeszów Zachodni under the project "Modernisation of railway line E3/C-E 30, section Kraków – Rzeszów, phase III" Tender proceedings 2.3" in the total amount of PLN 2,829,000.00.

The case is at the early stage of proceedings and its resolution date is difficult to predict.

On August 27, 2018, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 6,675,193.36 PLN along with statutory interest for delay, as compensation for unjust enrichment of the defendant in the form of unpaid remuneration for the performance of additional works related to the implementation of Agreement of December 16, 2010 for "Designing and execution of construction works on the Kraków - Medyka - State border railway line on the Dębica - Sędziszów Małopolski section in km 111,500 - 133,600 as part of the POIiŚ 7.1-30 project "Modernization of the E30 / CE 30 railway line, Kraków - Rzeszów section, stage III" Tender 2.2 "specified in the Contractor's Applications No. 72 (gas pipeline) and No. 85 (Bystrzyca creek), which constitutes the principal amount of the present claim, i.e. PLN 6,283.547.59 and capitalized interest on the principal for the period from October 6, 2017 to August 27, 2018. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On October 22, 2018, the Company filed a lawsuit for payment against PKP PLK , seeking the amount of PLN 632,459.66 (in words: six hundred thirty-two thousand four hundred fifty-nine zlotys and sixty-six grosz) along with statutory interest for delay, for additional works not provided for in the Agreement of March 14, 2017 for the preparation of design documentation and performance of construction works on the Poznań Wschód - Mogilno section from km 0.265 to km 73.000, as a part of the project: "Works on the railway line No 353 Poznań Wschód-Dziarnowo", i.e. works on the construction of additional access ways to platforms at the Wydartowo station, additional suspension of the overhead contact line on the Wydartowo – Trzemeszno route and preparation of maps for design purposes, as well as incurring additional costs related to the unpredictable increase in prices of services provided by PKP Energetyka on the overhead contact line. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On November 29, 2018, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 20,934,758.14 PLN along with statutory interest for delay, as reimbursement for the costs of extension of the implementation of Agreement of November 29, 2010 for "Designing and execution of construction works on the Kraków - Medyka - State border railway line on the Dębica – Sędziszów Małopolski section in km 133.600 - 154.900 as part of the POIiŚ 7.1-30 project "Modernization of the E30 / CE 30 railway line, Kraków - Rzeszów section, stage III" Tender 2.2", due to circumstances within the scope of responsibility of PKP PLK, both under the provisions of the

Contract, as a public procurement contract, as well as general liability for damages specified in the provisions of the Civil Code. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On January 17, 2019, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 12,296,388.86 PLN along with statutory interest for delay, as reimbursement for additional costs resulting from the extension of the implementation of Agreement for "Continuation of upgrade work on Railway Line E59 (track and subgrade work and track infrastructure work) as part of the POIiŚ 7.1-5.1 project entitled "Modernization of Railway Line E59 at the Wrocław-Poznań section, Stage III, Czempin-Poznań section" due to circumstances within the scope of responsibility of PKP PLK. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On April 3, 2019, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 1,320,495.25 PLN along with statutory interest for delay, as:

- a) reimbursement for additional costs resulting from the extension of the implementation of Agreement for Construction of civil engineering structures on km 160,857; km 155.170 and km 145.650 of railway line No 271 Wrocław – Poznań, as part of the POIiŚ 7.1-5.1 project entitled "Modernization of Railway Line E59 at the Wrocław-Poznań section, Stage III, Czempin-Poznań section" – as regards the Partial Contract A – railway viaduct on km 145.650 in Mosina, due to circumstances within the scope of responsibility of PKP PLK;
- b) reimbursement for the costs of additional works performed by the Company, not provided for in the Contractor's Bid for the contract in question.

The case is at the early stage of proceedings and its resolution date is difficult to predict.

On April 2, 2019, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 489,147.29 PLN (in words: four hundred eighty-nine thousand one hundred forty-seven zloty and twenty-nine grosz) along with statutory interest for delay, as a reimbursement for additional costs resulting from the extension of the implementation of Agreement for Construction of civil engineering structures on km 160,857; km 155.170 and km 145.650 of railway line No 271 Wrocław – Poznań, as part of the POIiŚ 7.1-5.1 project entitled "Modernization of Railway Line E59 at the Wrocław-Poznań section, Stage III, Czempin-Poznań section" – as regards the Partial Contract C – railway viaduct on km 160.857 in Mosina, due to circumstances within the scope of responsibility of PKP PLK. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On June 13, 2019, the Parent Company filed a suit against PKP PLK with the motion requesting security for the Parent Company's claim, the subject of which being stipulating the contents of the Parent Company's contractual obligations under agreements of:

1. December 16, 2010 on "Design and performance of construction works on the railway line Krakow – Medyka – state border on the section Dębica – Sędziszów Małopolski, in km 111,500–133,600 under the OPIE project 7.1-30 "Modernisation of the railway line E30/C-E 30, on the section Krakow–Rzeszów, Stage III" Tender 2.2 and
2. November 29, 2010 on "Design and performance of construction works on the railway line Krakow – Medyka – state border on the section Sędziszów Małopolski – Rzeszów Zachodni under the project "Modernisation of the railway line E3-/C-E 30, on the section Krakow – Rzeszów, stage III" Tender 2.3. Disputable circumstances in the case comprise the necessity of issuing the declaration of compliance of the fixtures or constructions with the type in compliance with the Act on Railway Transport, as well as the correctness of the design and performance of noise barriers.

The amount claimed by the plaintiff is PLN 12,301,072.

On September 14, 2021, the Parent Company instituted proceedings against PKP PLK concerning:

- a) the annulment of pt. 8.7 a) of the Special Terms of the Contract concerning the agreement of 24 July 2018 for the development and completion of works under the Szczecin Metropolitan Railway Construction Project

(including the existing sections of railway line no. 406, 273 and 351) – Project A “Modernisation of Railway Line No. 406 in the Szczecin Główny-Police section” and the agreement of 24 July 2018 for the development and completion of Works under the Szczecin Metropolitan Railway Construction Project (including the existing sections of railway line no. 406, 273 and 351) – Project B “Modernisation of the Selected Passenger Infrastructure of Railway Line No. 273, 351 and 401”;

- b) the confirmation that the Parent Company as the contractor is not obliged to complete certain works and developments under the aforementioned agreements.

The value of dispute calculated for the purposes of the court proceedings is PLN 229,794,615.00. The case is at the early stage of proceedings and its resolution date is difficult to predict.

As at the publication hereof, considering, in particular, the fact that the proceedings concern the terms of the agreements specified in pt. a) and b) above (and not the payment thereunder), the Parent Company is not able to estimate the aforementioned event’s impact on the financial performance of the Parent Company and the Group.

Continued negotiations on claims

In the period of 2021, the Management Board of the Parent Company carried on negotiations with PKP PLK in order to settle the court disputes in an amicable manner. As of the publication date hereof, the value of contractual claims pursued by Trakcja, its consortium partners and subcontractors in court against PKP PLK amounts to approximately PLN 158.6 million in total (the gross amount together with capitalized interest as of the date when the claim was filed), including the amount due to Trakcja being approx. PLN 120.3 million.

The Parent Company conducts mediations with PKP PLK with the involvement of the General Prosecutor’s Office as part of mediations at the Arbitration Court by the General Prosecutor’s Office of the Republic of Poland for the amount of PLN 139.2 million (the gross amount together with capitalized interest as of the date when the claim was filed), including for the amount due to Trakcja – PLN 106.9 million. At the present stage, the Management Board of the Parent Company is unable to determine when the mediation will conclude and its impact on the financial result.

During the I half-year of 2021 and after the balance sheet date, mediation meetings were held, during the course of which the parties presented their settlement proposals as regards court litigation and foundation piles. During the course of mediation, PKP PLK proposed the signing of a preliminary understanding, which would provide for the preliminary arrangements as regards further proceedings with regard to the foundation piles. The parties are presently involved in the drafting of the contents of a preliminary understanding and are simultaneously negotiating the final value of the mediation settlement as regards pending court cases under actions brought forth by Trakcja against PKP PLK.

As of June 30, 2021, the value of other contractual claims which the Parent Company is pursuing, together with consortium partners and subcontractors, on a contractual basis (out of court) is PLN 305.9 million, including the amount due to Trakcja being PLN 264.2 million.

Proceedings concerning subsidiaries:

AB Kauno Tiltai

The investor, AB Lietuvos geležinkeliai, filed a lawsuit against the Consortium, of which a subsidiary, AB Kauno Tiltai, is a member, for a total amount of PLN 67,764,785 (EUR 14,989,556.33). Pursuant to a decision of the court, this amount was reduced to PLN 4,710,122 (EUR 1,041,878). The share of Trakcja Group in liabilities (if any) that may arise from these proceedings is 65%. The Group refrained from making any other disclosures related to this court case by invoking clause 92 of IAS 37. According to the Management Board of The Parent Entity those disclosures may reveal information to parties of court proceedings, which can be used in the ongoing proceedings against the interests of the subsidiary AB Kauno tiltai.

50. Transactions with related entities

Intragroup transactions are made at arm's length. These transactions are excluded from the condensed consolidated financial statements.

The total amounts of transactions made between the related entities in the period covered by the condensed consolidated financial statements and in the comparable period are presented below.

Related entities	Financial year	Interest costs	Other financial costs
Shareholders of parent company:			
COMSA S.A.	1.01.2021 - 30.06.2021	275	9
	1.01.2020 - 30.06.2020	274	3
Agencja Rozwoju Przemysłu S.A.	1.01.2021 - 30.06.2021	1 060	653
	1.01.2020 - 30.06.2020	797	7
Total			
	1.01.2021 - 30.06.2021	1 335	662
	1.01.2020 - 30.06.2020	1 071	10

Please also find below information on receivables from and liabilities towards the related entities as at balance sheet date and as at the end of the comparable period.

Related entities	Reporting date	Borrowings received	Net receivables from related entities	Liabilities towards related entities	Bonds payable
Shareholders of parent company:					
COMSA S.A.	30.06.2021	242	93	86	8 214
	31.12.2020	241	95	88	7 930
Agencja Rozwoju Przemysłu S.A.	30.06.2021	89 506	628	720	20 116
	31.12.2020	27 651	-	92	20 096
Total					
	30.06.2021	89 748	721	806	28 330
	31.12.2020	27 892	95	180	28 026

51. Remuneration of the Parent Company's Management Board and Supervisory Board members

The Management Board of the Parent Company is the key management of the Group.

The remuneration of the Parent Company's Management Board and Supervisory Board has been presented in the tables below.

Remuneration of the Management Board	Period ended			
	30.06.2021		30.06.2020	
	Unaudited		Unaudited	
	In parent company	In subsidiaries	In parent company	In subsidiaries
Salaries and other current employee benefits	2 566	624	2 084	376
post-employment benefits	-	-	-	-
Benefits due to termination of employment	-	-	-	-
Total	2 566	624	2 084	376

Remuneration of the Supervisory Board	Period ended			
	30.06.2021		30.06.2020	
	Unaudited		Unaudited	
	In parent company	In subsidiaries	In parent company	In subsidiaries
Salaries and other current employee benefits	570	272	517	265
Total	570	272	517	265

Warsaw, September 15, 2021

Management Board:

Marcin Lewandowski

President of the Management Board

Paweł Nogalski

Vice-President of the Management Board

Arkadiusz Arciszewski

Vice-President of the Management Board

Aldas Rusevičius

Vice-President of the Management Board

Adam Stolarz

Member of the Management Board

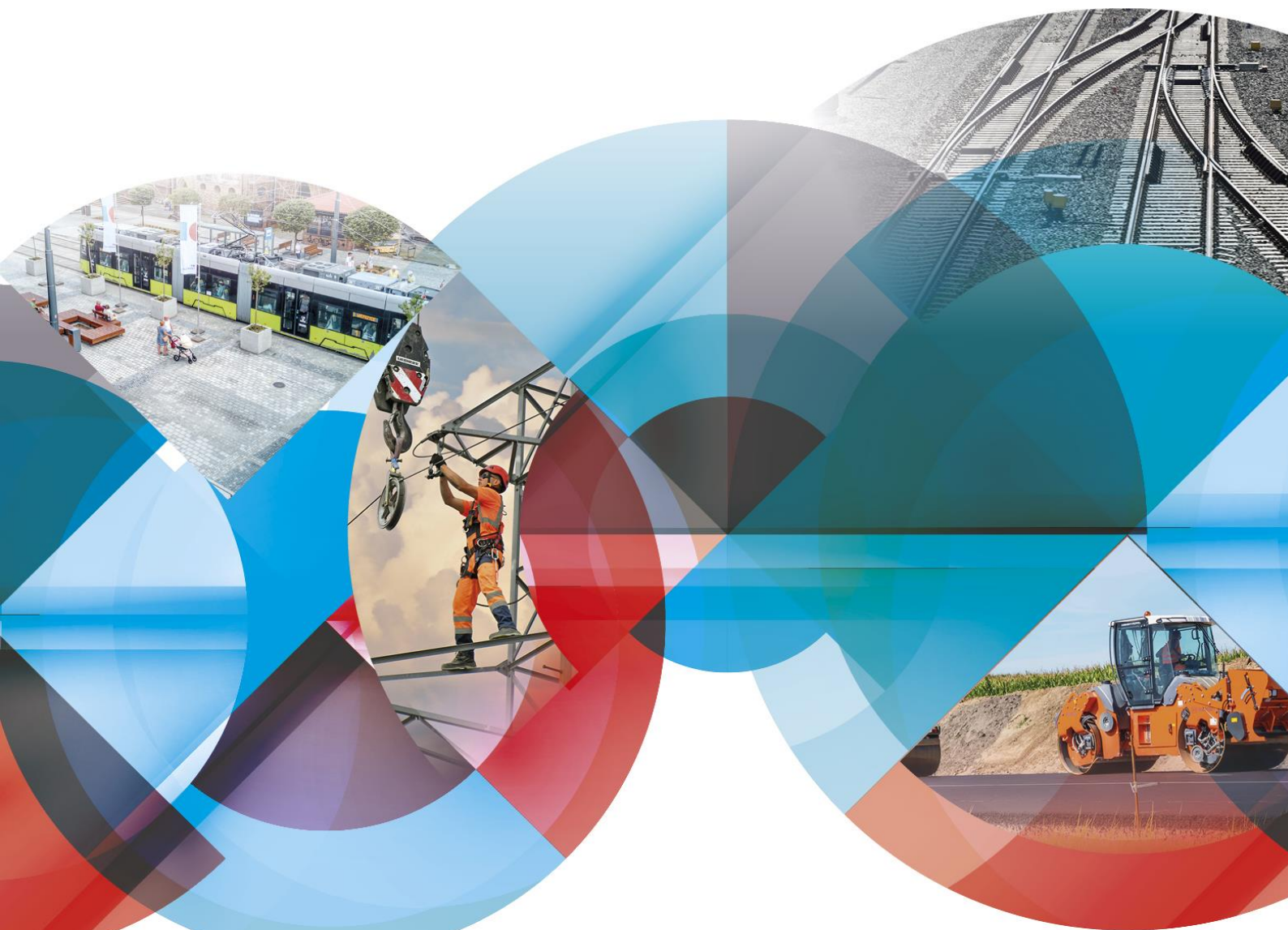
Person responsible for preparing the report:

Katarzyna Kocerka

Financial Reporting Director

Trakcja Group

CONDENSED FINANCIAL STATEMENTS
FOR THE 6-MONTH PERIOD ENDED **JUNE 30, 2021**
PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING STANDARDS



published in accordance with § 60 para. 1 point 1 of the Ordinance of the Minister of Finance of 29 March 2018 regarding current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757).

**This document is a translation
The Polish original should be referred to in matters of interpretation**

We change the vision into reality

APPROVAL OF THE CONDENSED FINANCIAL STATEMENTS

The Management Board of Trakcja S.A. has approved the condensed financial statements of Trakcja S.A. for the period from January 1, 2021 to June 30, 2021.

The condensed financial statements for the period from January 1, 2021 to June 30, 2021 are prepared in accordance with IAS 34 Interim Financial Reporting approved by the European Union.

Information included herein is presented in the following sequence:

1. Income statement for the period from January 1, 2021 to June 30, 2021, which shows a net loss of PLN **26 409** thousand.
2. Statement of comprehensive income for the period from January 1, 2021 to June 30, 2021, which shows the negative total comprehensive income of PLN **26 409** thousand.
3. Balance sheet as at June 30, 2021, which shows the total assets and total equity and liabilities of PLN **1 100 105** thousand.
4. Statement of cash flows for the period from January 1, 2021 to June 30, 2021, which shows a decrease in the total net cash flows by PLN **741** thousand.
5. Statement of changes in equity for the period from January 1, 2021 to June 30, 2021, which shows a decrease in the equity by PLN **26 409** thousand.
6. Selected explanatory notes.

The condensed financial statements have been drawn in thousands of Polish zlotys, unless explicitly stated otherwise.

Certain financial and operational data provided herein have been rounded. Therefore, the sum of the amounts in a given column or row in certain tables provided herein may differ slightly from the total amount given for such a column or row.

Marcin Lewandowski

President of the Management Board

Paweł Nogalski

Vice-President of the Management Board

Arkadiusz Arciszewski

Vice-President of the Management Board

Aldas Rusevičius

Vice-President of the Management Board

Adam Stolarz

Member of the Management Board

Warsaw, September 15, 2021

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INCOME STATEMENT

	Note	1.01.2021 - 30.06.2021 <i>Unaudited</i>	1.01.2020 - 30.06.2020 <i>Unaudited, Modified*</i>
Continued operations			
Sales revenue	5	317 351	315 775
Cost of goods sold	6	(327 923)	(318 537)
Gross profit (loss) on sales		(10 572)	(2 762)
Cost of sales, marketing and distribution	6	(1 028)	(1 043)
General and administrative costs	6	(14 059)	(14 316)
Other operating revenues	7	2 780	3 390
Other operating costs	8	(999)	(3 399)
Operating profit (loss)		(23 878)	(18 130)
Financial revenues	9	5 923	2 539
Financial costs	10	(10 593)	(11 162)
Gross profit (loss)		(28 548)	(26 753)
Income tax		2 139	3 736
Net profit (loss) from continued operations		(26 409)	(23 017)
Net profit for the period		(26 409)	(23 017)
Profit per share attributable to shareholders in the period (PLN per share)	11		
- basic		(0,31)	(0,27)
- diluted		(0,22)	(0,27)

*The restatement in I half of 2020 relates to the reclassification of costs between costs of sale, marketing and distribution as well as general management and administrative costs on one hand and own cost of sales on the other hand (for more information, see section 2.6 hereof)

STATEMENT OF COMPREHENSIVE INCOME

	Note	1.01.2021 - 30.06.2021 <i>Unaudited</i>	1.01.2020 - 30.06.2020 <i>Unaudited</i>
Net profit for the period		(26 409)	(23 017)
Other comprehensive income:			
Other comprehensive net income that will be reclassified to profit or loss:		-	(41)
Foreign exchange differences on translation of foreign operations		-	(41)
Total other comprehensive income		-	(41)
Total comprehensive income for the period		(26 409)	(23 058)

BALANCE SHEET

	Note	30.06.2021 Unaudited	31.12.2020 Audited
ASSETS			
Non-current assets		614 915	614 064
Tangible non-current assets	12	151 887	158 946
Intangible assets	12	51 452	51 255
Investment properties	15	23 941	23 981
Investments in subsidiaries	13	307 453	307 453
Other financial assets		13 609	6 241
Deferred tax assets		61 905	59 765
Prepayments		4 668	6 423
Current assets		485 190	520 523
Inventory	17	41 411	46 494
Trade and other receivables	18	262 744	307 855
Other financial assets		4 789	8 481
Cash and cash equivalents	19	7 435	6 693
Prepayments		10 221	8 862
Contracts with customers assets	16	153 553	137 101
Assets held for sale	21	5 037	5 037
TOTAL ASSETS		1 100 105	1 134 587
Equity and liabilities			
Equity		253 236	279 645
Share capital	22	69 161	69 161
Revaluation reserve		7 082	7 082
Other capital reserves		203 402	273 883
Retained earnings		(26 409)	(70 481)
Total equity		253 236	279 645
Long-term liabilities		384 650	294 482
Interest-bearing loans and borrowings	23	353 011	263 881
Bonds	24	28 141	27 832
Provisions	26	3 077	2 289
Liabilities due to employee benefits		421	480
Short-term liabilities		462 219	560 460
Interest-bearing loans and borrowings	23	67 984	94 610
Bonds	24	189	194
Trade and other liabilities	25	267 694	302 052
Provisions	26	45 705	42 133
Liabilities due to employee benefits		5 046	9 658
Accruals		1 027	716
Contracts with customers liabilities	16	74 574	111 097
TOTAL EQUITY AND LIABILITIES		1 100 105	1 134 587

STATEMENT OF CASH FLOWS

	Note	1.01.2021 - 30.06.2021 <i>Unaudited</i>	1.01.2020 - 30.06.2020 <i>Unaudited</i>
<i>Cash flows from operating activities</i>			
Gross profit from continued operations		(28 548)	(26 753)
Adjustments for:		(75 236)	(43 158)
Depreciation		10 297	10 033
FX differences		(344)	882
Net interest and dividends		3 816	5 534
Profit on investment activities		(974)	(742)
Change in receivables	20	(6 140)	2 756
Change in inventory		5 083	2 021
Change in liabilities, excluding loans and borrowings	20	(39 128)	(26 333)
Change in prepayments and accruals		707	2 032
Change in provisions		4 360	(24 842)
Change in settlements from contracts		(52 975)	(14 696)
Other		62	197
Net cash flows from operating activities		(103 784)	(69 911)
<i>Cash flows from investment activities</i>			
Sale (purchase) of intangible assets and tangible non-current assets		53 355	(596)
- acquisition		(1 072)	(3 017)
- sale		54 427	2 421
Loans		-	(200)
- repaid		-	(200)
Financial assets		(3 583)	621
- granted or acquired		307	809
- repaid		(3 890)	(188)
Net cash flows from investment activities		49 772	(175)
<i>Cash flows from financial activities</i>			
Net proceeds from bond issues		-	20 000
Proceeds on account of taken borrowings and loans		130 732	39 979
Repayment of borrowings and loans		(62 173)	(6 199)
Interests and commissions paid		(5 806)	(7 133)
Payment of liabilities under financial lease agreements		(8 000)	(7 901)
Net cash flows from financial activities		54 753	38 746
Total net cash flows		741	(31 340)
Cash at start of period		6 693	47 514
Cash at end of period	19	7 435	16 174
- with limited access		1	-

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserve	Other reserve capitals			Foreign exchange differences on translation of foreign operations	Retained earnings	Total
				Share premium	Actuarial gains/ (losses)	Results from previous years			
As at 01.01.2021 Audited	69 161	-	7 082	269 641	391	3 851	-	(70 481)	279 645
Net profit for the period	-	-	-	-	-	-	-	(26 409)	(26 409)
Total comprehensive income	-	-	-	-	-	-	-	(26 409)	(26 409)
Distribution of profit	-	-	-	(70 481)	-	-	-	70 481	-
As at 30.06.2021 Unaudited	69 161	-	7 082	199 160	391	3 851	-	(26 409)	253 236
As at 01.01.2020 Audited	69 161	340 561	7 082	-	391	182 433	(24)	(249 679)	349 925
Net profit for the period	-	-	-	-	-	-	-	(23 017)	(23 017)
Other comprehensive income	-	-	-	-	-	-	(41)	-	(41)
Total comprehensive income	-	-	-	-	-	-	(41)	(23 017)	(23 058)
Reclassification in accordance with the resolution of the General Meeting	-	(340 561)	-	340 561	-	-	-	-	-
Distribution of profit	-	-	-	(70 920)	-	(178 759)	-	249 679	-
Issue of bonds convertible into shares	-	-	-	-	-	178	-	-	178
As at 30.06.2020 Unaudited	69 161	-	7 082	269 641	391	3 852	(65)	(23 017)	327 045

	Share capital	Share premium	Revaluation reserve	Other reserve capitals			Foreign exchange differences on translation of foreign operations	Retained earnings	Total
				Share premium	Actuarial gains/ (losses)	Results from previous years			
As at 1.01.2020 Audited	69 161	340 561	7 082	-	391	182 432	(24)	(249 678)	349 925
Net profit for the period	-	-	-	-	-	-	-	(70 481)	(70 481)
Other comprehensive income	-	-	-	-	-	-	24	-	24
Total comprehensive income	-	-	-	-	-	-	24	(70 481)	(70 457)
Reclassification in accordance with the resolution of the General Meeting	-	(340 561)	-	340 561	-	-	-	-	-
Distribution of profit	-	-	-	(70 920)	-	(178 759)	-	249 679	-
Issue of shares		-	-	-	-	178	-	-	178
As at 31.12.2020 Audited	69 161	-	7 082	269 641	391	3 851	-	(70 481)	279 645

SELECTED EXPLANATORY NOTES

1. General information

On January 29, 2002 the Company was entered in the National Court Register by the District Court in Warsaw, 19th Commercial Division, under KRS 0000084266. The Company was assigned the statistical number REGON 010952900, the tax identification number NIP 525-000-24-39 and the PKD code 4212Z.

On July 29, 2020, the District Court for the capital city of Warsaw in Warsaw has registered an amendment in the Statute concerning a change of the Company's name from "Trakcja PRKiI Spółka Akcyjna" to "Trakcja Spółka Akcyjna".

The registered office of the Company is located at al. Jerozolimskie 100 in Warsaw. The term of the Company is unspecified.

According to the Articles of Association, Trakcja S.A. renders specialist construction and installation services within the scope of railway and tram lines electrification. The Company specialises in the following types of activity:

- foundation and network works,
- installation of traction substations and section cabs,
- installation of high and low voltage overhead and cable lines,
- installation of local supply and control cables,
- manufacturing of products (high, medium and low voltage switching stations, traction network equipment and local control devices),
- specialist equipment services (excavators, railway and truck cranes, boring rigs, pile drivers),
- construction of bridges, viaducts, piers, flyovers, tunnels, underground passings, roads and accompanying elements of rail and road infrastructure.

These condensed financial statements cover the period of 6 months ended June 30, 2021 and include comparative information for the period of 6 months ended June 30, 2020 and as at December 31, 2020.

These financial statements were approved for publication by the Management Board on September 15, 2021. The financial statements form part of the consolidated half-yearly report that contains also the condensed consolidated financial statements of Trakcja Group ('Group'), whose parent company is the Company.

The composition of Trakcja Group and other general information about the Company have been presented in Note 2 of the selected explanatory notes to the Group's condensed consolidated financial statements for the period of 6 months ended June 30, 2021.

The ultimate parent company in Trakcja Group is COMSA S.A., a Spanish company, which prepares the consolidated financial statements that include, among many, the data of Trakcja Group.

2. Accounting principles and changes therein in the half year concerned

2.1. Significant values based on professional judgment, estimates and assumptions

Significant values based on professional judgement and estimates are described in detail in Note 6 to the annual financial statements of Trakcja S.A. for 2020. In the 1st half of the year 2021, there have been no material changes to the accounting estimates, assumptions and professional judgement of the management subject to verification as on the balance sheet day of June 30, 2021.

Please find below the professional judgement of the management and the assumptions concerning the future and also other key sources of uncertainties present at the balance sheet date, which bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.2. Professional judgement

Fair value of financial instruments

If the market for financial instruments is not active, their fair value is established by using relevant measurement techniques. When selecting methods and assumptions, the Company follows the professional judgement. The assumptions made for this purpose are presented in Note 43 of the Notes to the consolidated financial statements of Trakcja for 2020.

In the first half of 2021, the Company has not changed the measurement method for financial instruments measured at fair value. The carrying amounts of financial assets and liabilities are close to their fair values.

Investment properties

The Company's Management Board classifies property as tangible non-current assets or investment properties depending on their intended use by the Company.

Classification of joint contractual arrangements

The Company verifies whether it exercises joint control and determines the type of joint arrangement in which it is involved by considering its rights and obligations under a given arrangement and the structure and legal form of the arrangement, as well as the terms thereof agreed by the parties.

Control over related entities

The company exercises control over the related entities, if it is exposed or has rights to variable returns from its involvement and when it is in a position to use its powers over an entity to exert an effect on such returns. In the first half of 2021, the Company did not take control of any significant entity.

2.3. Uncertainty of estimates and assumptions

Measurement of long-term construction contracts

The Company measures long-term construction contracts based on the input-based method, where it recognizes revenue based on costs incurred as compared to the total expected expenditure required to fulfill the performance obligation. Individual contract budgets are subject to a formal updating process based on current information, but no more frequently than once a quarter. If the cost incurred is not proportional to the degree in which the performance obligation is fulfilled, the Company – in order to better reflect the degree in which the obligation is fulfilled – adjusts the effort-based method so as to recognize only those revenues that correspond to the costs incurred.

If the Company is unable to measure the results of fulfilling a performance obligation in a rational manner, then the revenue earned on account of that contract is recognized only up to the amount of costs incurred that the Company expects to recover.

Separation of non-lease components

The Company assesses whether the contract includes lease and non-lease components. Non-lease components, such as maintenance fees in contracts for lease of premises, or service maintenance of components of assets constituting the subject of the contract, are then separated from contracts that included lease and non-lease components. However if the contract covers non-lease elements which the Company deems insignificant in the light of the entire contract,

the Company shall apply a simplification consisting in joint treatment of lease and non-lease elements as one lease element.

Defining the lease term

In defining the lease term, the Company assesses all material facts and events which affect the existence of economic triggers to use the option of prolongation, or not using the option of termination. The assessment is made in case of a significant event or a significant change in circumstances affecting the assessment.

Useful lives of asset components due to usage rights

The estimated useful life of assets under usage rights is determined in the same way as in the case of property, plant and equipment.

Provisions for additional works

Provisions for additional works are estimated based on the knowledge of the construction site (contract) directors with regard to the required or potential performance of additional works for the benefit of the contracting entity, in order to fulfil warranty obligations. The Company is obliged to grant warranty for its services. The provision for additional works depends on the segment in which the companies operate and is based on the Company's historical data. It is subject to individual review and may be increased or decreased when necessary. Any change in the estimates affects the value of the provisions.

Provisions for contractual penalties

The Company recognises provisions for contractual penalties in relation to any contracts under completion in the amounts in which they may and are likely to be imposed. Provisions are recognised based on the documentation regarding the contract completion and on the opinion of lawyers who participate in the ongoing negotiations and estimate the Company's potential future liabilities on the basis of their course. The carrying amount of the provisions for additional works as at 30 June 2021 is presented in Note 26 of the Notes.

Measurement of employee benefit liabilities

Any employee benefit liabilities for retirement allowances and jubilee bonuses in the current period are estimated on the basis of actuarial methods which take into account the amendments to the remuneration regulations made on September 21, 2020. The amount of liability depends on various factors which are applied as assumptions in the actuarial method. Key assumptions for determining the amount of liability are the discount rate and the average expected increase in wages.

Deferred tax assets

The Company recognises a deferred tax asset assuming that in the future a taxable profit is generated that will allow for its use. Any deterioration in the future taxable profits may result in the assumption becoming unjustified. The Parent Company's Management Board verifies the estimated recoverability of deferred tax assets on the basis of changes in the factors taken into account, new information and past experiences. The likelihood that deferred tax assets will be utilised against future taxable profits is assumed in the Company's forecast. The Company's companies recognise deferred tax assets up to the amount corresponding to the likely amount of future taxable profit that will allow for negative temporary differences to be deducted. The Company's companies, which generated losses in the past and whose financial forecast does not project future taxable profits that would allow for negative temporary differences to be deducted, do not recognise any deferred tax assets in their books.

Amortisation and depreciation rates

Depreciation and amortisation rates are determined on the basis of the expected economic useful lives of tangible non-current assets and intangible assets. Every year the Company reviews the adopted economic useful lives using current estimates. During the 6-month period ended 30 June 2021, there were no significant changes in the depreciation rates applied by the Company.

Investment properties

Investment properties are measured at fair value. The value of investment properties is determined by independent experts who hold valid authorisations to perform such valuations. In selecting the approach and technique thereof, the Group follows the principles set forth in IFRS 13 and in the Real Estate Management Act and also in the Regulation of the Council of Ministers on the detailed principles of property valuation and rules and method for preparing valuation reports. Fair value of investment properties is measured by way of applying measurement techniques that require a maximum use of observable data. As at June 30, 2021, there were no indications of a possible change in the value of investment properties, therefore the Company did not make a valuation as at that date.

Impairment of investments in subsidiaries

Shares and stock in subsidiaries are disclosed at their purchase value less any impairment write-offs. The necessity of making an impairment write-off is valued in accordance with IAS 36 Impairment of Assets by comparing the balance sheet value against the greater of two amounts: fair value less disposal costs and value in use. As at June 30, 2021, conditions appeared which indicate the possibility of impairment of investments at subsidiaries, and accordingly, the Company conducted a test, as a result of which no impairment of investments was found.

Impairment of financial assets

In assessing whether financial assets have been impaired, available and generally used methods of valuation were employed, taking into account forecasts of the shaping of future Company cash flows in connection with the held assets.

Impairment of inventories

The Management Board assesses whether there are any premises indicating the possibility of impairment of inventories in accordance with note 8.8 of Additional information and explanations in the annual financial statements for the year ended December 31, 2020. Determining the impairment requires estimating the net value possible to obtain for inventories that have lost their useful or useful features. The change in the inventory revaluation write-down has been presented in Note 30 of Additional information and explanations.

Expected credit loss and impairment of trade and other receivables

Pursuant to IFRS 9, the Company recognises a loss allowance for expected credit losses on trade and other receivables. For trade receivables, the Company applies a simplified approach for receivables analysed on a collective basis – for these receivables, an allowance for lifetime expected credit losses is calculated, regardless of the analysis of changes in credit risk. For other receivables and financial instruments held, the Company recognises an allowance for 12-month expected credit losses if the credit risk is low or has not increased significantly since initial recognition of receivables in the balance sheet and at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. The change in the impairment allowance for trade and other receivables is presented in Note 30 of Additional information and explanations.

Fair value measurement and measurement procedures

Some assets and liabilities of the Company are measured at fair value for the purposes of financial reporting. The Company measures the fair value of assets or liabilities, to the extent possible, on the basis of the market data observable. Detailed information on items measured at fair value is presented in notes 27 and 28 of Additional information and explanations. Information on valuation techniques and batch data used to measure the fair value of individual assets and liabilities is disclosed in notes 23, 43, 45 of Additional information and explanations to the annual separate financial statements of Trakcja S.A. for the financial year ended December 31, 2020.

2.4. Basis for preparing

The condensed financial statements were prepared according to the historical cost principle, except for the financial derivatives, investment property and available-for-sale financial assets which are measured at fair value.

The condensed financial statements are presented in Polish zlotys ("PLN") and all amounts are expressed in thousands of Polish zlotys, unless stated otherwise.

The condensed financial statements are prepared on the assumption that the Company remains a going concern in the foreseeable future. As at the approval hereof, there are circumstances that could indicate that any threats exist to the Company as a going concern. Details are described in note 4.

The condensed financial statements do not include all information and disclosures required in the annual financial statements and should be read together with the Company's report for the year ended on December 31, 2020.

The Polish zloty is the Company's measurement currency and the reporting currency in the condensed financial statements, whereas the Ukrainian hryvnia (UAH) is the currency of the establishment in Ukraine.

2.5. Accounting principles

The condensed financial statements for the period from January 1, 2021 to June 30, 2021 are prepared in accordance with IAS 34 Interim Financial Reporting and in accordance with the relevant accounting standards applicable to interim financial reporting approved by the European Union. The presentation of the financial statements is based on IAS 34 "Interim financial reporting" with the same principles being applied for the current and comparable periods and with the comparable period being adjusted accordingly to the changes in the accounting and presentation principles adopted in the current period except for the changes described below.

The accounting principles adopted by the Company are described in detail in its annual financial statements for the financial year ended December 31, 2020, published on April 15, 2021 and in the condensed consolidated financial statements for the period of 6 months of 2021.

2.6. Effect of application of new accounting principles and changes to the accounting policy

Amendments to standards applied for the first time in 2021

The Company has applied the following amendments to standards for the first time:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform – Phase 2,
- Amendments to IFRS 4 "Insurance Contracts" – postponement of IFRS 9.

The foregoing modifications had no material impact on the Company's accounting policy, applied to date.

Standards and amendments to standards accepted by the IASB, but not yet approved by the EU

The IFRS as approved by the EU do not differ significantly from the measures adopted by the IASB, with the exception of the following standards and amendments thereto, which as at the date of drafting the report, have not been accepted yet for application:

- IFRS 17 "Insurance Contracts", published on May 18, 2017, with the exception of amendments of June 25, 2020, effective within the EU beginning on or after January 1, 2021,
- Amendment to IAS 1 "Presentation of Financial Statements" – and classification of liabilities as short- or long-term - published on January 23, 2020, along with amendments of July 15, 2020,
- Amendment to IAS 1 "Accounting Policy Disclosure) and " and to IAS 8 "Definition of Estimates", published on beginning on or after January 1, 2023), published on February 12, 2021
- Amendment to IFRS 16 "Leasing": COVID-19-related rent concessions after June 30, 2021 (effective for annual periods beginning on or after June 30, 2021),
- Amendment to IAS 12 Incomes taxes: Assets and liabilities deferred tax arising as a result of a single transaction, published on May 7, 2021.

The foregoing standards and amendments of existing standards would have had no material impact on the financial statements, if they had been applied by the Company on the balance sheet date.

Standards and amendments to standards issued by the IASB, but which not become effective yet

The following standards and interpretations have been issued by the International Accounting Standards Board (IASB), but have not become effective as at the balance sheet date.

- IFRS 17 Insurance Contracts

The new standard was published on May 18, 2017 and subsequently modified on 25 June 2020, and is effective for annual periods beginning on or after January 1, 2023. Its earlier application is permitted (provided that IFRS 15 and IFRS 9 are applied simultaneously). The standard supersedes the to-date provisions concerning insurance contracts (IFRS 4). On June 25, 2020 IFRS 4 was also amended – as regards the extension of the exemption period for insurers in the application of IFRS 9 Financial Instruments until January 1, 2023.

The Company shall apply the new standard as of January 1, 2023. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standard.

- Amendment to IAS 1 Presentation of financial statements: classification of liabilities as current or non-current

The amendment to IAS 1 was published on January 23, 2020, and subsequently in July 2020 the date of entry into force was modified, and is effective for annual periods beginning on or after January 1, 2023.

The amendment redefines the criteria which must be met for a liability to be recognized as current. This amendment may have an impact on a change of presentation of liabilities and their reclassification as current or non-current liabilities.

The Company shall apply the amended standard as of January 1, 2023. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standard.

- Amendment to IFRS 3, IAS 16, IAS 37 and annual improvements, 2018-2020

The amendments to these standards were published on May 14, 2020 and are effective for annual periods beginning on or after January 1, 2022. Modifications include, inter alia, the introduction of a prohibition of decreasing the expenses of manufacturing fixed assets by revenues from the sale of test products generated during the process of manufacturing/commissioning of a fixed asset.

The Company shall apply the amended standard as of January 1, 2022. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standards.

- Amendment to IAS 1 – Accounting policy disclosures and IAS 8 – Definition of estimates

The amendments to these standards were published on February 12, 2021 and are effective for annual periods beginning on or after January 1, 2023. The objective of these amendments is placing more stress on the disclosure of material accounting rules and clarification of the nature of the differences between changes of estimates and changes in accounting rules (policies).

The Company shall apply the amended standard as of January 1, 2023. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standards.

- Amendment to IFRS 16 Leasing: COVID-19-related rent concessions after June 30, 2021

The amendment to IFRS 16 was published on March 31, 2021 and is effective for annual periods beginning on or after April 1, 2021. The objective of this amendment is exclusively the extension of the period by one year (until 30 June 2022), in which the granting of concessions in leasing payments associated with COVID-19 need not be linked with the modification of the lease. This amendment is strictly linked with the already effective amendment to IFRS 16, published in May 2020.

The Company shall apply the amended standard as of January 1, 2021. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standards.

- Amendment to IAS 12 Incomes taxes: Assets and liabilities deferred tax arising as a result of a single transaction

The amendment to IAS 12 was published on May 7, 2021 and is effective for annual periods beginning on or after April 1, 2023. These amendments clarify that the exemption concerning the initial disclosure of deferred tax is not applicable to transactions, in which at the initial moment of disclosure, equal negative and positive transitional differences arise, and the units are obliged to disclose deferred tax on such transactions, and by the same token, explain rising doubts whether the exemption is applicable to such transactions as leasing and liabilities under retirement from operation.

The Company shall apply the amended standard as of January 1, 2023. As at the date of preparation of these abridged financial statements, it is not possible to estimate in a credible manner the impact of applying the new standards.

Amendments introduced independently by the Company

On June 25, 2020, Management Board of Trakcja adopted a resolution on the adoption of the cost relocation instruction, where a new method of allocating costs of entities and organizational units to individual cost centers was specified. In connection with the above, commencing from July 1, 2020, the Company introduced amendments to the presentation of costs related to the performance of contracts. In line with this instruction, individual rules for reallocation of costs to relevant cost centers were determined for each organizational unit of the Company's headquarters.

In accordance with IAS 8.22 "Retrospective application": an entity discloses comparative data for each period as if the amended accounting policy had always been applied, which means that the Company should apply the aforementioned amendments as of January 1, 2020. The change introduced by the Company does not affect the Company's net result and equity, and only constitutes an adjustment in presentation among the elements of the Issuer's profit and loss account.

The Company has applied the amendment with the effect as of July 1, 2020 and changed the presentation of comparative data with the effect as of July 1, 2019. The change had the following impact on the comparative period:

- own cost of sales was increased by PLN 4,044 thousand,
- costs of sale, marketing and distribution increased by PLN 217 thousand,
- while general management and administrative costs decreased by PLN 4,261 thousand.

3. Description of factors and events exerting a significant impact on the financial performance in the first half of 2021

During the first half of 2021, Trakcja S.A. achieved sales revenues at a level of PLN 317,351 thousand, which increased by 0.5% in comparison with the analogous period during the previous year. Sales expenses during the 6-month period of 2021 amounted to PLN 327,923 thousand and increased against the comparable period by 2.9%. The gross loss on sales amounted to PLN 10,572 thousand and increased by 7,810 thousand against the comparable period. The gross profit margin on sales during the first half of 2021 amounted to – 3.3% and decreased by 2.46 p.p. against the comparable period.

The factors which had the greatest impact on the level of the gross profit margin on sales during the first half of 2021 was the extended procedure regarding bank credit agreements and loans entailed limited options of financing the Company's current capital during the first half of 2021.

This caused great difficulties in the earlier purchase of materials necessary for performing contracts, which primarily consisted of products with significant price sensitivity, inter alia, steel and copper products, and goods manufactured from plastics goods. The increase of prices of steel and copper products, and goods manufactured from plastics goods during the first half of 2021 had an adverse impact on the expected profitability of certain contracts performed by the Company. A lack of sufficient finances also contributed to the decrease of the sales level during the first half of 2021, which in turn entailed a lower gross profit on sales achieved during this period and to delays in the performance of contracts during the first half of 2021 against the relevant premises and to extensions of the expected time of performance of contracts, in particular, railroad contracts, which caused an increase of overall and indirect expenses provided under the contract budgets, and consequently, to the worsening of the profitability of contracts.

The impact of the general situation associated with the SARS-COV 2 virus pandemic on the level of revenues and gross profits on sales was not great.

Overall management expenses amounted to PLN 14,059 thousand and decreased by 1.8%, that is, by an amount of PLN 257 thousand against the comparable period. The expenses of sales, marketing and distribution achieved a level of PLN 1,028 thousand and decreased by PLN 15 thousand. Other operating revenues amounted to PLN 2,780 thousand and decreased by PLN 610 thousand against the first half of 2020. This drop was caused by lower revenues from granted licenses during the first half of 2021. Other operating expenses amounted to PLN 999 thousand and decreased by PLN 2,400 thousand, which is primarily the result of creating a revaluation write-off during the first half of 2021 for the value of other sales. During the first half of 2021, the Company generated a loss on operating activities in the amount of PLN 23,878 thousand, where the loss on operating activities during the first half of 2020 amounted to PLN 18,130 thousand.

The Company's financial revenues for the period from 1 January to 30 June 2021 have achieved the value of PLN 5,923 thousand and increased against the comparable period by PLN 3,384 thousand, which follows from the reversal of provisions for interest on liabilities in the amount of PLN 2,311 thousand and recognition by the Company of higher revenues for received dividends from subsidiaries by an amount of PLN 556 thousand, as well higher revenue from interest by the amount of PLN 484 thousand from receivables against the analogous period of the previous year. Financial expenses during the first half of 2021 decreased by PLN 569 thousand and amounted to PLN 10,593 thousand.

During the period under discussion, the Company suffered a gross loss in the amount of PLN 28,548 thousand. This result was lower by PLN 1,795 thousand against the analogous period of the previous year, during which the Company suffered a gross loss in the amount of PLN 26,753 thousand.

The Company finished the first half of 2021 with a net loss of 26,409 thousand, this result was lower by PLN 3,392 thousand against the result achieved during the first half of 2020.

The balance sheet total as at June 30, 2021 amounted to PLN 1,100,105 thousand and was lower by PLN 34,482 thousand from the balance sheet total at the end of 2020.

The value of fixed assets as at June 30, 2021 amounted to PLN 614,915 thousand and increased by the amount of PLN 851 thousand, which constitutes an increase of 0.1% against the fixed assets as at December 31, 2020.

Current assets decreased by PLN 35,333 thousand, that is, by 6.8% against the current assets as at December 31, 2020 and achieved a value of PLN 485,190 thousand. Trade receivables and other receivables decreased by PLN 45,111, the value of reserves decreased by 5,083, and cash and their equivalents increased by PLN 742 thousand. Assets under contracts with customers amounted to PLN 153,553 thousand as at the balance sheet date and increased against the end of the previous year by an amount of PLN 16,452 thousand.

The Company's equity as at June 30, 2021 achieved a value of PLN 253,236 thousand and decreased by the amount of PLN 26,409 thousand, that is, by 9.4% against December 31, 2020.

Long-term liabilities as at June 30, 2021 have reached the value of PLN 384,650 thousand and increased by the amount of PLN 90,168 thousand, that is, by 30.6 % against December 31, 2020. The main factor of the increase of this item was the increase of credits and loans by PLN 89,130 thousand.

Short-term liabilities have reached the value of PLN 462,219 thousand and decreased by the amount of PLN 98,241 thousand, that is, by 17.5% against the end of the previous year. This drop was influenced by a decrease in the balance of trade liabilities and other liabilities by the amount of PLN 34,358 thousand, that is, by 11.4% during the period under scrutiny against the value as at December 31, 2020, a drop in liabilities under contracts with customers by the amount of PLN 36,523 thousand and the balance of interest-bearing credits and loans by the amount of PLN 26,626 thousand.

The Company commenced the year 2021 holding funds presented in the cash flow statement in the amount of PLN 6,693 thousand, and ended the period of 6 months with funds in the amount of PLN 7,435 thousand. The net cash flows for the 6 months of 2021 were positive and amounted to PLN 741 thousand, which constitutes a growth of PLN 32,081 thousand against the analogous period in 2020.

4. Risk to going concern and actions taken and planned by the Management Board

Trakcja S.A. is the Parent Company of the Trakcja Capital Group. The Group's condition is closely dependent on the condition of the Parent Company.

With reference to note 10 of the annual standalone financial statement of Trakcja Company for the financial year which ended December 31, 2020, note 11 of annual consolidated financial statement of Trakcja Group for the financial year which ended December 31, 2020 the Management Board of the Parent Company provides the following update regarding the matters referred to in the aforementioned notes to the financial statements.

Going concern

These financial statements for the six-month period ended June 30, 2021 were prepared based on the going concern assumption and, therefore, do not contain any adjustments in respect of different policies for the recognition and measurement of assets and liabilities that would be required if the going concern assumption was unjustified.

The Management Board of the Company presented the following information on the current financial standing of the Company, indicating the risk to the Company's going concern status in the period of twelve months from the date of preparation of the financial statements.

Risk to the going concern status

In the period of 6 months ended on June 30, 2021, the Company recorded net loss of PLN 26,409 thousand, and the net working capital amounted to PLN 23,998 thousand as at June 20, 2021.

As at June 30, 2021, the Company's financial liabilities due to credits, lease and bonds amounted to a total of PLN 449,325 thousand (long-term part PLN 381,152 thousand, short term part PLN 68,173 thousand) and in the comparable

period as at December 31, 2020 amounted to a total of PLN 386,517 thousand (long-term part PLN 291,713 thousand, short term part PLN 94,804 thousand).

As at June 30, 2021, trade liabilities and other liabilities were at PLN 267,694 thousand, including trade liabilities and retained amounts were at PLN 206,477 thousand, of which overdue PLN 57,675, which were significantly reduced compared to the amount as at December 31, 2020 (trade liabilities and retained amounts overdue as at December 31, 2020 amounted to PLN 121,940 thousand) due to the financing received in period I the first half of 2021.

Therefore, there is a risk of a threat to going concern.

General situation of the Company

The Company recorded the following results for the 6 months ended on June 30, 2021:

- Gross result on sales: PLN -10,572 thousand (H1 2020 modified: PLN -2,762 thousand)
- EBITDA: PLN -13,581 thousand (H1 2020 modified: PLN -8,097 thousand)
- Net result: PLN -26,409 thousand (H1 2020: PLN -23,017 thousand)
- Equity: PLN 253,236 thousand (as at December 31, 2020: PLN 279,645 thousand)

Implementation of projects optimizing the Company's activities

During the first half of 2021 and until the date of publication, the Company continued the implementation Stage II of the Recovery Plan scheduled for 2020-21. The Stage II of the Recovery Plan provides that the Company is to take a number of measures (57 new initiatives) with a view of obtaining financial advantages by the Company, improvement of in-house procedures and optimization of its internal structure. Furthermore, in accordance with the financing documentation, the Company provides the credit agent (mBank S.A.) at least once a month with the Management's Board report on the implementation of the Recovery Plan, additionally verified by a consultant.

Continued negotiations on claims

In the period of first half of 2021, the Management Board of the Parent Company undertook negotiations with PKP PLK to amicably settle court disputes. As at the date of publication of this report the value of contractual claims, claimed in court by Trakcja with consortium partners and subcontractors against PKP PLK, amounts to a total of PLN 158,6 million (gross amount including interest capitalized as at the date of filing the suit); the amount due to Trakcja is at approximately PLN 120,3 million.

The Company conducts mediations with PKP PLK with the involvement of the General Prosecutor's Office as part of mediations at the Arbitration Court by the General Prosecutor's Office of the Republic of Poland for the amount of PLN 139.2 million (the gross amount together with capitalized interest as of the date when the claim was filed), including for the amount due to Trakcja – about PLN 106.9 million. Detailed information has been provided in note 49 condensed consolidation financial statement for the first half of 2021.

As of June 30, 2021, the value of other contractual claims which the Company is pursuing, together with consortium partners and subcontractors, on a contractual basis (out of court) is PLN 305,9 million, including the amount due to Trakcja being PLN 264,2 million.

At the present stage, the Management Board of the Company is unable to estimate when the negotiations concerning the legal claims will conclude and their impact on the financial result.

The Trakcja order backlog

The Company's order backlog as at June 30, 2021 amounted to PLN 1,713 million (excluding a part of revenues attributable to consortium members), of which PLN 198.1 million are contracts signed in the first half of 2021.

Solicited new significant contracts

During the first half of 2021, the Company signed the following significant contracts:

- a) On February 11, 2021, the Company executed a contract for "Extension of the traffic system accompanied by construction of a flyover above the railroad tracks in Skarżysko-Kamienna as part of: "Construction of an integrated transport system comprising the reconstruction of the existing traffic system accompanied by the construction of a structure serving as a crossing of the Warsaw-Cracow railroad line no. 8 and a connection between Osiedla Dolna Kamienna (Dolna Kamienna Housing Estate) with Osiedle Przydworcowe (Railway Station Housing Estate) in Skarżysko-Kamienna", detailed information was presented in the current report 4/2021 (contract value – PLN 28.3 million net);
- b) on 2 June 2021 the contract for the „Expansion of the Tram Line in Olsztyn”.; details were provided in Current Report no. 18/2-021 (the forecast share of the Company as at the publishing of this report – 162,100,000.00, net); the contract provides for an advance in the amount of 10% of the gross value of the contract.

The most advantageous bids submitted during undecided public tenders as at the date of publishing the report for the first half of 2021:

- a) Expansion of the road and rail system along the route: ulica Ogrodowa-ulica Północna of the segment from ulica Zachodnia to ulica Franciszkańska, Łódź, (value of contract – PLN 37 million net)
- b) Construction of a pedestrian and bicycle crossing under the railway tracks at the route: ul. Ostra - ul. Kręta, Kiekrz within the framework of the following project: "Work on railroad line E59 along the segment Poznań Główny-Szczecin Dąbie" (value of contract – PLN 13,7 million net)
- c) Reconstruction of the Toruń Miasto Railroad Station and Reconstruction of the Toruń Wschodni Railroad Station (value of contract – PLN 26,7 million net)

Furthermore, on 9 April 2012, Trakcja submitted the most advantageous bid in a private tender for the "Construction of a new Police Headquarters Building in Saarbrücken, Germany" (value of contract – PLN 6,4 million net).

Significant contracts signed after the balance sheet date

Trakcja signed the following contracts after the balance sheet date:

- a) On July 6, 2021 - „Construction of a tram route connecting ul. Fordońska with ul. Toruńska, along with the expansion of the road layout and restructuring of the rail transport infrastructure in Bydgoszcz”; details have been provided in Current Report no. 26/2021 (the Company’s share – PLN 124,9 million net);
- b) On August 11, 2021 – “Work on railroad line no. 7 Warszawa Wschodnia Osobowa – Dorohusk along the segment Warszawa-Otwork-Deblin-Lublin, stage II” segment Warszawa Wschodnia- Warszawa Wawer”, details have been provided in Current Report no. 31/2-021 (the Company’s share – PLN 422,4 million net); the contract provides for an advance in the amount of 10% of the contract’s gross value).

Active policy for the management of the Company’s liquidity

In addition to measures aimed at improving financial results in the future, the Management Board of the Company pays close attention to the Company’s liquidity situation. Trakcja pursues an active liquidity management policy, monitoring on an ongoing basis short-term and long-term liquidity, and also carries out weekly cash flow monitoring in order to maintain a stable level of available funds. For the purpose of maintaining liquidity, the Company takes measures aimed at acquiring contracts where advance payments are stipulated. Further, Trakcja pursues an active policy of maintaining a low level of receivables, inventory management, sale of key materials to principals at the initial stage of contract implementation and negotiates with subcontractors to extend payment deadlines. The Company puts great emphasis on optimization of invoicing procedures by reducing the time between the completion of works and issuance of the invoice for performed works.

On March 3, 2021, the Company notified in its current report 6/2021 that it received payment for the sale of the real estate at ul. Lotnicza 100 in Wrocław in the total amount of PLN 53,000 thousand, as follows: the Company received a

part of the price in the amount of PLN 2,850 thousand; - a part of the price in the amount of PLN 50,150 thousand the buyer transferred by wire transfer to mBank S.A. bank account, in order to repay the Company's entire liability under the working capital facility (in the amount of PLN 50,000 thousand, including interest) which allowed to cross out the mortgage that secured the credit.

Within the framework of the contract for the "Performance of designing and construction work within the framework of the project entitled "Revitalisation of railway lines no. 694/157/190/191 Bronów- Bieniowiec - Skoczów - Goleszów - Cieszyń/Wisła Głębcze" – Partial Contract A: Performance of designing and construction work along the segment Bronów - Wisła Głębcze", the Company has received the following funds:

- 1) on July 13, 2021 an advance in the amount of PLN 30,067 thousand gross;
- 2) on July 14, 2021 - release of the performance bond in the amount of PLN 30,067 thousand gross

On August 3, 2021 within the framework of the contract: "Design and construction of the S-61 Szczuczyn - Budzisko Expressway (state border) with the following division of tasks: Task no. 2: Ełk Południe section hub - Wysokie hub (with an exit along the dk16 route), Trakcja received an advance in the amount of PLN 30,868 thousand gross.

As of June 30, 2021, Trakcja held cash and cash equivalents in the amount of PLN 7,435 thousand and unused credit lines in the amount of PLN 14,552 thousand.

As of the day preceding that when the financial statement has been approved, the Company held cash in the amount of PLN 19,901 thousand and has unused credit lines in the amount of PLN 20,000 thousand.

Based on the data and assumptions adopted at the time of publication hereof, a financing gap concerning the Company in the amount of approx. PLN 103-141 million was identified (the financing gap disclosed in the financial statement for 2020 was PLN 159-216 million). The estimated amount of the financial gap has been provided without taking into account capital injections (referred to in Current Reports nos. 14/2021, 37/2021 and 40/2021). The Company emphasizes that the indicated value constitutes an estimate which is imprecise and subject to over time changes depending on assumptions regarding the occurrence of future events and is subject to a high risk of variability over time.

If discussions as part the second round of financing prove unsuccessful, the continuation of operations, in the Company's opinion, will be threatened.

New sources of funding

During the first half of 2021 and until the date of publication of this report, the Company is taking intense action with a view of soliciting capital and debt financing, which would allow the coverage of the financial gap discussed in this report. The above, in particular, includes:

1. on May 10, 2021, in the current report No. 9/2021, the Company informed about the convening of the Extraordinary General Meeting of Trakcja S.A. as of September 10, 2021 in order to Adoption of a resolution on increasing the Company's share capital through the issuance of ordinary bearer shares of series E through a private subscription excluding all the pre-emptive rights of the existing shareholders, dematerialization and applying for admission and introduction of series E shares to trading on a regulated market conducted by the Warsaw Stock Exchange and on amending the Articles of Association;
2. on May 24, 2021, the Company has received from its stockholder ARP notice on the concluding of a conditional understanding between ARP, PKP PLK and the State Treasury of the Republic of Poland – Minister of Infrastructure, which primarily concerns involvement with the Company, within the framework of which, inter alia, PKP PLK has committed itself to subscribe 250 million shares of the Company's stock, series E, for a total issue price in the amount of PLN 200 million. Detailed information was presented in the current report 10/2021;
3. On May 24, 2021, the Company communicated inside information delayed on 26 November 2020 concerning the receipt of notice from ARP and PKP PLK under Article 87 (1) (5) read jointly with Article 69 (1) (1) read jointly with Article 69b (1 and 2) of the Act of 29 July 2005 on Public Offerings - that PKP PLK has exceeded 15% of the total

number of votes in the Company as a result of concluding an understanding between ARP and PKP PLK concerning, inter alia, the exercise of voting rights by ARP by reason of stock held in the Company's share capital in the manner agreed with PKP PLK, as regards the taking over of shares of stock of the new issue by PKP PLK. Public disclosure of the delayed Inside Information follows from receipt by the Company on May 24, 2021 of notice from ARP, as to which the Company provided detailed information in current report no. 10/2021, to the effect that ARP, PKP PLK and the State Treasury of the Republic of Poland – Minister of Infrastructure concluded a conditional understanding on the potential involvement of PKP PLK with the Company. Detailed information was presented in the current report 11/2021;

4. On May 24, 2021, the Company has received on November 25, 2020 ARP and PKP PLK notice that PKP PLK has exceeded 15% of the total number of votes in the Company as a result of adding votes at the disposal of ARP following the concluding of an understanding between ARP and PKP PLK stipulated under Article 87 (1) (5) of the Act on Public Offerings. Detailed information was presented in the current report 12/2021;
5. on May 24, 2021, the Company has received from its stockholder, ARP noticed on the concluding of a non-binding understanding between the Company's stockholders, that is, ARP and COMSA, concerning primarily the acquisition by ARP or an entity under the direct or indirect control of the State Treasury of the Republic of Poland or another entity designated by ARP, previously approved by COMSA of all stock issued by the Company, held by COMSA at a particular moment. The Parties have also agreed in the understanding that ARP or the Designated Buyer shall acquire from COMSA all bonds issued by the Company, held by COMSA at a particular moment. Detailed information was presented in the current report 13/2021;
6. on May 24, 2021, the Company has received from its stockholder, ARP a stockholder representing at least one tenth of the Company's share capital – a motion for supplementing draft resolutions concerning business introduced into the Agenda of the Company's Extraordinary Meeting convened for September 10, 2021 ("EM") accompanied by draft resolutions. The draft resolutions notified by the Stockholder include a new draft resolution concerning resolution on the increase of the Company's share capital and concerning amendment to the Memorandum containing i.a. the following points:
 - a. the Company's share capital shall be increased from PLN 69.160.780, by PLN 200,000,000.00 i.e. to PLN 269,160,780.80;
 - b. The increase of the Company's share capital shall be effected through the issuance of 250,000,000 ordinary bearer shares of series E, having the nominal value of PLN 0.80 each;
 - c. Series E Shares will be covered in full only by cash contributions before the registration of the increase of share capital made by issuing Series E Shares;
 - d. the issue of Series E Shares will be conducted by way of private subscription referred to in Article 431 § 2 item 1) of the Code of Commercial Companies as part of an offer addressed to a single investor, i.e. to the company PKP Polskie Linie Kolejowe S.A. with its registered office in Warsaw;
 - e. the agreement for taking up Series E Shares should be concluded by within 45 (forty five) days from the date of adoption of the resolution.

Detailed information was presented in the current report 14/2021;

7. on June 17, 2021 the Company has signed the following documents on long-term financing, which cover the following annexes:
 - a. annex which introduces a modified and consolidated credit agreement concluded between the Company and BTW sp. z o.o., PRK 7 Nieruchomości sp. z o.o., Platforma Działalności Międzynarodowej S.A., Przedsiębiorstwo Produkcyjno-Usługowe „DALBA” sp. z o.o., as borrowers and guarantors, and Torprojekt sp. z o.o., Przedsiębiorstwo Eksploatacji Ulic i Mostów sp. z o.o., TOB Trakcja Ukraina as guarantors (jointly "Affiliates"), and mBank S.A. with its seat in Warsaw, Credit Agricole Bank Polska S.A.

with its seat in Wrocław, Bank Gospodarstwa Krajowego with its seat in Warsaw, as creditors, and ARP as the lender, pursuant to which the Company was granted a new credit and a new loan, and the guaranty line has been modified ("Consolidated Credit Agreement");

- b. annex which introduces modifications to the agreement between creditors dated 13 June 2019, concluded by the Company, Affiliates, COMSA and creditors, that is: Bank Gospodarstwa Krajowego, ARP, mBank S.A., Credit Agricole Bank Polska S.A., Bank Polska Kasa Opieki S.A., AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (presently UNIQA Towarzystwo Ubezpieczeń S.A.), Credendo — Excess & Surety Societe Anonyme, Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A., Korporacja Ubezpieczeń Kredytów Eksportowych S.A., Generali Towarzystwo Ubezpieczeń S.A. and COMSA S.A.U. , PZU S.A., UNIQA Towarzystwo Ubezpieczeń S.A. (jointly the "Creditors"), pursuant to which the conditions of cooperation between Creditors have been consolidated, the hierarchy of receivables has been set out as to which Creditors are entitled from the Company and from Affiliates, as well as of security interests established in the Creditors' favour by the Company and its Affiliates;
- c. annex which introduces modifications to the agreement on joint conditions, concluded by the Company, Affiliates, mBank S.A., Credit Agricole Bank Polska S.A., Bank PKO S.A., Bank Gospodarstwa Krajowego and ARP, pursuant to which the conditions of granting financing to the Company and Affiliates by creditors which are banks and the ARP – have been consolidated;
- d. annex which introduces modifications to the understanding on the consolidation of selected conditions of granting guaranty and surety agreements of 13 June 2019, concluded by the Company, Affiliates, AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (now UNIQA Towarzystwo Ubezpieczeń S.A.), Credendo – Excess & Surety Societe Anonyme, operating in Poland through Credendo – Excess & Surety Spółka Akcyjna Oddział w Polsce {Polish Branch}, Generali Towarzystwo Ubezpieczeń S.A., Korporacja Ubezpieczeń Kredytów Eksportowych S.A., Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A., PZU S.A. and UNIQA Towarzystwo Ubezpieczeń S.A., pursuant to which the conditions of granting financing to the Company and Affiliates by creditors which are insurance companies – have been consolidated ("Insurance Agreement on Joint Conditions").

(the documents specified in a-d shall be jointly referred to as "Financing Documents").

Pursuant to the Consolidated Credit Agreement and under its terms, the Company which is the borrower:

- a. has been granted a new, open-end credit of a total amount equal to PLN 52,983 thousand;
- b. has been granted a new, open-end loan of a total amount equal to PLN 52,746 thousand;
- c. the bank guaranty lines have been modified, inter alia, by extending their periods of availability.

In particular, two new guaranties for returning an advance shall be issued, in amounts, as appropriate: PLN 30,067 thousand and PLN 30,868 thousand.

Additionally, as the Insurance Agreement on Joint Conditions has been modified, a new good performance guaranty shall be issued by insurance companies in an amount of PLN 30,067 thousand.

Furthermore, the Consolidated Credit Agreement also provides for capital injections to the Company by PKP PLK S.A. in an amount of no less than PLN 200,000 thousand by January 31, 2022. In the event the capital injection is not effected, the Company commits itself to conduct the sale of its subsidiary – AB Kauno Tiltai.

The foregoing information is contained in Current Report no. 20/2021.

8. the Company has concluded in June 23, 2021 a consulting agreement with KPMG Advisory Spółka z ograniczoną odpowiedzialnością sp.k., which marks the beginning of a review of strategic options for the Trakcja Group. This process shall concern the Issuer's capital structure. The Management Board shall review the Company's assets

and areas of activity of the Issuer's group with a view of divestments as regards the potential sale of shares held in subsidiaries.

Detailed information was provided in Current Report no. 21/2021.

9. on June 24, 2021 the Company received notice from mBank S.A. ("mBank"), acting in the capacity of credit agent, on the satisfaction on 24 June 2021 of the conditions precedent specified in the annex to the credit agreement dated 17 June 2021 concluded between the Company, Bahn Technik Wrocław sp. z o.o., PRK 7 Nieruchomości sp. z o.o., PDM S.A., Przedsiębiorstwo Produkcyjno - Usługowe „DALBA” sp. z o.o., Torprojekt sp. z o.o., PEUiM sp. z o.o. and TOB Trakcja Ukraina („Affiliates”), mBank, Credit Agricole Bank Polska S.A., BGK, ARP, Bank PKO S.A. (Annex to the Credit Agreement), which has introduced the modified and consolidated credit agreement ("Consolidated Credit Agreement"), as to the conclusion of which the Company informed in Current Report no. 22/2021.
10. as a result of triggering the documentation concerning long-term financing, the Company has received the following funds in 2021 until the date of publishing the report:
 - a. under the loan from ARP in the amount of PLN 52,746 thousand;
 - b. under open end credit from BGK, mBank, ARP in the amount of PLN 52,983,000.00 (including msBank and BGK – PLN 43,892,000.00 and ARP – PLN 9,091 thousand);
 - c. by reason of proper performance of the "Wisła" contract in the amount of PLN 30,067 thousand on July 13, 2021 (return of the deducted amount of 7%);
 - d. under an advance on the "Wisła" contract in a gross amount of PLN 30,067 thousand on July 14, 2021;
 - e. under an advance on the "Ełk" contract in a gross amount of PLN 30,868 thousand on August 3, 2021.

The total amount of the foregoing proceeds amounts to PLN 196,731 thousand.

The foregoing proceeds have allowed the Company to unblock the possibilities of performing the contracts by payments in favour of sub-contractors and suppliers of materials, as well as triggering of invoicing associated with the supply of statements by subcontractors on non-arrears in payments. Furthermore, after the balance sheet date, the Company was able to reduce trade liabilities past due over 60 days. There has been significant improvement in the flow of trade receivables, which was associated with the triggering of payments blocked by subcontractors.

11. the Extraordinary Meeting of the Company was held on September 10, 2021; as a result of a motion submitted by ARP, a shareholder (which represents at least one twentieth of the Company's share capital), the review of the agenda item concerning a resolution on increasing the Company's share capital – was waived.

Additionally, at the motion submitted by ARP, a resolution was adopted on the convening of an Extraordinary Meeting for November 29, 2021, 10:00 o'clock, on which the above-mentioned resolution on increasing the Company's share capital is to be reviewed, previously waived by the Extraordinary Meeting on 10 September 2021).

Detailed information was provided in Current Report no. 37/2021.

12. on September 10, 2021 the Company informed by Current Report no. 40/2021 on the convening of an Extraordinary Meeting of the Company for November 29, 2021 for the purpose of adopting the resolution on increasing the Company's share capital by issuing ordinary Series E bearer shares by means of a private subscription with the complete exclusion of the drawing rights of the to-date shareholders, dematerialization and application for a marketing permit in the regulated market run by the Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Securities Exchange) for the Series E shares and concerning the amendment of the Company's Memorandum.

Risks related to the SARS CoV-2 pandemic

A detailed description of risks is presented in section 2.5 of the Management Board's Report on the Company's operations.

The development of the SARS CoV-2 pandemic up to this date has had no significant impact on the Company's continued operations in the foreseeable future. Further pandemic-related developments that are difficult to predict at the present time could have an adverse effect on the Company's operations, timely performance of works and costs incurred by the Company.

The ongoing SARS CoV-2 pandemic, which so far has resulted in, inter alia, transport restrictions and an interrupted supply of components and raw materials, may lead to delays in the Company's performance of orders under contracts, where the Company acts as a contractor or a subcontractor, and as a result there may be a risk that principals will submit claims for the Company to pay contractual penalties for the failure to complete the orders on time.

Even though, as of this report publication date, business partners and financial institutions retain the continuity of their operations, the further spread of the SARS CoV-2 and a change in how Company's business partners, courts and entities providing funding to the Company carry on their activities may lead to protracted decision-making processes, which may indirectly impact the Company's day-to-day operations, in particular through:

- limited access to funds that the Company may obtain from the securities market;
- the need to change the delivery times of certain imported materials;
- limited the availability of foreign workers;
- longer acceptance procedures due to customer's personnel working on a remote basis;
- longer administrative and judicial procedures;
- limited mobility;
- partial need to work remotely and quarantine some employees.

As a consequence, the events referred to above may lead to delays in the Company's ability to obtain the funds necessary to perform its financial obligations, to obtain new orders, in the event that the Company does not have the required financial collateral in the form of guarantees or funds necessary to provide a deposit or does not fulfill its contractual obligations. As a result of the detrimental impact of the SARS CoV-2 pandemic on the operations referred to above, the Company's liquidity and financial position may deteriorate. At the same time, the contingent limitations or delays in the implementation of investments for principals, as a consequence of the pandemic, may affect the financial perspectives of the Company in subsequent financial periods. In the Company's assessment, the risk of those risks occurring is medium and as of the financial statement publication date of publication the Company is unable to estimate the impact of these risks on the future financial results and cash flows of the Company.

Actions taken by the Company within the framework of review of strategic options

The Company is in the process of reviewing strategic options. The Trakcja Management Board is in the process of analyzing the Company's assets and areas of activity of the Issuer's group with a view of divestments as regards the potential sale of shares or stock held in subsidiaries. The above-mentioned review of strategic options is being conducted in parallel to the process of increasing the share capital as its alternative in the event of no capital injections for the Company (as informed by the Company in Current Report no. 21/2021). As at the date of publishing this report, no decisions have been reached as to the implementation of options in this regard.

Risk of not achieving the values of financial ratios provided under the Agreement

Pursuant to the signing on June 17, 2021 of a number of annexes to the agreements referred to in Current Report no. 20/21, Trakcja is obliged to comply with the financial ratios (hereinafter "Covenants") associated with the current financial situation of the Parent Undertaking and Group. The Agreement provides for the first verification of the

Company's and Group's compliance with the Covenants on December 31, 2021, and subsequently within quarterly intervals by the Company and annual intervals the Group until September 30, 2023. Accordingly, there exists a risk of not achieving the values of financial ratios on December 31, 2021.

Risk of failure of undertaken actions

The Company's Management Board prepared the financial statements with the assumption of continued operation for at least 12 months following the date of approval of these statements for publication. The continuation of the Company's operation is contingent on the effective implementation process of covering the financial gap within the framework of the second funding round, which takes into account financial capital, debt and guaranty instruments. The Company's Management Board draws particular attention to the risk of failure of the conditional understanding between ARP, PKP PLK and the State Treasury of the Republic of Poland-Minister of Infrastructure which primarily concerns involvement in the Company, under which PKP PLK committed itself to subscribe 250 million Series E Company shares for the issue price in the amount of PLN 200 million. There is also a risk that in the event the Company receives no capital injections, the proceeds of any sale of the AB Kauono Tiltai subsidiary or of other non-operative assets and shares in subsidiaries identified within the framework of the strategic options review- will not be sufficient for the whole coverage of the estimated financial gap.

Contingent failure to achieve the expected results of measures implemented in respect of additional financing and claims negotiations may constitute a threat to continued operations of Trakcja

In addition, such factors as the timing of obtaining funds from advance payments, claims as well as adverse COVID-19- related events may affect future deterioration of liquidity.

Taking into account the possible adverse or unforeseen effects of the events referred to in this section as well as contingent postponement of measures ensuring sufficient financing of operations, the Company has the option to take further actions consisting of:

1. commencing negotiations with the Company's creditors concerning debt restructuring combined with taking steps permitted by applicable legal regulations, aimed at protecting the Company and the interests of the creditors and shareholders;
2. mitigation of risk as regards the success of increasing capital by a subscription of 250 million Series E Company shares – the Company has taken alternative courses concerning the divestment of the Company's key assets as an alternative action for covering the financial gap;
3. conducting operational restructuring involving the sale of assets that are not used in the core operating activities, inter alia shares in subsidiaries, tangible fixed assets;
4. limiting the scope of the Company's operations.

5. Sales revenue

Main types of products and services	Period ended	
	30.06.2021 <i>Unaudited</i>	30.06.2020 <i>Unaudited</i>
Construction and assembly services	306 155	302 513
Design services	5 147	2 936
Equipment rental	2 720	3 004
Deliveries of products (switchgears, supporting structures, etc.)	2 785	6 640
Deliveries of goods and materials	366	556
Others	178	126
Total	317 351	315 775

	Period ended	
	30.06.2021	30.06.2020
	Unaudited	Unaudited
Distribution of revenues by country		
Poland	316 655	314 493
Hungary	-	58
Germany	696	1 224
Total	317 351	315 775

	Period ended	
	30.06.2021	30.06.2020
	Unaudited	Unaudited
Distribution of revenues due to recipients		
Government and local government institutions	310 234	305 966
Private sector	7 117	9 809
Total	317 351	315 775

	Period ended	
	30.06.2021	30.06.2020
	Unaudited	Unaudited
Distribution of revenues due to the duration of contracts		
Up to 12 months	78 184	138 234
Over 12 months	239 167	177 541
Total	317 351	315 775

All agreements concerning construction contracts are based on a fixed price. All revenues from contracts are recognized using the percentage of completion method. In turn, revenues related to the sale of materials and other services are recognized at the time of transfer of the goods.

In H1 2020, the Company's Management Board undertook negotiations with PKP PLK to amicably settle court disputes. The Company's Management Board is negotiation the receipt of payment due to contract claims proceeded in court from PKP PLK, the total amount of which as at the date of publication of this semi-annual report amounts to approximately PLN 158,6 million (gross amount along with interest capitalized as at the date of filing the law suit), including the amount attributable to Trakcja is approximately PLN 120.3 million.

The Company, along with consortium partners and subcontractors, is conducting negotiations with PKP PLK with the participation of the General Prosecutor's Office of the Arbitration Court of the Republic of Poland concerning the amount of PLN 139.2 million (gross amount, along with interest capitalized as at the date of filing the suit), whereas the amount due to Trakcja is approximately PLN 106.9 million.

At this stage, the Management Board of the Parent Company is not able to define the end date of negotiations or their effect on the financial result.

Pursuant to internal analyses and opinions of external advisers, the Company includes in long-term contract budgets the court claims filed against ordering parties. The amount of court claims filed by the Company towards contracting entities, accounted for in long-term contract budgets, was adjusted by the risk factor and the probability factor. The amount of claims recoverable by the Company is between PLN 35 and 50 million. The amount was estimated on the basis of expert opinions and estimates of the Company, based on historical data and analyses of individual contracts. The Management Board is not stating an exact amount of claims in the financial statements in the interest of pending negotiations with the ordering party. In addition, the parent entity included revenues from any contractual claims in the measurement of a significant road contract.

6. Operating expenses

Costs by type:

	Period ended	
	30.06.2021 <i>Unaudited</i>	30.06.2020 <i>Unaudited</i>
Depreciation	10 297	10 033
Consumption of materials and energy	90 360	103 535
External services	164 319	162 979
Taxes and charges	1 850	1 459
Payroll	55 914	61 547
Social security and other benefits	14 074	14 202
Other types of costs	8 067	11 622
Total costs by type	344 881	365 377
Change in inventories, products and prepayments	1 566	(24 951)
Cost of manufacture of products for the entity's own needs (negative value)	(3 854)	(7 167)
Cost of sales, marketing and distribution (negative value)	(1 028)	(1 043)
General and administrative costs (negative value)	(14 059)	(14 316)
Manufacturing cost of products sold	327 506	317 900
Value of materials and goods sold	417	637
Cost of goods sold	327 923	318 537

7. Other operating revenues

	Period ended	
	30.06.2021 <i>Unaudited</i>	30.06.2020 <i>Unaudited</i>
Received penalties and fines	645	558
Reimbursed costs from tenders in Denmark	205	210
Redeemed liabilities	11	17
Profit on sale of non-financial non-current assets	1 011	868
Inventory surplus	151	-
Revenue from patents and licenses	21	1 024
Other	736	713
Total	2 780	3 390

8. Other operating costs

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Paid costs of litigation	208	594
Value of liquidated non-financial assets	580	-
Receiveables write-off	-	1 592
Loss on disposal of non-financial fixed assets	-	76
Paid fines, compensation	183	347
Other	28	790
Total	999	3 399

9. Financial revenue

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Financial revenues from interest, including:	788	348
- bank interest	13	76
- loan interest	291	115
- receivables	484	-
- other	-	157
Release of provision for interest on liabilities	2 311	-
Income from received dividends	2 608	2 042
Profit from exchange rate differences	206	-
Settlement of leasing liabilities	-	139
Other	10	10
Total	5 923	2 539

10. Financial costs

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Financial costs on account of interest, including:	7 804	9 239
- interest on loans and borrowings	4 751	6 175
- on liabilities	735	1 328
- on leasing	1 551	1 563
- on bonds	740	116
- on liability from employee benefits	27	32
- other	-	25
Foreign exchange loss	-	685
PCC tax on the loan agreement	250	300
Revaluation write-offs on bonds	33	10
Financial commission costs	2 500	773
Other financial costs	6	155
Total	10 593	11 162

11. Profit (loss) per share

Net profit per share for each period is calculated by dividing net profit for the period by the weighted average number of shares in a given reporting period.

In order to calculate diluted net profit per share, the values used in the calculation of basic earnings per share have been adjusted to reflect:

- the impact of costs on account of bond interest after income tax
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The dilution of profit per share results from the issue of convertible bonds, as specified in detail in note 24 hereof.

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Net profit (loss) from continued operations	(26 409)	(23 017)
Net profit (loss) for the period	(26 409)	(23 017)
Net profit (loss) applied to calculate diluted earnings per share	(25 808)	(23 017)
Number of issued shares (pcs)	86 450 976	86 450 976
Weighted average number of issued ordinary shares applied to calculate basic earnings per share (pcs)	86 450 976	86 450 976
Adjusted weighted average number of ordinary shares applied to calculate diluted earnings per share	119 375 019	86 450 976

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Profit (loss) per 1 share (in PLN/share)		
- basic	(0,31)	(0,27)
- diluted	(0,22)	(0,27)

	Period ended	
	30.06.2021	30.06.2020
	<i>Unaudited</i>	<i>Unaudited</i>
Profit (loss) from continued operations per 1 share (in PLN/share)		
- basic	(0,31)	(0,27)
- diluted	(0,22)	(0,27)

12. Tangible non-current assets and intangible assets

In the period from January 1 to June 30, 2021, the Company acquired property, plant and equipment and intangible assets in the amount of PLN 4,454 thousand ((in comparable period: PLN 9,224 thousand).

From January 1 to June 30, 2021, the Company disposed of tangible non-current assets and intangible assets in the total book value of PLN 416 thousand (in comparable period: PLN 70 thousand).

The structure of fixed assets is as follows:

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Own	74 139	76 240
Used under a rental, lease or other contract, including lease agreements, perpetual usufruct of land	77 748	82 706
Total	151 887	158 946

Below we present the change in the balance of tangible assets used based on lease, rental or other agreements, including leasing and perpetual usufruct of land:

	Land, buildings and structures	Machines and devices	Means of transport	Total
Balance on January 1, 2020	13 893	30 082	38 731	82 706
Depreciation	(2 518)	(1 274)	(2 278)	(6 070)
Assets components from new lease agreements	2 952	23	-	2 975
Other decreases	-	(1 695)	(168)	(1 863)
Balance as at June 30, 2020	14 327	27 136	36 285	77 748

13. Investments in subsidiaries

As at June 30, 2021 the Company held the following shares in subsidiaries:

- shares in AB Kauno Tiltai with its registered office in Kaunas in the total amount of PLN 236,651 thousand which is 96.84% of the share capital of AB Kauno Tiltai. Trakcja holds a total of 98.09% (96.84% directly and 1.25% indirectly) of the share capital of AB Kauno Tiltai. The indirect shareholding results from the acquisition of own shares by the subsidiary.

- shares in PRK 7 Nieruchomości sp. z o.o. with its registered office in Warsaw in the amount of PLN 17,169 thousand which is 100% of its share capital;
- shares in Torprojekt sp. z o.o. with its registered office in Warsaw in the amount of PLN 1,400 thousand which is 82.35% of its share capital;
- shares in Przedsiębiorstwo Eksploatacji Ulic i Mostów sp. z o.o. in the amount of PLN 29,466 thousand which is 99.70% of its share capital;
- shares in Dalba sp. z o.o. in the amount of PLN 385 thousand which is 100% of its share capital;
- shares in PDM S.A. in the amount of PLN 204 thousand which is 94.62% of its share capital;
- shares in BTW sp. z o.o. in the amount of PLN 22,178 thousand which is 100% of its share capital.

14. Impairment test on investment and goodwill in intangible assets

Due to the occurrence of premises indicating the possibility of impairment of investment, as at June 30, 2021, a test was performed for the impairment of goodwill assigned to all cash-generating units. For the purpose of examining the impairment of shares and stocks, each related entity was treated as a separate unit generating cash flows. The recoverable amount of investments is determined by calculating the value in use. These calculations use four/five-year projections of cash flows. Cash flows exceeding the 4.5-year period have been estimated by calculating the residual value, calculated with the use of discount rates calculated as an average-weighted expense of involving one's own capital and external capital. The growth rate in the residual period was set at 2% and it does not exceed the long-term inflation rate. The Management Board determines the budgeted margin on the basis of historical performance, updated contract budgets and its projections regarding market growth. Weighted average growth rates are consistent with the projections presented in industry reports. The discount rate applied is a pre-tax rate reflecting specific threats to individual segments not included in the cash flow projections, calculated using the CAPM model.

Basic assumptions for the purposes of the test on impairment of the investment:

	CGU: Trakcja S.A., Torprojekt sp. z o.o., BTW sp. z o.o.	CGU: PEUiM sp. z o.o., Dalba sp. z o.o., PDM S.A.	CGU: Spółki z Gr.AB Kauno Tiltai	CGU: PRK 7 Nieruchomości sp. z o.o.
As at 30.06.2020				
WACC before taxation	10,1%	10,1%	8,1%	10,1%
Wacc after taxation	8,2%	8,2%	6,9%	8,2%
EBITDA margin	3,5% - 7,7%	7,0% - 11,5%	2,8% - 6,6%	3,0% - 5,4%
Growth rate in the residual period	2,0%	2,0%	2,0%	2,0%
	CGU: Trakcja S.A., Torprojekt sp. z o.o., BTW sp. z o.o.	CGU: PEUiM sp. z o.o., Dalba sp. z o.o., PDM S.A.	CGU: Spółki z Gr.AB Kauno Tiltai	CGU: PRK 7 Nieruchomości sp. z o.o.
As at 31.12.2020				
WACC before taxation	9,5%	9,5%	8,5%	9,5%
Wacc after taxation	7,7%	7,7%	7,2%	7,7%
EBITDA margin	3,3% - 6,8%	5,7% - 11,5%	3,7% - 5,3%	2,3% - 5,4%
Growth rate in the residual period	2,0%	2,0%	2,0%	2,0%

As a result of carried out tests, impairment of investment was not stated as on June 30, 2021.

The sensitivity analysis indicates that the significant factors influencing estimates of use value of investment are as follows: profitability of executed construction contracts, assumed level of a discount rate.

Below is presented an analysis of the sensitivity of the recoverable amount of cash-generating units to changes in individual indicators used in the impairment test, using the after-tax discount rate.

Sensitivity analysis for investments comprising: PRK7 Nieruchomości sp. z o.o.:

Factor applied	Reasonably possible change of the factor	The impact on the recoverable amount of cash generating unit	
		increase	decrease
EBITDA	+/- 2,5%	789	(789)
WACC	+/- 0,25 p.p.	(1 106)	1 193

Sensitivity analysis for investments comprising: PEUiM sp. z o.o.:

Factor applied	Reasonably possible change of the factor	The impact on the recoverable amount of cash generating unit	
		increase	decrease
EBITDA	+/- 2,5%	1 484	(1 484)
WACC	+/- 0,25 p.p.	(1 237)	1 338

Sensitivity analysis for investments comprising: AB Kauno Tiltai.:

Factor applied	Reasonably possible change of the factor	The impact on the recoverable amount of cash generating unit	
		increase	decrease
EBITDA	+/- 2,5%	11 938	(11 938)
WACC	+/- 0,25 p.p.	(12 842)	14 225

Sensitivity analysis for investments comprising: BTW sp. z o.o.:

Factor applied	Reasonably possible change of the factor	The impact on the recoverable amount of cash generating unit	
		increase	decrease
EBITDA	+/- 2,5%	1 747	(1 747)
WACC	+/- 0,25 p.p.	(1 342)	1 454

The Company has conducted a sensitivity analysis of a change of the EBITDA level by +/- 2,5% and WACC level by +/- 0,25 p. p., as a result of which it has been found that a rational change of premises in all of the above instances has not necessitated the recognition of a write-off of the impairment of investments in subsidiaries, with the exception of investments in AB Kauno Tiltai, in the case of which an additional change of the above parameters would necessitate the recognition of a write-off.

As at the balance sheet date, the Company has shown in the financial statements the value of goodwill at PLN 48,732,000 (31.12.2020: PLN 48,732,000.00), which has been recognized under the balance sheet item – intangible

assets. The goodwill of the Company arose from the acquisition and merger with PRK-7 S.A. in 2009 and PRKiI S.A. in 2013, and acquisition of the shares of PRK 7 Nieruchomości sp. z o.o.:

	30.06.2021 Unaudited	31.12.2020 Audited
Goodwill from acquisition and merger with PRKiI S.A.	2 051	2 051
Goodwill from acquisition and merger with PRK7 S.A.	46 681	46 681
Total	48 732	48 732

The goodwill of the Company arose from the merger with PRK-7 S.A. (PLN 46,681 thousand) and the goodwill of the Company which arose from the merger with PRKiI S.A. (PLN 2,051 thousand) presented under intangible assets, have been allocated to the centre which generates cash flow ("CGU") which consists of the following companies: Trakcja, Torprojekt sp. z o.o. and BTW sp. z o.o.

In connection with the occurrence of premises indicating the possibility of impairment of goodwill presented in intangible assets, as at June 30, 2021, an impairment test was carried out. The recoverable amount of CGUs is determined by calculating the value in use. These calculations use four/five-year projections of cash flows. The growth rate in the residual period was set at 2% and it does not exceed the long-term inflation rate. The Management Board determines the budgeted margin on the basis of historical performance, updated contract budgets and its projections regarding market growth. Weighted average growth rates are consistent with the projections presented in industry reports. The discount rate applied is a pre-tax rate reflecting specific threats to individual segments not included in the cash flow projections, calculated using the CAPM model.

Basic assumptions adopted for the purposes of the goodwill impairment test:

	CGU: Trakcja S.A. Torprojekt sp. z o.o. BTW sp. z o.o.
As at 30.06.2021	
WACC before taxation	10,1%
WACC after taxation	8,2%
EBITDA margin	3,5% - 7,7%
Growth rate in the residual period	2,0%

	CGU: Trakcja S.A. Torprojekt sp. z o.o. BTW sp. z o.o.
As at 31.12.2020 r.	
WACC before taxation	9,5%
WACC after taxation	7,7%
EBITDA margin	3,3% - 6,8%
Growth rate in the residual period	2,0%

Sensitivity analysis for the CGU consisting of the following companies: Trakcja, Torprojekt sp. z o.o. and BTW sp. z o.o.

Factor applied	Reasonably possible change of the factor	The impact on the recoverable amount of cash generating unit	
		increase	decrease
EBITDA	+/- 2,5%	24 911	(24 911)
WACC	+/- 0,25 p.p.	(14 982)	16 185

The Group analysed the sensitivity of the change in EBITDA by +/- 2.5% and in after-tax WACC by +/-0.25 p.p., which led to the conclusion that a reasonable change in assumptions would not trigger the need to recognise an impairment loss.

As a result of the test conducted on June 30, 2021, no impairment of the company's goodwill has been found, as presented as intangible assets.

Impairment tests were carried out as at the balance sheet date, according to the best knowledge at the time of their preparation. A systemic factor that may affect the future measurement of all assets, in particular financial assets (in the separate financial statements) and goodwill in the consolidated financial statements is the Covid19 pandemic. At the time of preparing these statements, it is not possible, for objective reasons, to make an overall assessment of the impact of the pandemic on test results. When assessing potential effects specific to the Group, the following factors that may affect test results in subsequent reporting periods can be distinguished (with indication of their direction):

- decrease in the cost of debt financing due to the decrease in interest rates (+);
- increase in risk factors (the so-called country risk premium) for cash generating units on the Polish and Lithuanian markets (-);
- potential decrease in labour costs and increase in labour availability (+);
- improvement of competitive position in relation to other contractors due to insignificant share of foreigners in the employment structure (+);
- potential disruptions to the continuity of contract performance due to prolonged administrative decisions (-);
- change in prices of key materials, including: (1) potential decrease in the price of petroleum-based materials (e.g. asphalt) (+), (2) potential increase in material prices due to disruption of supply chains (-);
- stimulation of the Polish and Lithuanian economy through governmental infrastructure investment programmes (+);
- weakening of PLN against EUR and USD and potential volatility of exchange rates (+/-);
- potential increase in risk of payment backlogs and even insolvency of consortium partners and subcontractors (-).

Given the number of variables and uncertainties related to the direction of the pandemic's development as well as its effects, the result of future impairment tests may fluctuate beyond the levels of reasonable change in key assumptions assumed at the date of approval of the financial statements for publication.

15. Investment properties

Investment properties are measured by the Company at fair value. The Company estimates their values as at December 31, on the basis of valuations carried out as at such a date by independent experts. Throughout the year, as at the

consecutive balance sheet dates, i.e. March 31, June 30 and September 30, the Company assesses whether there are any indications that the fair value may need to be changed.

The most recent valuation of investment properties by an independent expert was carried out as at December 31, 2020. As at June 30, 2021 the Company stated that there were no indications that the values of investment properties changed significantly.

In addition, in connection with the implementation of IFRS 16 "Lease" from January 1, 2019, the Group recognizes assets due to the right of use due to the right of perpetual usufruct of land - in investment real estate.

Investment real properties as at June 30, 2021 amounted to PLN 23,941 thousand and have diminished against the value as at the balance sheet date of December 31, 2020 by an amount of PLN 40,000 thousand resulting from the depreciation of investment project real properties under perpetual usufruct of land.

16. Settlements under contracts with customers

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Contracts with customers assets	153 553	137 101
Surplus of revenues resulting from degree of advancement over invoiced revenues	148 628	131 369
Advances paid towards contracts being performed	4 925	5 732
Contracts with customers liabilities	74 574	111 097
Surplus of invoiced revenues over revenues resulting from degree of advancement	52 698	58 910
Advances received towards contracts being performed	21 876	52 187

In the statement of financial position, the Company recognises a contract asset, i.e. the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. This item of the statement of financial position includes, in particular, assets relating to completed and delivered works under long-term construction contracts that have not yet been invoiced and the recognition of revenue in connection with the transfer of control over products or goods that will be invoiced in the future.

In the balance sheet position, the Company recognises a contract liability, i.e. the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. The Company recognises a contract liability mainly in relation to contracts for which the payment is made in advance and in relation to the consideration for construction works received in advance for services not yet provided by the Company.

No adjustments to revenue were made in any of the periods presented that would affect an asset or liability for contracts with customers in connection with the settlement of changes in contracts or changes in the estimated transaction price. In addition, no revenue was recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods.

Contracts with customers assets

	30.06.2021 -	31.12.2020 <i>Audited</i>
Balance at the beginning of the period	137 101	175 245
(+/-) Change of contract valuation / Implementation of new service obligations without issuing an invoice	72 367	86 726
(-) Invoicing	(55 915)	(124 870)
Balance at the end of the period	153 553	137 101

Contracts with customers liabilities

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Balance at the beginning of the period	111 097	126 455
(+/-) Change of contract valuation / Implementation of new service obligations without issuing an invoice	52 720	81 670
(-) Revenue recognized for the period included in the balance of liabilities at the beginning of the period	(89 243)	(97 028)
Balance at the end of the period	74 574	111 097

The advances towards contracts being performed are disclosed as the short-term liabilities and will be settled during the performance of contracts in the course of the Company's normal operating cycle.

Advances received on account of contracts in progress:

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Balance at the beginning of the period	52 187	99 123
Increases: receipt of advances	22	22 759
Decrease: settlement of advances with income for the period	(30 333)	(69 695)
Balance at the end of the period	21 876	52 187

Advance payments towards ongoing contracts:

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Balance at the beginning of the period	5 732	5 865
Increases: transfer of advances	408	4 385
Decrease: settlement of advances in the period	(1 215)	(4 518)
Balance at the end of the period	4 925	5 732

After the balance sheet date, the Company has received the following advances within the framework of performed contracts:

- 1) Performance of designing and construction work within the framework of the project entitled "Revitalisation of railway lines no. 694/157/190/191 Bronów- Bieniowiec - Skoczów - Golezów - Cieszyn/Wiśła Głębce" – Partial Contract A: Performance of designing and construction work along the segment Bronów - Wiśła Głębce" – advance in the amount of PLN 30,067 thousand gross
- 2) "Design and construction of the S-61 Szczuczyn - Budzisko Expressway (state border) with the following division of tasks: Task no. 2: Ełk Południe section hub - Wysokie hub (with an exit along the dk16 route) – advance in the amount of PLN 30,868 thousand gross.

17. Inventory

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Materials	35 001	42 325
Semi-finished goods and products in progress	6 188	3 931
Finished goods	364	380
Merchandise	10	10
Total, gross inventory	41 563	46 646
Inventory revaluation write-offs	(152)	(152)
Materials	34 877	42 200
Semi-finished goods and products in progress	6 187	3 931
Finished goods	337	353
Merchandise	10	10
Total, net inventory	41 411	46 494

18. Trade and other receivables

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Gross trade receivables, before discounting	294 198	289 396
Discounting of receivables	-	-
Total, gross trade receivables	294 198	289 396
including:		
- <i>receivables from related entities</i>	6 224	2 232
Budgeted receivables	10 445	2
Receivables claimed in court	3 096	3 641
Other receivables from third parties	29 603	32 488
Receivables from sale of property	-	53 000
Amounts held	28 768	22 791
Total, gross trade and other receivables	366 109	401 318
Expected credit loss	(103 365)	(93 463)
Total	262 744	307 855

On March 3, 2021 the Company received payment for the property situated at ul. Lotnicza 100, Wrocław of a total amount of PLN 53,000 thousand, in the following manner: a part of the price in the amount of PLN 2,850 thousand was received by the Company and a part of the price, PLN 50,150 thousand was transferred by the buyer by wire transfer to the account of mBank S.A. with a view of repaying the whole of the Company's liabilities under a working capital facility (in the amount of PLN 50 million and interest, which allowed the striking out of the mortgage securing the facility).

The Company's budgetary receivables in the amount of PLN 10,445 thousand are receivables for unsettled VAT, which the Company will settle in subsequent months.

19. Cash and cash equivalents

	30.06.2021 <i>Niebadane</i>	31.12.2020 <i>Audited</i>
Cash at bank	7 435	6 693
Total	7 435	6 693

Funds with limited disposability in the amount of PLN 1 thousand shown in the cash flow statement as at June 30, 2021 were funds on blocked escrow accounts.

20. Explanations to the cash flow statement

Below is an explanation of selected items in the cash flow statement between the balance sheet change and the change presented in the cash flow statement:

Change in receivables	Period ended 30.06.2021 <i>Unaudited</i>
Balance sheet change in trade and other receivables	45 111
Adjustment regarding receivables from the sale of fixed assets included in investing activities	(51 251)
Change in the cash flow statement	(6 140)

The balance sheet change of the status of trade receivables and other receivables as at June 30, 2021 amounted to PLN 45,111 thousand, and the change shown in the cash flow statement is PLN – 6,140 thousand. This difference is primarily attributed to the receipt of payment by Trakcja for the sale of fixed assets of a total amount of PLN 53,530 thousand, including the sale of the real property at ul. Lotnicza 100 in Wrocław in 2018 (as informed by the Company in current Report no. 26/2018), for which payment was received in 2021 (as informed by the Company in Current Report no. 6/2021).

Change in liabilities	Period ended 30.06.2021 <i>Unaudited</i>
Balance sheet change in trade and other liabilities	(34 358)
Balance sheet change in liabilities due to employee benefits	(4 671)
Other exclusions of cashless transactions	(99)
Change in the cash flow statement	(39 128)

21. Assets held for sale

On November 30, 2018, the Extraordinary General Meeting of Trakcja S.A. adopted a resolution to dispose of a real estate and perpetual usufruct of a real estate at ul. Oliwska 11 in Warsaw for a net price not lower than PLN 14 million. For or details, see CR 23/2018 and CR 20/2018. The planned transaction meets the conditions for classification of fixed assets as held for sale specified in IFRS 5. Therefore, the Company recognised assets in the amount of PLN 5,037 thousand as non-current assets held for sale. Currently, work is underway to obtain the consents and permits that are necessary to carry out the sale of real estate. The finalization date of the transaction, at the request of the business partner, has been postponed due to COVID-19 pandemic-related reasons. The Company expects the transaction to be finalized in the IV quarterly of 2021.

22. Share capital

As at June 30, 2021 the share capital was PLN 69,160,780.80 and was divided into 51,399,548 series A ordinary bearer shares and 10,279,909 series B ordinary bearer shares and also 24,771,519 series C registered shares with a par value of PLN 0.80 per share. Each share constitutes one vote at the General Meeting of Shareholders. All shares are fully paid-up.

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
	Par value 0.8	Par value 0.8
	PLN	PLN
Series A ordinary shares	51 399 548	51 399 548
Series B ordinary shares	10 279 909	10 279 909
Series C ordinary shares	24 771 519	24 771 519
Total	86 450 976	86 450 976

On February 6, 2020, by the decision of the District Court of the City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register under KRS, a conditional increase in the Company's share capital was entered into the commercial register. In relation to the foregoing, the Company's share capital was conditionally increased from PLN 69,160,780.80 by an amount no higher than PLN 13,023,288 by way of issuing no more than 16,279,110 series D ordinary bearer shares with a nominal value of PLN 0.80 per share. Series D shares may be subscribed by holders of convertible Series F and G bonds issued that the Company issued on May 8, 2020. Series D shares will be subscribed at PLN 1.70 each if the series F or G bonds are converted into shares of the Company.

On May 8, 2020 Trakcja allotted convertible bonds for stock in favour of ARP 11,764,705 secured series F registered bonds convertible for Series D stock and in favour of COMSA 4,514,405 unsecured Series G registered bonds convertible for Series D stock. Details are provided in Note 24 of these statements.

23. Interest-bearing loans and borrowings

Long-term interest-bearing loans and borrowings:

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Bank loans	181 088	171 527
- overdraft	20 802	17 863
- working loans	160 286	153 664
Loans from related parties	129 309	45 056
Lease liabilities	42 614	47 298
Total	353 011	263 881

Short-term interest-bearing loans and borrowings:

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Bank loans	34 944	39 686
- investment loans	2 950	3 793
- overdraft	4 093	4 519
- working loans	27 901	31 374
Loans from related parties	8 169	29 390
Lease liabilities	24 871	25 534
Total	67 984	94 610
Total short and long term loan and credits	420 995	358 491

Change in interest-bearing loans and credits in the first half of 2021:

As at 1.01.2021	285 659
<i>Audited</i>	
Loans received	130 732
Variations due to currency translation	(62 173)
Used	4 553
Reversed	(4 919)
Foreign exchanges	(342)
As at 30.06.2021	353 510
<i>Unaudited</i>	
including	
- long-term	310 397
- short-term	43 113

Structure of leasing liabilities:

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Long-term leasing liability	42 614	47 298
Short-term leasing liability	24 871	25 534
Total	67 485	72 832

Maturity analysis of lease liabilities according to contracts:

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Nominal value of minimum leasing fees		
Within 0 to 90 days	11 797	4 900
Within 90 to 360 days	15 159	23 201
Within 1 to 5 years	33 576	37 164
Over 5 years	32 798	34 719
Total financial lease liabilities - total minimum leasing fees	93 330	99 984

	30.06.2021	31.12.2020
	<i>Unaudited</i>	<i>Audited</i>
Present value of minimum leasing fees		
Within 0 to 90 days	11 177	4 129
Within 90 to 360 days	13 694	21 405
Within 1 to 5 years	29 340	32 426
Over 5 years	13 274	14 872
Total present value of minimum leasing fees	67 485	72 832

Costs related to lease contracts:

	1.01.2021 - 30.06.2021	01.01.2020- 30.06.2020
	<i>Unaudited</i>	<i>Niebadane</i>
Depreciation	6 070	5 867
Interest	1 551	1 563
Total leasing costs	7 621	7 430

24. Bonds

On May 8, 2020 the Company's Management Board adopted a resolution to:

- allot all 11,764,705 Series F secured registered bonds convertible into Series D shares of the Company with a nominal value of PLN 1.70 per share, with a total nominal value of PLN 19,999,998.50 and an issue price equal to the par value ("Series F Bonds") to Agencja Rozwoju Przemysłu S.A. ("ARP") and
- allot all 4,514,405 Series G unsecured registered bonds convertible into Series D shares of the Company with a nominal value of PLN 1.70 per share, with a total nominal value of PLN 7,674,488,50 and an issue price equal to the par value ("Series G Bonds") to COMSA S.A.U ("Comsa").

Series F Bonds and Series G Bonds were issued at an issue price equal to their par value. The Series F Bonds are secured with collateral indicated in the Terms and Conditions of Issue of Series F Bonds, including in particular a highest-ranking contractual mortgage on the Company's real property located in Bieńkowice established in favour of the mortgage administrator. In addition, the Company submitted representations on submission to enforcement under Article 777 § 1(5) of the Code of Civil Procedure for the benefit of the ARP concerning all of the Company's assets and for the benefit of the collateral administrator concerning the mortgaged property. Series G bonds are unsecured and are subject to contractual subordination in accordance with the Intercreditor Agreement.

The bonds bear interest based on 1M WIBOR plus an agreed margin. The Bonds redemption date is December 30, 2022. The Bonds may be redeemed early in cases provided for by law, as well as in the event of occurrence of circumstances that are typical for this type of bonds, as set out in the Terms and Conditions of issue of Series F Bonds and Series G Bonds. The Bonds were issued pursuant to Article 33 (2) of the Bond Act. The period for the payment of interest (interest period) under the Series F Bonds Conditions of Issue with the bondholders: ARP and Comsa, is 3 months.

Bond series	Issue date	Redemption date	Nominal value of one bond (in PLN)	Nominal value of the series (in thousands PLN)
F	08.05.2020	30.12.2022	1.7	20 000
G	08.05.2020	30.12.2022	1.7	7 674

Structure of bonds:

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Long-term	28 141	27 832
Short-term	189	194
Total	28 330	28 026

On September 10, 2021 the Extraordinary Meeting of the Parent Company adopted resolutions on the amending of Resolution No. 3 of the Extraordinary Meeting of the Parent Company of December 11, 2019 and Resolution No. 5 of the Extraordinary Meeting of the Parent Company of January 14, 2020, as a result of which the Extraordinary Meeting approved:

- Change of the buy-out date of Series F Bonds from December 30, 2022 to December 31, 2023,
- Change of the buy-out date of Series G Bonds from December 30, 2022 to February 1, 2024,
- Change of the date on which it will be possible to convert Series G Bonds to Series D stock, that is, as of 1 February 2022 the conversion of these bonds to Series D stock will be possible at any time before their buy-out date (at the present, a conversion may take place no more frequently than once per every quarter).

The new consolidated texts of the Conditions of Bond Issue adopted by the Management Board of the Parent Company, which take the above changes into account, shall be subject to approval by the Parent Company's Supervisory Board, and shall be accepted in the form of annexes with Bond Holders.

25. Trade and other liabilities

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Trade liabilities, before discounting	171 965	220 948
Total, net trade liabilities after discounting	171 965	220 948
including:		
- liabilities from related entities	10 283	4 330
Amounts held	34 512	31 974
Budgetary liabilities	49 584	39 452
Payroll liabilities	7 477	7 563
Other liabilities towards third parties	4 156	2 115
Total trade and other liabilities	267 694	302 052

Trade liabilities and retentions:

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Trade liabilities before discounting	206 477	252 922
With maturity within 12 months	195 185	238 826
With maturity over 12 months	11 292	14 096
Total, Trade liabilities after discounting	206 477	252 922

26. Provisions

As at 1.01.2021	44 422
<i>Audited</i>	
Recognized	12 893
Used	(7 974)
Reversed	(559)
As at 30.06.2021	48 782
<i>Unaudited</i>	
including	
- long-term	3 077
- short-term	45 705

27. Fair value of financial instruments

In the first half of 2021, the Company did not change the measurement method for any categories of financial instruments measured at fair value as compared to the annual financial statements. The carrying amounts of financial assets and liabilities are close to their fair values.

Due to a short-term nature of trade and other receivables and trade and other liabilities, as well as cash and cash equivalents, the carrying amounts of these financial instruments are close to their fair value.

Any borrowings granted and any loans and borrowings and lease liabilities incurred are based on the variable market rates linked to WIBOR and EURIBOR, and therefore their fair values are close to their carrying amounts.

For the shares held in other entities (including the related entities), the Company is unable to reliably determine their fair value due to the fact that they are not listed on the active market. In keeping with the accounting policy adopted by the Company, such shares are measured at cost less any impairment losses. An impairment test was conducted as at June 30, 2021, as there were prerequisites indicating a possibility of an impairment of the investment in subsidiaries of Trakcja S.A. No write-downs were made based on this test.

In the first half of 2021, no fair value was transferred between Level 1, 2 or 3 in the fair value hierarchy.

28. Assets and liabilities measured at fair value

The Company measures at fair value such categories of assets and liabilities as investment property and financial derivatives. In the period of first half of 2021 the measurement method for the aforementioned assets and liabilities remained unchanged. The measurement method applied and the unobservable inputs used for measurement are described in note 43 in the annual financial statements for 2020.

30.06.2021				
	<i>Unaudited</i>	Level 1	Level 2	Level 3
Investment properties:	23 941	-	-	23 941
Office property	23 941	-	-	23 941
- land	20 766	-	-	20 766
- buildings	3 175	-	-	3 175
31.12.2020				
	<i>Audited</i>	Level 1	Level 2	Level 3
Investment properties:	23 981	-	-	23 981
Office property	23 981	-	-	23 981
- land	20 806	-	-	20 806
- buildings	3 175	-	-	3 175

Level 1 – quoted market prices for similar assets or liabilities in active markets;

Level 2 – prices in active markets other than quoted market prices, set directly (by comparison with actual transactions) or indirectly (by application of measurement methods based on actual transaction);

Level 3 – prices other than prices in active markets.

In the first half of 2021, no fair value was transferred between Level 1, 2 or 3 in the fair value hierarchy.

29. Reclassification of financial assets due to changes in their purpose or use

In the first half of 2021, the Company did not change the classification of financial assets.

30. Change in impairment losses and write-downs

	Inventory	Receivables	Investments in subsidiaries	Total
As at 1.01.2021				
<i>Audited</i>	152	93 500	128 912	222 564
Recognized	-	14 902	-	14 902
Used	-	(894)	-	(894)
Reversed	-	(3 989)	-	(3 989)
As at 30.06.2021				
<i>Unaudited</i>	152	103 519	128 912	232 583

During the first half of 2021, the Parent Company effected an impairment write-off for trade receivables and other receivables in the amount of PLN 14,902 thousand (which includes the amount of PLN 5,391 thousand which was taken into account in the contract budget as a decrease of revenue, and the amount of PLN 6,702 thousand concerned the creation of a write-off of debit notes issued by the Parent Company for recipients and subcontractors during the same settlement period, and accordingly, made no impact on the financial performance for the period) The amount of the created impairment write-off for trade receivables and other receivables, which had an impact on the gross sales result during the first half of 2021 amounted to PLN 2,809 thousand.

31. Contingent and other off-balance-sheet items

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>
Contingent receivables		
From related entities due to:	702 400	702 400
Received guarantees and sureties	702 400	702 400
From other entities due to:	73 480	59 601
Received guarantees and sureties	72 189	58 918
Bills of exchange received as collateral	1 291	683
Total contingent receivables	775 880	762 001
Contingent liabilities		
To related entities due to:	724 113	726 031
Provided guarantees and sureties	702 400	702 400
Promissory notes	21 713	23 631
To other entities due to:	10 783 953	10 764 809
Provided guarantees and sureties	731 778	668 050
Promissory notes	710 643	549 923
Mortgages	5 553 168	5 658 168
Assignment of receivables	1 170 717	1 053 263
Assignment of rights under insurance policy	-	227 438
Security deposits	44 434	34 754
Other liabilities	2 573 213	2 573 213
Total contingent liabilities	11 508 066	11 490 840

*) As at June 30, 2021 the Company was in the process of signing new assignments under insurance policies, and for this reason the value of this item as at the balance sheet date amounts to PLN 0. The new agreements were signed on July 14 and 22, 2021. The assignments under insurance policies in force on December 31, 2020 expired as at June 30, 2021. New agreements were signed on July 14 and 22, 2021 and August 19, 2021 for a total amount of PLN 164,586 thousand.

Contingent liabilities due to guarantees and sureties granted for the benefit of other entities are mainly guarantees issued by banks for the benefit of business partners as collateral for their claims against the Company arising out of the construction contracts performed (performance bonds, retention bonds and advance payment guarantees). Banks have a right of recourse against the Company. Promissory notes are a different form of collateral for the aforementioned bank guarantees. As on June 30, 2021 and as on December 31, 2020 the remaining contingent liabilities concerned pledges by registration.

As at June 30, 2021, except for the aforementioned contingent receivables and liabilities, the Company had contingent receivables in the amount of PLN 706 thousand (as compared to PLN 706 thousand as at December 31, 2020) arising from the employment contracts signed with employees. If a manager fails to meet his or her obligations defined in Article 1 of the Non-Competition Agreement, he or she will pay, immediately and without a termination notice or any demand issued by the Company, a contractual penalty in the amount equal to the PLN equivalent of EUR 25,000 for each failure and the amount equal to the PLN equivalent of EUR 1,000 for each day in which such a failure occurs or continues.

The contingent liabilities arising from employment contracts with employees were PLN 2,378 thousand as at June 30, 2021 (PLN 2,378 as at December 31, 2020).

Tax settlements and other fields of business subject to regulations (for example, customs or foreign currency matters) may be subject to inspections by administrative authorities entitled to impose high penalties and sanctions. The lack of reference to the well-established legal regulations in Poland results in the legislation in force being ambiguous and inconsistent. Frequent differences in opinions as to the legal interpretation of tax regulations, both within the state authorities themselves and between such authorities and business entities, create conflicts and uncertainty. Such events result in the tax risk in Poland being much higher than in countries with more advanced tax systems. Tax settlements may be subject to inspection during the period of five years starting from the end of the year in which the tax was paid. As a result of the inspections carried out, any current tax settlements of the Company may be increased by additional tax liabilities. In the Company's opinion, the provisions recognised as at June 30, 2021 are sufficient to mitigate the recognised and measurable tax risk.

32. Transactions with related parties

Transactions with related entities are made at arm's length. Please also find below information on receivables from and liabilities towards the related entities as at balance sheet date and as at the end of the comparable period.

Related entities	Financial year	Sale to related entities	Purchases from related entities	Interest revenue	Financial income due to dividends received	Interest costs	Other financial costs
Shareholders:							
COMSA S.A.	1.01.21-30.06.21	-	-	-	-	275	9
	1.01.20-30.06.20	-	-	-	-	274	3
ARP S.A.	1.01.21-30.06.21	-	-	-	-	1 060	653
	1.01.20-30.06.20	-	-	-	-	797	7
Subsidiaries:							
PRK7 Nieruchomości sp. z o.o.	1.01.21-30.06.21	266	51	84	212	97	-
	1.01.20-30.06.20	13	1 044	-	733	176	-
Torprojekt sp. z o.o.	1.01.21-30.06.21	298	263	61	-	-	-
	1.01.20-30.06.20	132	733	68	-	-	-
AB Kauno Tiltai	1.01.21-30.06.21	245	-	-	-	134	227
	1.01.20-30.06.20	-	-	-	-	132	-
PEUIM sp. z o.o.	1.01.21-30.06.21	37	-	-	2 396	183	-
	1.01.20-30.06.20	3	-	-	1 309	37	-
PDM S.A.	1.01.21-30.06.21	332	224	74	-	40	-
	1.01.20-30.06.20	1	-	32	-	58	-
Dalba sp. z o.o.	1.01.21-30.06.21	6	1 363	32	-	21	-
	1.01.20-30.06.20	2	-	15	-	25	-
AB Kauno Tiltai Lenkijos skyrius	1.01.21-30.06.21	-	-	-	-	-	-
	1.01.20-30.06.20	233	-	-	-	-	-
BTW sp. z o.o.	1.01.21-30.06.21	1 949	5 228	42	-	297	-
	1.01.20-30.06.20	2 327	3 990	-	-	271	-
Trakcja Ukraina sp. z o.o.	1.01.21-30.06.21	-	-	-	-	-	-
	1.01.20-30.06.20	22	-	-	-	-	-
AB Kauno Tiltai Sverige	1.01.21-30.06.21	-	-	-	-	117	-
	1.01.20-30.06.20	-	-	-	-	-	-
Total	1.01.21-30.06.21	3 133	7 129	293	2 608	2 224	889
	1.01.20-30.06.20	2 733	5 767	115	2 042	1 770	10

The selected explanatory notes constitute an integral part hereof.

The total amounts of transactions made between the related entities in the period covered by the condensed financial statements and in the comparable period are presented below.

Related entities	Reporting date	Receivables from related entities	Liabilities towards related entities	Loans granted	Borrowings received	Bonds acquired by related entities
Shareholders:						
COMSA S.A.	30.06.2021	-	86	-	242	8 214
	31.12.2020	-	88	-	241	7 930
ARP S.A.	30.06.2021	628	720	-	89 506	20 116
	31.12.2020	-	92	-	27 651	20 096
Subsidiaries:						
BTW sp. z o.o.	30.06.2021	799	3 558	-	10 314	-
	31.12.2020	335	3 723	-	11 684	-
PRK7 Nieruchomości sp. z o.o.	30.06.2021	282	43	6	6 186	-
	31.12.2020	295	186	6	7 443	-
TORPROJEKT sp. z o.o.	30.06.2021	988	69	3 112	-	-
	31.12.2020	569	-	3 051	-	-
AB Kauno Tiltai	30.06.2021	357	452	-	16 617	-
	31.12.2020	112	231	-	16 827	-
PEUIM sp. z o.o.	30.06.2021	2 425	-	-	12 051	-
	31.12.2020	-	8	-	7 368	-
PDM S.A.	30.06.2021	745	-	2 214	1 555	-
	31.12.2020	495	-	2 192	2 161	-
Dalba sp. z o.o.	30.06.2021	-	1 344	1 121	1 007	-
	31.12.2020	79	-	1 111	1 071	-
AB Kauno Tiltai Lenkijos skyrius	30.06.2021	-	2	-	-	-
	31.12.2020	347	2	-	-	-
AB Kauno Tiltai Sverige	30.06.2021	-	4 009	-	-	-
	31.12.2020	-	-	-	-	-
Total	30.06.2021	6 224	10 283	6 453	137 478	28 330
	31.12.2020	2 232	4 330	6 360	74 446	28 026

The selected explanatory notes constitute an integral part hereof.

33. Remuneration of the Management Board members and Supervisory Board members

The total value of remuneration and other benefits for the Management Board members in the first half of 2021 was PLN 3,190 thousand, including PLN 2,566 thousand recognised as costs of the Company and PLN 624 thousand recognised as costs of its subsidiaries.

In the comparable period of 2020, the total value of remuneration and other benefits for the Management Board members was PLN 2,460 thousand, including PLN 2,084 thousand recognised as costs of the Company and PLN 376 thousand recognised as costs of its subsidiaries.

The total value of remuneration and other benefits for the Supervisory Board members in the first half of 2021 was PLN 842 thousand, including PLN 570 thousand recognised as costs of the Company and PLN 272 thousand recognised as costs of its subsidiaries.

In the comparable period of 2020, the total value of remuneration and other benefits for the Supervisory Board members was PLN 782 thousand, including PLN 517 thousand recognised as costs of the Company and the remaining amount of remuneration, namely PLN 265 thousand recognised as costs of its subsidiaries.

Remuneration of the Management Board of the Parent company	Period ended			
	30.06.2021		30.06.2020	
	<i>Unaudited</i>		<i>Unaudited</i>	
	In parent company	In subsidiaries	In parent company	In subsidiaries
Salaries and other current employee benefits	2 566	624	2 084	376
Post-employment benefits	-	-	-	-
Benefits due to termination of employment	-	-	-	-
Total	2 566	624	2 084	376

Remuneration of the Supervisory Board of the Parent company	Period ended			
	30.06.2021		30.06.2020	
	<i>Unaudited</i>		<i>Unaudited</i>	
	In parent company	In subsidiaries	In parent company	In subsidiaries
Salaries and other current employee benefits	570	272	517	265
Total	570	272	517	265

34. Events subsequent to the end of the reporting period, which are not reflected in the financial statements for the first half of 2021

All material events during the first half of 2021 and occurring after the completion of the reporting period were reflected in the Company's financial statements for the period of 6 months ending on June 30, 2021.

Significant events subsequent to the end of the reporting period have been presented in Note 45 of the condensed consolidated financial statements of Trakcja Group for the 6-month period ended June 30, 2021.

Warsaw, September 15, 2021

Management Board:

Marcin Lewandowski

President of the Management Board

Paweł Nogalski

Vice-President of the Management Board

Arkadiusz Arciszewski

Vice-President of the Management Board

Aldas Rusevičius

Vice-President of the Management Board

Adam Stolarz

Member of the Management Board

Person responsible for keeping the accounting records:

Elżbieta Okuła

Chief Accountant

TRAKCJA CAPITAL GROUP

MANAGEMENT REPORT

ON THE ACTIVITIES OF TRAKCJA CAPITAL GROUP
AND TRAKCJA S.A.

FOR THE 6-MONTH PERIOD ENDED **JUNE 30, 2021**



published in accordance with § 60 para. 1 point 1 of the Ordinance of the Minister of Finance of 29 March 2018 regarding current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws of 2018, item 757).

**This document is a translation
The Polish original should be referred to in matters of interpretation**

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Figures provided in this Report on the Activities of the Group are presented in thousand Polish zloty, unless explicitly stated otherwise. Financial information herein is prepared in accordance with IAS 34 Interim Financial Reporting approved by the European Union. This Report on the Activities of the Group does not cover all information or disclosures required in the annual report on the activities and it should be read together with the Group's consolidated financial statements for the year ended December 31, 2020. We would also like to emphasise forward-looking statements (e.g. may, will, expect, consider, estimate), because they are based on certain assumptions subject to risk and uncertainty. Therefore, the Group is not responsible for such information.

1. Business Activities of Trakcja Group

1.1 General information on the Group

On January 29, 2002 the Company was entered in the National Court Register by the District Court in Warsaw, 19th Commercial Division, under KRS 0000084266. The Company was assigned the statistical number REGON 010952900, the tax identification number NIP 525-000-24-39 and the PKD code 4212Z.

On July 29, 2020, the name of the Parent Company was changed from "Trakcja PRKił Spółka Akcyjna" to "Trakcja Spółka Akcyjna". The registered office of the Parent Company is located at Al. Jerozolimskie 100 Street in Warsaw. Both the Parent Company and other entities that are members of the Group are established for an indefinite period of time.

Trakcja Group ("Trakcja Group" or "Group") is one of the leading entities on the Polish and Lithuanian railway and road infrastructure construction market.

The ultimate parent company is COMSA S.A., a Spanish company, which prepares the consolidated financial statements that include, among many, the data of Trakcja Group.

As at June 30, 2021, the Group consists of the Parent Company (Trakcja S.A.) and its subsidiaries. Fully-consolidated entities in the condensed consolidated financial statements of Trakcja Group in the first half-year 2021:

- BTW sp. z o.o. - a subsidiary based in Wrocław, Trakcja owns of 100% of the share capital of this company,
- PRK 7 Nieruchomości sp. z o.o. - a subsidiary based in Warsaw, Trakcja owns of 100% of the share capital of this company,
- Torprojekt sp. z o.o. - a subsidiary with its registered office in Warsaw, Trakcja owns 82.35% of the share capital of this company,
- Przedsiębiorstwo Eksploatacji Ulic i Mostów sp. z o.o. ("PEUiM") - a subsidiary with its registered office in Białystok, Trakcja owns 99.7% of the share capital of this company,
- Dalba sp. z o.o. - a subsidiary with its seat in Białystok, Trakcja owns 100% of the share capital of this company,
- PDM S.A. - a subsidiary based in Białystok, Trakcja owns 94.62% of the share capital of this company,
- Branch of Trakcja S.A. in Ukraine,
- Trakcja Ukraina sp. z o.o. - a subsidiary with its seat in Kiev, PDM S.A. owns of 100% of the share capital of Trakcja Ukraina sp. z o.o.

AB Kauno Tiltai - AB Kauno Tiltai with its seat in Kaunas is a subsidiary of the parent company Trakcja, and at the same time the parent entity of the AB Kauno Tiltai Group. The AB Kauno Tiltai Group consists of the following entities:

- UAB Kelda - a subsidiary, company based in Vievis (Lithuania), a subsidiary of the company is:
 - UAB Verkšionių karjeras - a subsidiary, company based in Bagotelių K (Lithuania),
- TUB Konsorciūmas Tiltra – a subsidiary, company based in Kaunas (Lithuania),
- AB Kauno Tiltai branch in Poland - a branch of the AB Kauno Tiltai company with its seat in Białystok (Poland),
- AB Kauno Tiltai branch in Latvia - a branch of AB Kauno Tiltai with its seat in Rzekne (Latvia),

- AB Kauno Tiltai branch in Ukraine - a branch of AB Kauno Tiltai based in Kiev (Ukraine),
- AB Kauno Tiltai branch in Sweden - a branch of AB Kauno Tiltai based in Norsborg (Sweden),
- AB Kauno Tiltai Sverige - a subsidiary, company based in Malmo (Sweden),
- AB Kauno Tiltai TUB konsorciumas Tiltra - branch in Poland,
- UAB "Transporto infrastruktūra" - a subsidiary, company based in Vilnius (Lithuania).

The Group's activities concentrate on the comprehensive performance of works relating to a widely understood railway and road infrastructure with the use of modern machinery. The Group specialises in providing engineering and construction services in the following scope: design, construction and modernisation of railway and tramway lines, railway and tramway electrification system and power lines, as well as construction of bridges, viaducts, piers, overpasses, tunnels, underpasses, retaining walls, roads and associated elements of railway and road infrastructure. In addition, Trakcja Group may perform general construction works, including the preparation of construction sites and the construction and modernisation of structures, as well as structural works and finishing works. The key part of the Group's core business is the construction of buildings both for railway infrastructure purposes (traction substation buildings, switch towers, railway crossing cabins, railway stations, train buildings and other) and for general purposes (residential and commercial). The services provided also include the development of power systems and remote control systems. For over seventy years, the Group members have been responsible for comprehensive medium and high voltage power systems in the new and modernised and renovated railway power facilities. The Group modernised several thousand kilometres of railway lines and provided power to over 10,000 kilometres of railway lines. It also constructed and modernised over 450 traction substations and 380 track section cabins.

In the road construction sector, the Group specialises in the construction and alteration of roads, motorways, bridges, viaducts, airports, water ports and public utility infrastructure systems. Since its establishment, i.e. since 1949, AB Kauno Tiltai, a member of the Group and the largest company in the infrastructure construction sector in the Baltic countries, has constructed over 100 bridges and viaducts and has been responsible for constructing and reconstructing numerous roads in Lithuania.

The Group's main attributes include its ability to execute the comprehensive performance of projects within its own capacity in all industries (railway track works, engineering facilities and overhead contact lines), its order backlog awarded and:

- its highly-qualified management along with the customer-orientated team,
- its wide experience of professional performance and coordination of works completed in a timely manner and according to the highest European standards,
- its modern machinery.

The Group has a competitive advantage over other companies, and its position on the market of services relating to the railway and road infrastructure both in Poland and in Baltic countries is grounded and stable.

The long-term market practice enabled the Group to develop management techniques for the projects performed, which ensure that the companies are able to complete the works assigned to them within the agreed schedules and simultaneously the required quality is maintained and the special requirements of investors are met.

The majority of the projects implemented by the Group are financed, in particular, with funds granted by European Union and Polish government. Their implementation requires the European procedures to be strictly complied with, which has also an effect on the quality of the services provided and products manufactured.

1.2 Changes in the Group and their consequences

On March 9, 2021, in line with the decision of October 20, 2020, the liquidation process of UAB Taurakelis and UAB Kedainiu Automobiliu Keliai, which formed a part of the AB Kauno Tiltai Group, was completed. The Parent Company has settled the winding-up of the above-mentioned companies by March 31, 2021.

In addition, on August 4, 2021, the Registry Court changed the name of the subsidiary of Trakcja S.A. from "Bahn Technik Wrocław" limited liability company to "BTW" limited liability company.

Apart from the above, there were no changes in the structure of the Trakcja Group in the I quarter of 2021 including as a result of the merger of units, obtaining or loss of control over subsidiaries and long-term investments, as well as a result of division, restructuring or cessation of business

1.3 Types of products and services

The scope of activities in Trakcja Group has not changed compared to the one presented in note 2. Report on the Activities of the Trakcja Group in 2020.

1.4 Significant construction contracts

In the course of the 1st half of the year 2021 Trakcja Capital Group signed agreements of total value of approximately PLN 0.4 bn net (excluding a portion of revenues attributable to consortium members), which constitutes a decrease by 33% in comparison with the analogous period in 2020. At the end of June 2021 the procurement portfolio amounted to approximately PLN 2.5 bn net (excluding a portion of revenues attributable to consortium members), which constitutes an increase by approximately 22% with regard to the procurement portfolio at the end of June 2020. Taking into account own capacity potential, the Group conducts a balanced policy of acquiring contracts, which is confirmed with the size of the procurement portfolio. The above data is presented with an exclusion of a part of revenues attributable to consortium members and do not cover the most beneficial bids expected to be signed.

In the first half-year of 2021, the Group signed the following significant contracts:

- a) Contract made on February 11, 2021 for the extension of the traffic system, including the construction of a railway overpass in Skarżysko-Kamienna under the project consisting in the construction of an integrated traffic system, including the reconstruction of the existing traffic system, along with the construction of a road overpass structure to cross the Warsaw-Kraków railway line No. 8 and connect the Dolna Kamienna Housing Estate with the Przydworcowe Housing Estate in Skarżysko-Kamienna, the details of which were presented in Current Report No. 4/2021 (the net contract value: PLN 28.3 million);
- b) Contract made on February 16, 2021 between the Issuer's subsidiary, namely Kauno Tiltai Sverige AB (with its registered office in Sweden), and the Skellefteå City Authorities for the performance of construction works under the project consisting in the construction of a new wooden bridge on the Skellefteälven river. The new bridge is intended for pedestrian, bicycle and vehicle use. The net contract value is SEK 202.8 million (PLN 90.7 million according to the exchange rate as at the conclusion of the contract);
- c) On April 8, 2021, a subsidiary of Trakcja S.A., Torprojekt sp. z o.o. (as the Consortium Leader of the consortium between: Torprojekt sp. z o.o. as the Consortium Leader and Kuryłowicz & Associates sp. z o.o. as the Consortium Partner) and PKP Polskie Linie Kolejowe S.A. concluded annexes and a supply contract similar to the core supply contract, in connection with the contract made on January 10, 2018, for the development of the project documentation and the architect's supervision for the reconstruction of a diametrical line in Warsaw under the POIŚ 5.1-13 project: "Works on the Warsaw Diametrical Line within the Warszawa Wschodnia – Warszawa Zachodnia Section". The total net value thereof is PLN 16.0 million, including PLN 12.3 million for Torprojekt sp. z o.o. The works are to be completed by June 25, 2029;
- d) On June 2, 2021, Trakcja as the Consortium Partner, and Olsztyn Commune Authorities concluded a contract for the performance of works involving the tram line extension in Olsztyn. The other consortium partners are Polimex Mostostal S.A. and Polimex Infrastruktura sp. z o.o. (Consortium Leader). The net contract value is PLN 327.8 million, including 50% thereof, i.e. PLN 163.9 million for Trakcja. The works are to be completed by August 1, 2023. The advance payment under the contract is 10% of the gross contract value.

After the balance sheet date, the Group signed the following significant contracts:

- a) Contract made on July 6, 2021 for the construction of a tram line connecting the Fordońska Street with the Toruńska Street, including the extension of road traffic system and the reconstruction of a tram line traffic

infrastructure in Bydgoszcz, the details of which were described in Current Report No. 26/2021 (the Parent Company's share (net amount): PLN 124.9 million);

- b) Contract made on August 11, 2021 for the performance of works on the Warszawa Wschodnia Osobowa – Dorohusk railway line no. 7 in the Warszawa – Otwock – Dęblin – Lublin section, stage II, the Warszawa Wschodnia Osobowa – Warszawa Wawer section, the details of which were provided for in Current Report 31/2021 (the Parent Company's share (net amount): PLN 422.4 million net); the advance payment under the contract is 10% of the gross contract value.

The Trakcja Group primarily performs railway and road contracts on Polish and Lithuanian markets. The Group's equipment and human resources allow for large contracts with value between several dozen and several hundred million to be performed.

The largest contracts completed by the Group in the first half-year of 2021 are presented in the table below (the contract amounts specified include the construction works allocated to consortium members):

No.	Name of the contract	Net amount of the contract (PLN million)*	Type of work
1.	Execution of construction works in LCS Łowicz – section: Sochaczew – Żychlin and section: Placencja – Łowicz Główny as part of the task "Works on the E20 railway line on the Warszawa-Poznań section – other works, section: Sochaczew-Swarzędz"	497	railway
2.	Modernization of the E30/C-E30 railway line on the Kraków – Rzeszów section, stage III (Dębica - Sędziszów Małopolski)	430	railway
3.	Design and execution of works within the framework of the project construction of the Szczecin Metropolitan Railway using the existing sections of railway lines No. 406, 273, 351 - task A pn. "Modernization of railway line No. 406 on the section Szczecin Główny - Police"	422	railway
4.	Design and execution of construction works on the E20 railway line, section: Siedlce-Terespol within the task "Works on the E20 railway line on the Siedlce - Terespol section, stage III - LCS Terespol"	418	railway
5.	Designing and execution of construction works as part of the project "Works on railway lines No. 140, 148, 157, 159, 173, 689, 691 on the section Chybie - Żory - Rybnik - Nędza / Turze"	395	railway
6.	Project and construction of the S61 express road in Szczuczyn-Budzisko (National border) with the division into tasks: Task No. 2: section Elk Południe node - Wysokie node (along with the wyplot along the national road 16)	395	road
7.	Performance of design and construction works under the project entitled: "Revitalization of railway lines No. 694/157/190/191 Bronów - Bieniowiec - Skoczów - Golezów - Cieszyn / Wisła / Głębcie"	391	railway
8.	Partial order A: Design and execution of construction works on the section below Bronów - Wisła Głębcie		
9.	Development of detailed designs and execution of works for LCS Warszawa Okęcie as part of the Project POIiŚ 7.1-19.1.a. pn. "Modernization of the railway line No. 8, section Warsaw Okęcie - Radom (LOT A, B, F)"	384	railway
10.	Reconstruction of track systems together with accompanying infrastructure on the E59 railway line, Stargard - Szczecin Dąbie section as part of the project "Works on the E59 railway line on the Poznań Główny - Szczecin Dąbie section"	354	railway
11.	Modernization of the E30/C-E30 railway line on the Kraków – Rzeszów section, stage III; Sędziszów Małopolski – Rzeszów Zachodni section, km 133,600 – 154,900	313	railway
12.	"Reconstruction of track layouts along with accompanying infrastructure on the E59 railway line section Poznań Główny - Rokietnica" as part of the project "Works on the E59 railway line on the Poznań Główny - Szczecin Dąbie section" (Updated contract value, not including the contingent amount)	273	railway
13.	Implementation of construction works under the Tender No. 1 - Modernization of the Jaworzno Szczakowa - Trzebinia section (km 1,150 - 0.000 line No. 134, km 15,810 - 29,110 lines No. 133) as part of the project "Modernization of the E30 railway line, Zabrze section - Katowice - Kraków, stage IIb "	264	railway
14.	Design and construction of the S-5 expressway on the section from the Szubin junction (with the junction) to the Jaroszewo junction (with the junction) of about 19.3 km in length	241	road
15.	Construction of the second section of the Plungė-Šateikiai railway	211	railway

Task A: Preparation of project documentation and execution of the construction works under the project „Revitalization of railway line no. 405, section: voivodeship border – Słupsk–Ustka”, Task B: Design and building of railway traffic control equipment from railway station Szczecinek km 71,480 to km 104,515 within the project „Increase of safety and liquidation of operating dangers at the rail network”			
15.		179	railway
Continuation of modernization works on the E59 railway line (track and subgrade and track-related works) under the POIŚ E 7.1-5.1 "Modernization of the E59 railway line, section Wrocław-Poznań, Stage III, section Czempiń-Poznań" - LOT C MOSINA-LUBOŃ			
16.		164	railway
17.	Extension of tram lines in Olsztyn	162	tram
18.	Reconstruction works of Vilnius airport	121	road
19.	Reconstruction of the A1 Vilnius-Kaunas-Klaipeda road 99.29 - 100.47 km	120	road
Reconstruction of the roundabout with the preparation of the works project at the intersection of Baltijos ave, Silutes pl. (including the entrance to Dubysos St.) and Wileńska St.			
20.		114	road
Order regarding the design and execution of construction works - optimization of the energy transmission network in north-eastern Lithuania and its preparation for the operation of a synchronous transmission network in continental Europe			
21.		110	energy
Designing and execution of works under the project construction of the Szczecin Metropolitan Railway using the existing sections of railway lines No. 406, 273, 351 - Task B pn. "Modernization of selected passenger infrastructure on railway lines No. 273, 351 and 401"			
22.		106	railway
Preparation of design documentation and construction works related to the construction of the Warszawa Główna station as part of the POIŚ E 5.1-13 project: "Works on the cross-city line in Warsaw on the Warszawa Wschodnia - Warszawa Zachodnia section"			
23.		100	railway

*updated contract value

1.5 Strategy and directions of the Group's development

In the first half-year of 2021, the Group successfully continued organizational and legal restructuring in order to achieve effects of synergy, operational effectiveness and increasing the financial power.

Trakcja Group expects to improve the Group's performance, guided by the following strategic principles:

- development through organic growth;
- enhancement of effectiveness and efficiency through a better organisation of works, better use of synergies, and incentive schemes;
- substantial improvement in cash flow management,
- using own forces in the contracts' execution to extent,
- ensuring an increase in funding to fill the missing resources, in particular by:
 - finalizing the negotiation of a settlement regarding court claims
 - additional debt financing,
 - sales on non-operating assets,
- selective approach to the performance of contracts under consortium agreements.

Key success factors of Trakcja Group include both the incentive systems that encourage employees to seek further improvements in operational activities and the knowledge-sharing systems between the Group members.

In addition, the Parent Company has been reviewing its strategy. The Management Board of Trakcja has been analysing the assets held by the Company and the activities of Trakcja Group for the possible disinvestment opportunities consisting in the potential sale of shares held in its subsidiaries. The strategy has been reviewed in parallel to a potential increase in the share capital as an alternative if the Company faces the problem of thin capitalisation (on which the

Company informed in Current Report No. 21/2021). As at the publication hereof no further decision was made in this regard.

Active policy on liquidity management of the Parent Company

In addition to activities that contribute to the improvement of future financial performance, the Parent Company's Management Board is primarily focused on the Company's liquidity situation. The Parent Company pursues an active liquidity management policy by monitoring liquidity on an ongoing basis in the short and long-term perspective, aiming at maintaining a stable level of available financing. In order to maintain liquidity, the Parent Company undertakes actions aimed at winning contracts which provide for advance payments. In addition, the Parent Company pursues an active policy of maintaining a low level of receivables, managing inventories and selling key materials to the ordering party at the initial stage of a contract. The Parent Company places great emphasis on shortening the period between the completion of works and their invoicing. The Parent Company's activities related to the liquidity situation are described in Note 4 to the consolidated financial statements for the first half of 2021.

Active participation in tender procedures

Trakcja Group has been consequently developing competences in various sectors of the infrastructural construction industries with a special focus on the railway industry. The Parent Company continues to actively participate in tender procedures announced on the railway and road markets.

Railway market

In keeping with Krajowy Program Kolejowy [lit. National Railway Programme] ("KPK") adopted by the Council of Ministers on 15 September 2015, along with its last revision issued in July 2021, the programme's value is PLN 76.71 billion (by the sources of funding). The programme includes strategies adopted by the Council of Ministers until 2023, including "National Development Strategy 2020" and "Transport Development Strategy until 2020, with a time horizon to 2030". The KPK remains in force until 2023, i.e. until the end of the period during which funding is available for projects under the EU Financial Perspective for 2014-2020. The document determines the amounts and sources of funding (including, the EU and national funding), as well as constitutes a basis for the financing of projects in accordance with the Act on Public Finances. Pursuant to Regulation of the Council of Ministers dated 20 July 2021, the remaining expenditure scheduled under the revised KPK (by the sources of funding) is as follows:

- 2021 – PLN 11.3 billion;
- 2022 – PLN 15.4 billion;
- 2023 – PLN 14.1 billion.

In 2021, the Management Board of PKP PLK approved the document entitled "PKP Polskie Linie Kolejowe S.A. – CAPEX for 2021-2030, with a time horizon to 2040", which specifies the capital expenditure planned until 2040. In keeping with this document, the projects scheduled are divided by PKP PLK into four different groups:

- a) Supraregional projects;
- b) CPK-related projects, i.e. projects whose scope and implementation is related to the construction of Centralny Port Komunikacyjny;
- c) Multi-location projects, i.e. projects whose objective is a horizontal approach to issues concerning the railway network in Poland;
- d) Regional projects.

On 26 November 2020, the Ministry of Infrastructure and PKP PLK presented the list of tenders scheduled for 2021, totalling over PLN 17 billion, of which PLN 16.5 billion concerns tenders for construction projects under the KPK and the New Perspective for 2021-2027 and PLN 650 billion concerns tenders for maintenance and repairs of the railway infrastructure.

Road market

On August 9, 2021, the government published a draft of "National Road Construction Programme (with a time horizon to 2033)". It is a follow-up of the National Road Construction Programme for 2014-2023 (with a time horizon to 2025) published on September 8, 2015. The projects covered by the new programme total PLN 292 billion, including new projects amounting to approx. PLN 187 billion and ongoing projects amounting to approx. PLN 105 billion. The draft has been made available for public consultations.

As far as the road construction sector is concerned, the Parent Company focuses on acquiring medium projects awarded by the province or county authorities, as well as by authorities of larger cities. In the preparation for the potential contracts awarded under the local government programmes, the Company established a network of regional road construction offices in six different locations in Poland.

Strengthening the Group's position on the Polish market

In 2021 and subsequent years, the Management Board of Trakcja expects to focus its operations on the Polish railway market of construction and assembly services. This objective can be achieved thanks to the effective organisational and financial support for the tendering and contracting area and for the contract implementing area of business.

A key goal in the area of financial management will be a more effective working capital management. Its expected effects include better financial liquidity, minimisation of demand for working capital and maintenance of the Company's debt at a safe level.

Diversification of the Group's business

In 2021, for the purpose of diversifying its activities, the Group has engaged in urban projects concerning the modernisation of tram and trolleybus infrastructure.

As at the publication hereof, the Parent Company had the following urban market contracts signed:

- Tram Line Expansion in Olsztyn (the Company's share: PLN 162.1 million net);
- Tram Line Construction in Bydgoszcz (the Company's share: PLN 124.9 million net).

The Parent Company continues to participate in tenders in order to be awarded next projects.

The Group has been developing its activities in Germany (two ongoing projects near Cologne). The four Deutsche Bahn certificates, which authorise the Parent Company to carry out construction works on the German railway infrastructure, have been renewed. The German VOB certification which is a pre-classification criterion for tender proceedings has also been renewed.

Brief description of significant accomplishments or failures in the first half of 2021

The significant achievements of the Group during the 6 months ended June 30, 2021 include:

- Signing new contracts worth PLN 412,5 million (excluding the part attributable to consortium members);
- Further reconstruction of the order backlog, which was at PLN 2 527 million as at June 30, 2021 (excluding the revenues allocated to consortium members);
- The continuation by the Parent Company of the Recovery Plan, under which it completes various actions in order to, in particular, obtain financial gains, streamline internal procedures and optimise the internal structure;
- The receipt of payment for the sale of the real property located at ul. Lotnicza 100 in Wrocław in the total amount of PLN 53,000 thousand (about which the Company informed in Current Report No. 6/2021) in the following manner: the amount of PLN 2,850 thousand was paid to the Company and the amount of 50,150 thousand was paid via bank transfer to the mBank S.A. account for the purpose of repaying the Company's working capital loan (in the amount of 50 000 thousand, increased by the interest thereon);

- The receipt by the Company of a notice concerning the conclusion of a conditional agreement between ARP, PKP PLK and State Treasury of the Republic of Poland, Minister of Infrastructure, concerning the engagement in the Company, under which, in particular, PKP PLK undertook to acquire 250 million shares series E in the Company for the issue price of PLN 200 million. The detailed information thereon has been provided for in Note 11 of the Notes to the Condensed Consolidated Financial Statements and in Note 4 of the Notes to Condensed Separate Financial Statements, as well as in Current Report No. 10/2021;
- The receipt by the Company of a notice issued by its shareholder, i.e. ARP, concerning the conclusion of the unbinding agreement between the Company's shareholders, i.e. ARP and COMSA, concerning, in particular, the acquisition by ARP or an entity controlled directly or indirectly by the State Treasury of the Republic of Poland or any other entity indicated by ARP, approved earlier by COMSA, of all the shares in the Company, held at the time by COMSA. In the agreement, the Parties also agreed that ARP or the entity indicated would acquire from COMSA all the bonds issued by the Company, held at the time by COMSA. The detailed information thereon has been provided for in Current Report No. 13/2021;
- The termination by the Parent Company of negotiations held with financial institutions, under the second stage of financing, resulted in the long-term loan agreements having been concluded (as the Parent Company informed in Current Report No. 20/2021 of 17 June 2021 and Current Report No. 22/2021 of 24 June 2021), under which:
 - a) the Parent Company has been granted a new revolving loan in the amount of up to PLN 52,983 thousand;
 - b) the Issuer has been granted a new revolving loan in the amount of up to PLN 52,746 thousand;
 - c) the existing guarantee lines have been extended. In particular, after the reporting period, two new advance payment guarantees have been issued in the gross amount of, respectively, PLN 30,067 thousand and PLN 30,868 thousand.

Furthermore, as a result of the regular revision of contracts, their budgets were reviewed in terms of their nature, amounts, distribution in time and uncertainty as to whether revenues and cash flows from the contracts performed would be generated. During the revision of budgets, opportunities and threats were analysed, including the identification and inclusion of any risks of technology, implementation and liquidity, as well as those related to delays in the completion of contracts; In the second quarter of 2021, the effect of the revision of budgets on the gross profit/loss of the Parent Company was negative, i.e. PLN (-24,740) thousand.

On June 22, 2021, the Parent Company was recognised during the "Diamonds of Infrastructure and Construction" event as the winner in the "Railway Infrastructure Project of the Year" category for the completion of the Warszawa Główna Railway Station and for the completion of the Krakowska tram line along with the renovation and modernisation of the Józef Piłsudski Bridge.

Wpływ COVID-19 na sytuację finansową, wyniki, przepływy pieniężne

The current development of the SARS CoV-2 pandemic has no significant impact on the risk of continuing the Group's operations in the foreseeable future. The further development of events related to the pandemic, which is difficult to predict at the moment, may have a negative impact on the operating activities, timeliness of works and costs incurred by the Group.

The current SARS CoV-2 epidemic, which results, amongst others, in potential restrictions of transport and interruptions in the continuity of supplies of components and raw materials may lead to delays in the execution by the Company of purchase orders under the contracts, to which the Company is a party as a contractor or subcontractor; in consequence, this may lead to a risk of claims addressed by contracting parties for payment by the Company of contractual penalties due to untimely contract performance.

Although as at the publication date of this report both contractors and financial institutions continue normal business, the further spread of SARS CoV-2 and the change in the mode of work of the Company's contractors, courts and financial institutions may lead to delays in decision-making processes, and may indirectly affect the Company's current business, in particular through:

- hindering access to funds obtained by the Company from the securities market;
- a requirement to amend delivery dates of selected imported materials;
- limiting the availability of foreign workers;
- prolongation of collection procedures due to a part of clients' staff working remotely;
- prolongation of administrative and court procedures;
- limitations to movement and transport;
- the need for partial remote work and quarantines of some of the workers.

In consequence, these events may cause delays in obtaining funds by the Company, essential to perform its financial liabilities or obtaining new contracts due to a lack of required financial collateral in the form of guarantees or funds for a contractual deposit, as well as non-performance of the Company's contractual obligations. As a consequence of the negative influence of the SARS CoV-2 epidemic on the aforementioned operations, the Company's liquidity and financial situation may be adversely affected. Simultaneously, the potential pandemic-related restrictions or delays of deadlines of investments of contracting authorities may affect the Company's financial perspectives in the next financial periods. According to the Company, the threat of these risks is average and, as at the date of this publications, the Company is not able to estimate the effects of such risks on future financial results or cash flow.

2. Present and forecast condition of Trakcja Group

Below, in order to discuss the financial situation, the Issuer presents selected financial results and APM indexes. In the Management Board's opinion, they provide a source of additional (apart from the data presented in financial statements), valuable information on the financial and operating situation, as well as facilitate the analysis and assessment of financial results achieved by the Company in the course of particular reporting periods. The company presents specific, alternative performance measurements, as they constitute standard measurements and indexes commonly used in financial analysis. Selection of alternative performance measurements was preceded with the analysis of their usefulness with regard to delivering to the investor useful information on the financial situation, cash flows and financial effectiveness, as well as, in the Company's opinion, it allows optimal assessment of the achieved financial results.

2.1 Description of factors and events exerting a significant impact on the financial performance in the first half of 2021

2.1.1 Overview of the Income Statement

CONSOLIDATED PROFIT & LOSS ACCOUNT	1.01.2021 - 30.06.2021 <i>Unaudited</i>	1.01.2020 - 30.06.2020 <i>Unaudited Modified*</i>	Change	Change %
Sales revenues	533 973	558 417	(24 444)	-4%
Cost of goods sold	(542 643)	(557 590)	14 947	-3%
Gross profit (loss) on sales	(8 670)	827	(9 497)	-1148%
Cost of sales, marketing and distribution	(3 083)	(2 891)	(192)	7%
General and administrative costs	(27 477)	(28 618)	1 141	-4%
Other operating revenues	5 838	4 286	1 552	36%
Other operating costs	(1 113)	(3 573)	2 460	-69%
Operating profit (loss)	(34 505)	(29 969)	(4 536)	15%
Financial revenues	3 855	564	3 291	584%
Financial costs	(11 048)	(14 631)	3 583	-24%
Gross profit (loss)	(41 698)	(44 036)	2 338	-5%
Income tax	4 035	5 790	(1 755)	-30%
Net profit (loss) for the period	(37 663)	(38 246)	583	-2%

*The restatement in I half year 2020 relates to the reclassification of costs between costs of sale, marketing and distribution as well as general management and administrative costs on one hand and own cost of sales on the other hand (for more information, see section 10.3 consolidation financial statement)

In the first half-year of 2021 the Company's revenues were PLN 533,973 thousand and decreased by 4% as compared to the corresponding period of the preceding year. The cost of goods sold for the 6-month period of 2021 decreased by 3% and was PLN 542,643 thousand.

The Group generated a gross loss on sales in the amount of PLN 8,670 thousand, which means that it decreased by PLN 9,497 thousand as compared to the first half-year of 2020. In the analysed period, the gross profit margin on sales was negative (-1.6%) and lower by 1.7 pp. than that in the analogous period of 2020.

The factor that had the most significant effect on the gross profit margin on sales for the first half-year of 2021 was the financial condition of the Parent Company whose gross profit on sales dropped by PLN 7,810 thousand as compared to that for the comparable period of the previous year. This was caused by delays in the processing of bank and other loans, which in turn resulted in the Company's financing capabilities being limited in the first half-year of 2021. The Company's reduced financing capabilities made the sales in the first half-year of 2021 fall, and as a result the gross profit margin on sales decrease, and also contracts in the analysed period be completed later than expected. A longer

than expected completion of contracts, in particular, the railway ones, resulted in general and indirect costs estimated in the contract budgets being exceeded, and as a consequence in the profitability thereof being lower than assumed.

The gross profit margin on sales was also affected by the general market conditions characterised by increases in prices for construction materials, in particular, such as steel, copper and plastics in the first half-year of 2021. This caused major difficulties for the Parent Company, which due to the limited financing capabilities could not have made purchases of materials necessary for the completion of contracts in advance.

The Kauno Group's gross profit on sales dropped by PLN 3,765 thousand which resulted from the sales for the first half-year 2021 generated in the amount lower than planned. The foregoing concerned primarily two contracts, namely a railway contract, the delay on which was caused by the delayed completion of design works, and a bridge contract, the works under which have been suspended for over 2 months due to an accident that had occurred on the construction site in January 2021.

The drop in sales and in the gross profit on sales of Trakcja Group in the first half-year 2021 was also triggered by adverse weather conditions at the beginning of the year, which resulted in the construction season starting later than usually.

The SARS – COV-2 virus pandemic did not have a significant impact on the sales of Trakcja Group.

The costs of sales, marketing and distribution were PLN 3,083 thousand. They were higher by PLN 192 thousand than in the comparable period. The general and administrative costs were PLN 27 477 thousand, which means that they decreased by PLN 1,141 thousand, i.e. by 4%, as compared to the analogous period of 2020 (PLN 28,618 thousand).

The other operating revenues for the 6-month period of 2021 were PLN 5,838 thousand and increased by 36%, i.e. by PLN 1,552 thousand, in relation to the comparable period. The increase resulted mainly from the recognition of revenues from the redemption of subsidies granted in 2020 under Anti-Crisis Shield to BTW, Torprojekt and Dalba. The subsidies concerned totalled PLN 2,217 thousand. The Parent Company's operating revenues were lower by PLN 610 thousand as compared to the analogous period, due to the lower amount of revenues from the licences granted in the first half-year 2021. The other operating expenses were PLN 1,113 thousand and lower by PLN 2,460 thousand than in the first half-year of the previous year. A decrease in the amount of PLN 2,400 thousand resulted primarily from the fact that in the first half-year of 2020 the Parent Company had recognised a write-down of other sales.

The Group generated a loss on the operating activities for the first half-year 2021 in the amount of PLN 34,505 thousand, which means that the loss generated increased by PLN 4,536 thousand as compared to the corresponding period of the previous year, in which the loss on the operating activities was PLN 29,969 thousand. The increase was mainly caused by an increase in the gross loss on sales in the analysed period as a result of the factors described above.

In the first half-year of 2021, the Group's financial revenues were PLN 3,855 thousand and increased by PLN 3,291 thousand in comparison with their balance at the end of the corresponding period of the preceding year. The increase in the financial revenues resulted from the reversion by the Parent Company of the provisions for interest on liabilities in the amount of PLN 2,311 thousand, as well as from gains on the exchange differences in the amount of PLN 672 thousand. The financial expenses decreased by PLN 3,583 thousand, i.e. by 24% in comparison to those incurred in the comparable period of the previous period and were PLN 11,048 thousand. The decrease was mainly caused by a decrease in the Kauno Group's financial costs (by PLN 1,272 thousand), which in turn resulted from decreases in the interest on loans and in the expenses relating to foreign exchange differences.

In the analysed period, the Group's gross loss was PLN 41,698 thousand, which means that it decreased by PLN 2,338 thousand as compared to the first half-year of 2020 (PLN 44,036 thousand).

The income tax for the first half-year of 2021 increased the net loss by PLN 4,035 thousand in comparison with PLN 5,790 thousand for the corresponding period of the previous year.

The Group's net loss for the first half-year of 2021 was PLN 37,663 thousand, which means that it decreased by PLN 583 thousand as compared to the net loss of PLN 38,246 thousand for the first half-year of the previous year.

The net profit margin was negative (-7.1%), i.e. lower by 0.3 p.p. as compared to the first half-year of the previous year.

2.1.2 Omówienie pozycji bilansowych

The key items of the consolidated balance sheet of Trakcja Group as at June 30, 2021 in comparison with their balances as at December 31, 2020 are presented in the table below:

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>	Change	Change %
CONSOLIDATED ASSETS				
Non-current assets	566 583	581 319	(14 736)	-3%
Tangible non-current assets	276 401	285 257	(8 856)	-3%
Investment properties	26 546	26 587	(41)	0%
Goodwill from consolidation	131 223	138 537	(7 314)	-5%
Intangible assets	52 570	52 261	309	1%
Investments in other units	26	27	(1)	-4%
Other financial assets	7 343	6 425	918	14%
Deferred tax assets	65 798	63 607	2 191	3%
Long-term receivables	67	104	(37)	-36%
Prepayments	6 609	8 514	(1 905)	-22%
Current assets	856 634	896 437	(39 803)	-4%
Inventory	111 843	113 145	(1 302)	-1%
Trade and other receivables	401 481	420 101	(18 620)	-4%
Receivables from income tax	893	968	(75)	-8%
Other financial assets	7 789	4 640	3 149	68%
Cash and cash equivalents	75 404	136 178	(60 774)	-45%
Prepayments	14 212	13 095	1 117	9%
Contracts with customers assets	239 975	203 273	36 702	18%
Assets held for sale	5 037	5 037	-	0%
TOTAL ASSETS	1 423 217	1 477 756	(54 539)	-4%

The total assets of Trakcja Group were PLN 1,423,217 thousand and decreased by PLN 54,539 thousand in relation to their balance as at the end of 2020 (i.e. by 4%).

As at June 30, 2021, the non-current assets were PLN 566,583 thousand and decreased by PLN 14,736 thousand. The decrease resulted mainly from a decrease in the property, plant and equipment by PLN 8,856 thousand and from a decrease in the goodwill on consolidation by PLN 7,314 thousand due to foreign exchange differences. Simultaneously, the deferred tax assets increased by PLN 2,191 thousand.

As at June 30, 2021, the current assets were PLN 856,634 thousand and decreased by PLN 39,803 thousand, as compared to their value as at the end of 2020. The cash and cash equivalents decreased by PLN 60,774 thousand and the trade and other receivables decreased by PLN 18,620 thousand. The contracts with clients, on the other hand, increased by PLN 36,702 thousand.

	30.06.2021 <i>Unaudited</i>	31.12.2020 <i>Audited</i>	Change	Change %
CONSOLIDATED EQUITY AND LIABILITIES				
Equity attributable to shareholders of parent entity	283 765	331 594	(47 829)	-14%
Share capital	69 161	69 161	-	0%
Revaluation reserve	7 082	7 082	-	0%
Other capital reserves	220 563	329 955	(109 392)	-33%
Retained earnings	(37 551)	(109 785)	72 234	-66%
Foreign exchange differences on translation of foreign	24 510	35 181	(10 671)	-30%
Non-controlling interests	5 390	5 522	(132)	-2%
Total equity	289 155	337 116	(47 961)	-14%
Total liabilities	1 134 062	1 140 640	(6 578)	-1%
Long-term liabilities	397 277	340 847	56 430	17%
Interest-bearing bank loans and borrowings	340 717	281 152	59 565	21%
Bonds	28 141	27 832	309	1%
Provisions	22 449	21 355	1 094	5%
Liabilities due to employee benefits	3 500	3 690	(190)	-5%
Provision for deferred tax	2 450	4 998	(2 548)	-51%
Deferred revenue	-	1 792	(1 792)	-100%
Other liabilities	20	28	(8)	-29%
Short-term liabilities	736 785	799 793	(63 008)	-8%
Interest-bearing bank loans and borrowings	80 654	86 131	(5 477)	-6%
Bonds	189	194	(5)	-3%
Trade and other liabilities	405 480	436 658	(31 178)	-7%
Provisions	54 936	53 706	1 230	2%
Liabilities due to employee benefits	13 885	16 468	(2 583)	-16%
Other financial liabilities	-	112	(112)	-100%
Accruals	14 998	5 973	9 025	151%
Contracts with customers liabilities	166 643	200 551	(33 908)	-17%
Total equity and liabilities	1 423 217	1 477 756	(54 539)	-4%

In the first-half year of 2021 the equity decreased by PLN 47,961 thousand, as compared to its balance as at December 31, 2020, and as at June 30, 2021 it was PLN 289,155 thousand.

As at June 30, 2021, the long-term liabilities were PLN 397,277 thousand, i.e. they increased by PLN 56,430 thousand (i.e. by 17%). This increase was primarily caused by an increase in the interest-bearing loans by PLN 59,565 thousand as compared to their balance as at December 31, 2020.

As at June 30, 2021, the short-term liabilities were PLN 736,785 thousand and decreased by PLN 63,008 thousand, i.e. by 8% in comparison with their balance as at the end of the preceding year. This decrease was caused mainly by a decrease in liabilities from contracts with clients by PLN 33,908 thousand (as compared to PLN 166,643 thousand as at the end of the first half-year 2021). The value of the trade and other liabilities also decreased (by PLN 31,178 thousand). The accruals, in turn, increased by PLN 9,025 thousand, i.e. by 151%, and they were PLN 14,998 thousand as at June 30, 2021.

2.1.3 Overview of the Statement of Cash Flows

The key items of the consolidated statement of cash flows of Trakcja Group for the period ended June 30, 2021 and for the period ended June 30, 2020 are presented in the table below:

CONSOLIDATED CASH FLOW ACCOUNT	1.01.2021 - 30.06.2021 <i>Unaudited</i>	1.01.2020 - 30.06.2020 <i>Unaudited</i>	Change	Change %
Cash at start of period	135 906	107 461	28 445	26%
Net cash flows from operating activities	(153 611)	(115 664)	(37 947)	33%
Net cash flows from investment activities	44 703	(2 264)	46 967	-2075%
Net cash flows from financial activities	47 455	52 065	(4 610)	-9%
Total net cash flows	(61 453)	(65 863)	4 410	-7%
Cash at end of period	74 453	41 598	32 855	79%

In the first half year 2021 the net cash flows from operating activities were negative and amounted to PLN 153,611 thousand. The value decreased compared to the same period of the previous year by PLN 37,947 thousand. In the 1st half of the year 2021 the net cash due to the investment activity showed negative balance in the amount of PLN 44,703 thousand., whereas, in comparison with the previous period – it increased by PLN 46,967 thousand. An increase in the cash flows from investing activities results mainly from the settlement by the Parent Company of the sale of the real estate located at ul. Lotnicza 100 in Wrocław, sold in 2018 for PLN 53,000 thousand. The net cash flow balance due to financial activity in the 1st half of the year 2021 was positive and amounted to PLN 47,455 thousand. Net cash flows from financial activities in the first half of 2020 decreased PLN 4,610 thousand.

At the beginning of 2021, the Group's cash disclosed in the consolidated statement of cash flows was PLN 135,906 thousand, while ended the first half of 2021 with cash balances disclosed in the consolidated cash flow statement in the amount of PLN 74,453 thousand. In the reported period, negative net cash flows in the amount of PLN 61,453 thousand.

2.1.4 Overview of profitability ratios

Sales profitability ratios show the relationship between sales and costs and their impact on profit. The level of these ratios determines the ability to generate profit through sales.

The gross sales profit margin decreased by 1.7 pp. in first half of 2021 as compared to the same period last year and was 1.6%. The main reasons for the reduction of the gross profit margin on sales are described in note 2.1.1. The operating profit, including depreciation and amortization (EBITDA) was PLN -15,604 thousand and dropped by PLN -4,456 thousand as compared to the first half year 2020. The EBITDA margin fell by 0.9 pp. and reached -2.9%. The operating profit margin increased by 1.1 pp. and totaled -6,5%. In the analyzed period the net profit margin was -7.1% and was lower by 0.3 pp. from the margin of the comparable period.

The return on equity (ROE) decreased by 2,8 pp. in relation to the previous year and was -12,2%. The return on assets (ROA) amounted to -2.6% and was lower by 0.1 pp. lower than in the preceding year.

	1.01.2021 - 30.06.2021	1.01.2020 - 30.06.2020	Change
PROFITABILITY RATIOS	<i>Unaudited</i>	<i>Unaudited Modified*</i>	
Gross sales profit margin	-1,6%	0,1%	-1,7 p.p.
EBITDA	(15 604)	(11 148)	(4 456)
EBITDA profit margin	-2,9%	-2,0%	-0,9 p.p.
Operating profit margin	-6,5%	-5,4%	-1,1 p.p.
Net profit margin	-7,1%	-6,8%	-0,3 p.p.
Return on equity (ROE)	-12,2%	-9,4%	-2,8 p.p.
Return on assets (ROA)	-2,6%	-2,5%	-0,1 p.p.

These ratios have been calculated using the following formulae:

Gross margin on sales = gross profit on sales / sales revenue

EBITDA = operating profit + amortisation/depreciation

EBITDA margin = (operating profit + amortisation/depreciation) / sales revenue

Operating profit margin = operating profit / sales revenue

Net profit margin = net profit / sales revenue

Return on equity (ROE) = net profit / average equity

Return on assets (ROA) = net profit / average assets

2.2 Ocena zarządzania zasobami finansowymi Assessment of financial resources management

As at the end of the first half-year of 2021 Trakcja Group had cash in the amount of PLN 75,404 thousand and its total debt (loans, borrowings, finance lease and bonds) were PLN 449,701 thousand. The liquidity situation of the Parent Company is described in note 4 to the condensed financial statements of Trakcja for the period of 6 months ended June 30, 2021.

As at June 30, 2021 the Group is at a disposal of unused credit facilities (overdraft facilities and working capital facilities) in the amount of PLN 71,802 thousand, which guarantees to the Trakcja Group companies the continuity of financing the current contract activity.

The Trakcja Group conducts a well-developed cooperation with banks and insurance institutions in order to ensure relevant level of financing, as well as bank and insurance guarantees enabling performance of planned construction contracts. By renegotiating existing credit agreements and establishing business relations with new banks and insurance institutions, Trakcja Group controls its liquidity position and extends its external financing sources. The Group uses many offered banking products and various financing sources (overdraft facilities, investment credits, financial leasing, contract financing) in order to minimise financial costs and optimise financial liquidity management.

2.2.1 Liquidity ratios

Most of the liquidity ratios in the Trakcja Group slightly changed at the end of the 1st half-year of 2021 in comparison with the end of 2020.

As at June 30, 2021, the working capital in Trakcja Group amounted to PLN 134,847 thousand., which constituted a increase by PLN 32,230 thousand in comparison with the working capital at the end of 2020.

As at the end of the first half-year of 2021 the current ratio amounted to 1.16 and was higher by 0.04 than the current ratio as at December 31, 2020. The quick ratio was 1.01 and by 0.03 higher compared to the ratio at the end of 2020. The immediate liquidity ratio amounted to 0.10 which means a decrease by 0.07 in relation to the compared period. The liquidity situation of the Parent Company has been described in more details in note 11 to the half-yearly consolidated financial statement of the Trakcja Group for the period of 6 months ended on June 30, 2021 and note 4 to the half-yearly financial statement of the Trakcja for the period of 6 months ended on June 30, 2021.

	30.06.2021	31.12.2020	Change
LIQUIDITY RATIOS	<i>Unaudited</i>	<i>Audited</i>	
Working capital	134 847	102 617	32 230
Current ratio	1,16	1,12	0,04
Quick ratio	1,01	0,98	0,03
Cash ratio	0,10	0,17	(0,07)

The above ratios have been calculated in accordance with the following formulas:

Working capital = current assets - short-term liabilities + prepayments

Current ratio = current assets / short-term liabilities

Quick ratio = (current assets - inventory) / short-term liabilities

Cash ratio = cash and cash equivalents / short-term liabilities

2.2.2 Indicators of the financing structure

The Group monitors its capital structure using debt ratios.

The financing structure ratios changed negatively as at June 30, 2021 in comparison with the end of 2020.

As at June 30, 2021 the equity to assets ratio was 0.20 which is a decrease by 0.02 compared to the value of the ratio as at December 31, 2020. The equity to non-current assets ratio decreased from 0.57 at the end of 2020 to 0.50 as at June 30, 2021. The debt ratio was 0.80 at the end of the first half of 2021. This means that the company's assets are financed in 80% by foreign sources of financing - liabilities. In addition, the debt to equity ratio increased from 3.46 at the end of 2020 to 4.02 in the first half of 2021.

	30.06.2021	31.12.2020	Change
FINANCING STRUCTURE RATIOS	<i>Unaudited</i>	<i>Audited</i>	
Equity to assets ratio	0,20	0,22	-0,02
Equity to non-current assets ratio	0,50	0,57	-0,07
Debt ratio	0,80	0,78	0,02
Debt to equity ratio	4,02	3,46	0,56

The above ratios have been calculated in accordance with the following formulas

Equity to assets ratio = Equity attributable to shareholders of parent entity / Total assets

Equity to non-current assets ratio = Equity attributable to shareholders of parent entity / Non-current assets

Debt ratio = (Total assets - Equity attributable to shareholders of parent entity) / Total assets

Debt to equity ratio = (Total assets - Equity attributable to shareholders of parent entity) / Equity attributable to shareholders of parent entity

2.3 Loans and borrowings

As at June 30, 2021 the loans and borrowings granted to Trakcja Group were as follows:

Name of company	Lender Creditor	Type of loan, credit	Amount by currency contracts (in thousands)	Contract Currency	Maturity date	Interests	Amount left to be paid
Trakcja S.A.	COMSA S.A.	loan from related entities	2 674	PLN	30.12.2021	WIBOR 1M + margin	82
Trakcja S.A.	COMSA S.A.	loan from related entities	5 000	PLN	30.12.2021	WIBOR 1M + margin	159
Trakcja S.A.	Agencja Rozwoju Przemysłu S.A.	loan from related entities	27 600	PLN	31.12.2022*	WIBOR 1M + margin	27 648
Trakcja S.A.	Agencja Rozwoju Przemysłu S.A.	loan from related entities	52 746	PLN	01.01.2023*	WIBOR 1M + margin	52 764
Trakcja S.A.	Agencja Rozwoju Przemysłu S.A.	loan from related entities	9 091	PLN	31.12.2022*	WIBOR 1M + margin	9 094
Trakcja S.A.	mBank S.A.	Working capital credit	15 000	PLN	31.12.2022*	WIBOR 1M + margin	14 999
Trakcja S.A.	mBank S.A.	Working capital credit	15 000	PLN	31.12.2022*	WIBOR 1M + margin	14 999
Trakcja S.A.	mBank S.A.	Overdraft	20 000	PLN	31.12.2022*	WIBOR O/N + margin	15 463
Trakcja S.A.	mBank S.A., Bank Gospodarstwa Krajowego	Working capital credit	43 892	PLN	31.12.2022*	WIBOR 1M + margin	43 907
Trakcja S.A.	Pekao S.A.	Overdraft	20 000	PLN	31.12.2022*	WIBOR 1M + margin	9 433
Trakcja S.A.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	21 500	PLN	31.12.2022*	WIBOR 1M + margin	21 535
Trakcja S.A.	mBank S.A.	Investment credit	21 500	PLN	16.09.2021	WIBOR 1M + margin	2 950
Trakcja S.A.	mBANK S.A., Credit Agricole Bank Polska S.A., Bank Gospodarstwa Krajowego	Working capital credit	92 600	PLN	31.12.2022*	WIBOR 1M + margin	92 749
AB Kauno Tiltai	Luminor Bank AB	Working capital credit	4 000	EUR	31.05.2023	EURIBOR 3M + margin	8 849
AB Kauno Tiltai	Luminor Bank AB	Overdraft	12 000	EUR	30.06.2021	EURIBOR 1M + margin	-
Przedsiębiorstwo Eksploatacji Ulic i Mostów sp. z o.o.	Idea Getin Leasing	loan from other entities	244	PLN	15.06.2024	WIBOR 1M + margin	156
Przedsiębiorstwo Eksploatacji Ulic i Mostów sp. z o.o.	mBank S.A.	Overdraft	3 000	PLN	31.12.2022*	WIBOR 1M + margin	424
PDM S.A.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	2 500	PLN	31.12.2022*	WIBOR 1M + margin	2 500
Dalba sp. z o.o.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	1 000	PLN	31.12.2022*	WIBOR 1M + margin	1 000
Dalba sp. z o.o.	Polski Fundusz Rozwoju S.A.	loan from other entities	814	PLN	31.05.2023	interest-free	362

BTW sp. z o.o.	mLeasing	loan from other entities	16 397 PLN	15.03.2025	WIBOR 1M + margin	11 484
BTW sp. z o.o.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	2 000 PLN	31.12.2022*	WIBOR 1M + margin	2 000
BTW sp. z o.o.	Polski Fundusz Rozwoju S.A.	loan from other entities	1 412 PLN	31.05.2023	interest-free	435
Torprojekt sp. z o.o.	Polski Fundusz Rozwoju S.A.	loan from other entities	1 180 PLN	13.05.2023	interest-free	263
PRK 7 Nieruchomości sp. z o.o.	mBank S.A., Credit Agricole Bank Polska S.A.	Working capital credit	4 000 PLN	31.12.2022*	WIBOR 1M + margin	4 000
Total						337 255

*) According to the annexes signed on June 17, 2021 referring to long-term financing, the term of repayment of these credit facilities and loans shall be extended to December 31, 2023 and January 1, 2024, respectively, as a result of extending the maturity of Series F and G Bonds, to which the Company's EGM agreed on September 10, 2021.

The interest rate of the loans received is the WIBOR/EURIBOR rate plus a bank margin. Bank margins depend on a bank and fixed repayment date of the loan.

As at June 30, 2021 the total debt of the Group amounted to PLN 449,701 thousand and increased by PLN 54,392 thousand as compared to December 31, 2020. The value of the total debt including the interest-bearing credits and loans in the amount of PLN 337,255 thousand (as at December 31, 2020: PLN 276,570 thousand.), the liabilities due to leasing in the amount of PLN 84,116 thousand (as at December 31, 2020: PLN 90,713 thousand) and the liability due to bond issue in the amount of PLN 28,330 thousand (as at December 31, 2020: PLN 28,026).

In the first half of 2021, Trakcja S.A. informed in the current report No 6/2021, that it received payment for the sale of real estate located at ul. Lotnicza 100 in Wrocław, in the total amount of PLN 53,000 thousand, as follows: the Company received a part of the price in the amount of PLN 2,850 thousand and the buyer transferred a part of the price in the amount of PLN 50,150 thousand by a bank transfer to the account of mBank S.A. in order to repay the entire liability of the Company on account of the working capital credit facility (in the amount of PLN 50,000 thousand with interest), which allowed for the deletion of the mortgage securing the credit facility.

On June 17, 2021, Trakcja S.A. signed long-term financing documents including the following annexes:

- Annex introducing the amended and Consolidated Credit Agreement concluded between the Company and BTW sp. z o.o., PRK 7 Nieruchomości sp. z o.o., PDM S.A., DALBA sp. z o.o., as credit providers and guarantors and Torprojekt sp. z o.o., PEUiM sp. z o.o., TOB Trakcja Ukraina, as guarantors (collectively, the "Related Parties"), and mBank S.A., Credit Agricole Bank Polska S.A., BGK, as credit providers and ARP as lender, pursuant to which a new credit, a new loan were granted to the Company, and a guarantee line was amended (the "Consolidated Credit Agreement");
- Annex amending the Intercreditor Agreement dated June 13, 2019 between the Company, the Related Parties, COMSA and the creditors i. e.: BGK, ARP, mBank S.A., Credit Agricole Bank Polska S.A., Bank PKO S.A., AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (currently UNIQA Towarzystwo Ubezpieczeń S.A.), Credendo - Excess & Surety Societe Anonyme, Sopockie Towarzystwo Ubezpieczeń ERGO Hestia S.A., Korporacja Ubezpieczeń Kredytów Eksportowych S.A., Generali Towarzystwo Ubezpieczeń S.A. and COMSA S.A.U., PZU S.A., UNIQA Towarzystwo Ubezpieczeń S.A. (jointly, the "Creditors"), on the basis of which the terms of cooperation between the Creditors were unified, a hierarchy was established between the receivables to which the Creditors are entitled from the Company and the Related Parties, and collaterals established for the benefit of the Creditors by the Company and the Related Parties were established;
- Annex introducing amendments to the Common Terms Agreement concluded between the Company, the Related Parties, mBank S.A., Credit Agricole Bank Polska S.A., Bank PKO S.A., BGK and IDA, on the basis of which the terms and conditions of granting funds to the Company and the Related Parties by creditors that are banks and ARP were harmonised;

- d. Annex introducing amendments to the agreement on unification of selected terms and conditions of guarantee agreements and surety agreement dated June 13, 2019 concluded between the Company, Related Parties, AXA Ubezpieczenia Towarzystwo Ubezpieczeń i Reasekuracji S.A. (currently UNIQA Towarzystwo Ubezpieczeń S.A.), Credendo - Excess & Surety Societe Anonyme, operating in Poland through Credendo - Excess & Surety Spółka Akcyjna Oddział w Polsce, Generali Towarzystwo Ubezpieczeń S.A., Korporacja Ubezpieczeń Kredytów Eksportowych S.A, Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A., PZU S.A. and UNIQA Towarzystwo Ubezpieczeń S.A., on the basis of which the terms and conditions of granting the financing to the Company and Related Parties by creditors being insurance companies have been unified ("Insurance Common Terms Agreement");

(the documents listed in paragraphs (a) to (d) above collectively referred to as the "Financing Documents").

Pursuant to the Consolidated Credit Agreement and on the terms and conditions set forth therein, the Borrower Company:

- a. was granted a new revolving credit facility in the total amount of PLN 52,983 thousand;
- b. was granted a new revolving loan in the total amount of PLN 52,746 thousand;
- c. bank guarantee lines were amended, among others by extending their availability periods. In particular (after the balance sheet date) two new advance payment refund guarantees were issued in the amounts of respectively: PLN 30,067 thousand and PLN 30,868 thousand.

In addition, in connection with the amended Insurance Common Terms Agreement, a new performance guarantee in the amount of PLN 30,067 thousand was issued after the balance sheet date by the insurance companies.

In addition, the Consolidated Credit Agreement also provides for the recapitalisation of the Company by PKP PLK S.A. in the amount of not less than PLN 200,000 thousand by January 31, 2022. If the recapitalisation does not take place, the Company has undertaken to conduct the process of sale of its subsidiary - AB Kauno Tiltai.

On June 24, 2021, the Company received notification from mBank, acting as credit agent, that the conditions precedent indicated in the annex to the Consolidated Credit Agreement dated June 17, 2021 had been fulfilled on June 24, 2021.

2.4 The Management Board's position as regards previously published forecasts of the Trakcja Group's financial performance

Trakcja Group and Trakcja did not publish any financial forecast for 2021.

On June 21, 2021 marked the completion of the cyclical review process of long-term contracts and collection of financial data for the purposes of preparing the separate financial statements of Trakcja S.A. for the 6-month period ending on June 30, 2021. Accordingly, the Company published (current report 27/2021) the preliminary estimates of the Company's financial results for this period:

- Revenue from sales: PLN 317,351 thousand
- Gross result from sales: PLN -10,689 thousand
- EBITDA: PLN -13,697 thousand
- Net result: PLN -26,503 thousand

These items have not changed significantly as compared to the data published in this report.

2.5 Indication of factors which, in the opinion of the Group, will have an impact on its performance during at least the following half-year

The most important factors that have a significant impact on the financial performance of the Group include the following:

- the ability to win new construction contracts, which on account of the profile of the Group's activities is determined by expenditures on the railway and tramway infrastructure in Poland and Lithuania, as well as in new markets;
- efficiency of opening and signing contracts by the Ordering Party;
- competition from other entities and increasing pressure on margins;
- lack of market barriers;
- the joint and several liability of the construction consortia members and with the liability for subcontractors;
- formation of prices of raw materials, building materials and transport costs;
- growing bargaining power of subcontractors (impact on the level of prices of services provided by them);
- the situation on the labor market in Poland and Lithuania;
- exchange rate developments, in particular the euro exchange rate;
- the impact of the Central Bank's monetary policy on changes in loan interest rates;
- the timeliness in repayment of liabilities by customers. A failure to do so by customers may lead to the deterioration in the Group's financial liquidity;
- changes of laws governing the scope of the Group's activities, including tax law and other regulations dealing with public law charges;
- the level of valorisation of construction contracts;
- atmospheric conditions;
- the SARS CoV-2 (COVID-19) epidemic.

Moreover, in the future, the Group's financial performance may be affected by changes in the legal regulations designating the scope of the Group's activities, including tax regulations and any regulations regarding other encumbrances of a public-law nature, as well as regulations:

- the procedure for awarding public procurements, in particular, an amendment to the Public Procurement Law;
- the public and private partnership;
- the financing of railway infrastructure;
- the environmental protection in the scope of the implementation of individual projects, in particular, the Environmental Protection Law;
- the property development activities of PRK 7 Nieruchomości sp. z o.o.

The most important internal factors having a significant impact on the Group's financial results include:

- the accuracy of estimating the costs of implemented projects, having a direct impact on decisions on the strategy of participating in tenders, the valuation of contracts for tenders and, as a result, the margins achieved on contracts. The accuracy of estimating budgets for contract costs is in turn related to both methodological and external factors, such as changes in prices of materials and prices for subcontractors, Ability to acquire new construction contracts;
- the number of contracts won as part of investment programs for railway and road infrastructure in Poland and Lithuania;
- ability to acquire highly qualified Staff;
- ability to further diversify operations;

- risk related to obtaining financing for the implementation of construction contracts and obtaining contract guarantees;
- ability to maintain liquidity (described in Note 10 of the Explanatory Notes to these condensed consolidated financial statements);
- ability to satisfy the conditions provided under financial agreements, including the maintenance of financial indices at a prescribed level, as provided under financing agreements;
- results of court proceedings;
- ability to implement the Group's growth strategy and the outcome of the strategic options review process and future actions to be taken.

2.6 Information relevant for the assessment of the Group's employment, assets, financial condition and performance and any changes therein, as well as information relevant for the assessment of the Group's ability to meet its obligations

Any relevant information necessary for the evaluation of the Parent Company's employment, assets, financial condition and financial performance and any changes therein, as well as any information that is relevant for the assessment of the Parent Company's ability to meet its obligations has been provided for in Note 11 of the Notes to the Condensed Consolidated Financial Statements and in Note 4 of the Notes to Condensed Separate Financial Statements.

Except for information presented in the Condensed Consolidated Financial Statements and in this Report on the Activities of the Group for the first half-year of 2021, no other information relevant for the evaluation of the Group's employment, assets, financial condition and financial performance and any changes therein or for the assessment of the Group's ability to meet its obligations is available.

3. Information on shareholders and shares

3.1 Shareholders held, directly or through subsidiaries, at least 5 per cent of the total number of votes at the General Meeting of Shareholders of Trakcja S.A.

As at June 30, 2021 and as on the day of the publication of this report, the Company's share capital, in compliance with the entry into the National Court Register, amounted to PLN 69,160,780.80 and consisted of 51,399,548 series A ordinary bearer shares and 10,279,909 series B ordinary bearer shares and also 24,771,519 series C registered shares with a par value of PLN 0.80 per share. Each share gives the right to one vote at the Company's General Meeting of Shareholders.

According to the knowledge of the Parent Company's Management Board, on the grounds of the received notifications stipulated in Article 69 of the Act on Public Offering and Conditions of Financial Instruments Introduction into an Organised Trading System and on Public Companies, the structure of Shareholders holding, directly or through the agency of subsidiaries, at least 5% of the general number of votes at the Company's General Meeting of Shareholders as on the day of submitting this report, is as follows:

Shareholders	Number of shares	% in share capital	Number of votes	% in votes at GSM
COMSA S.A.	28 399 145	32,85%	28 399 145	32,85%
Agencja Rozwoju Przemysłu S.A. ¹	16 117 647	18,64%	16 117 647	18,64%
OFE PZU "Złota Jesień" ²	8 332 694	9,64%	8 332 694	9,64%
Other	33 601 490	38,87%	33 601 490	38,87%
Total	86 450 976	100,00%	86 450 976	100,00%

¹ By Current Report No. 12/2021 of May 24, 2021, the Company informed that on 25 November 2020 it was notified by Agencja Rozwoju Przemysłu S.A. ("ARP") and PKP Polskie Linie Kolejowe S.A. („PKP PLK”) in accordance with Article 87 para. 1 pt. 5), in conjunction with Article 69 para. 1 pt. 1, in conjunction with Article 69b para. 1 and para. 2 of the Act on Public Offering and on Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies of July 29, 2005, of the fact that PKP PLK had exceeded the threshold of 15% of the total votes in the Company, due to the inclusion of the votes held by ARP, as a result of the agreement, referred to in Article 87 para. 1 pt. 5) of the Act on Public Offering, made between ARP and PKP PLK. The publication of the aforementioned notification was delayed in line with the decision issued by the Company's Management Board on November 25, 2020.

² OFE PZU Złota Jesień is represented by Powszechne Towarzystwo Emerytalne PZU S.A.

Since May 26, 2021, i.e. the publication of the report for the first half year of 2021, no significant other changes have been made to the Company's shareholdership.

Convertible bonds in shares

On February 6, 2020, the District Court for the City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, registered a conditional increase in the share capital of the Parent Company. In connection with the foregoing, the share capital of the Parent Company was conditionally increased from the amount of PLN 69,160,780.80 by the amount not higher than PLN 13,023,288 by way of issuing no more than 16,279,110 Series D ordinary bearer's shares with the nominal value of PLN 0.80 each. Series D shares may be subscribed by holders of Series F and G convertible bonds which the Parent Company issued on May 8, 2020. Series D shares will be subscribed at PLN 1.70 each if the series F or G bonds are converted into shares of the Parent Company.

On May 8, 2020 the Company's Management Board adopted a resolution to:

- allot all 11,764,705 Series F secured registered bonds convertible into Series D shares of the Company with a nominal value of PLN 1.70 per share, with a total nominal value of PLN 19,999,998.50 and an issue price equal to the par value ("Series F Bonds") to Agencja Rozwoju Przemysłu S.A. ("ARP") and

- allot all 4,514,405 Series G unsecured registered bonds convertible into Series D shares of the Company with a nominal value of PLN 1.70 per share, with a total nominal value of PLN 7,674,488.50 and an issue price equal to the par value ("Series G Bonds") to COMSA S.A.U ("Comsa").

On September 10, 2021, the Extraordinary General Meeting of the Company adopted resolutions to amend Resolution No 3 of the Extraordinary General Meeting of the Company of December 11, 2019 and Resolution No 5 of the Extraordinary General Meeting of the Company of January 14, 2020, whereby the Extraordinary General Meeting agreed to:

a) change in the redemption date of the Series F Bonds from December 30, 2022 to December 31, 2023;

b) change in the redemption date of the Series G Bonds from December 30, 2022 to February 1, 2024;

c) change in the date from which it will be possible to convert the Series G Bonds into Series D shares, i.e. from February 1, 2022 the conversion of these bonds into Series D shares will be possible at any time prior to their redemption date (currently the conversion may take place no more frequently than quarterly).

The new consolidated texts of the Bond Issue Terms adopted by the Company's Management Board and incorporating the above changes will be subject to approval by the Company's Supervisory Board and will be adopted in the form of annexes with the Bondholders.

As at the balance sheet date of June 30, 2021, the Bonds were recognised in the balance sheet at amortised cost.

3.2 Shares of Trakcja S.A. held by members of the management and supervisory bodies

From the date of publication of the last quarterly report, i.e. from May 26, 2021, there have been no changes in the ownership of the Parent's shares by management and supervisory personnel.

The Company's Management Board and Supervision Board members do not hold any shares in the parent company or any of the related entities being members of Trakcja Group.

3.3 Transactions with related entities

In the first half-year of 2021, all the transactions between the Group members were made at arm's length. Information on the transactions between the Group members is presented in Note 50 to the Condensed Consolidated Financial Statements.

4. Information on sureties for loans or borrowings and on guarantees granted by the Issuer or its subsidiary

The table below presents a list of guarantees granted by the Parent Company:

Beneficiary	Guarantee value in th. PLN
PKP PLK S.A.	569 624
GDDKiA	108 435
WZDW Poznań	10 811
Gmina Kraków	5 720
Województwo Pomorskie	4 876
Other	32 312
Total	731 778

The table below presents a list of guarantees received by the Parent Company:

Subcontractor	Guarantee value in th. PLN
Krakowskie Zakłady Automatyki S.A.	23 253
Menard Polska	6 335
Keller Polska	5 158
Bombardier	3 466
Kolejowe Zakłady Automatyki S.A.	3 428
Other	30 549
Total	72 189

Pursuant to the Common Terms Agreement of September 27, 2019, the Parent Company granted collateral to its subsidiaries (except for the AB Kauno Tiltai Group) in the form of a guarantee of repayment of credits and loans

The table below summarises sureties issued by the Parent Company to subsidiaries:

	Surety value in th. PLN
To subsidiaries	702 400
Total	702 400

The table below summarises sureties issued by subsidiaries to the Parent Company:

	Surety value in th. PLN
From subsidiaries	702 400
Total	702 400

5. Significant court cases and disputes

The Parent Company below indicates significant proceedings pending before a court or other body regarding its liabilities and receivables and its subsidiaries.

Proceedings concerning the Parent Company:

The case concerning claims against Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. w upadłości likwidacyjnej with its registered office in Warsaw

The Parent Company merged with Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. with its registered office in Wrocław. As a result of this merger, the legal successor of both companies is Trakcja S.A. with its registered office in Warsaw. In connection with the announcement by the District Court of Warsaw-Praga Północ in Warsaw of the bankruptcy of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. ("PNI") with an option of composition, Przedsiębiorstwo Robót Komunikacyjnych i Inżynieryjnych S.A. with its registered office in Wrocław provided a submission of claims of November 20, 2012 to the bankruptcy court. The submission covered claims in the total amount of PLN 55,664,100.89, including the principal amount and the interest due up to the declaration of bankruptcy, as well as the accrued contractual penalties.

To the Parent Company's best knowledge, the list of claims towards PNI was drawn up. The claims of Trakcja S.A. were recognised in the amount of PLN 10,569,163.16, including PLN 10,274,533.87 for unpaid invoices and PLN 294,632.29 for interest on late payment. The Company's receivables from contractual penalties and other claims in the total amount of PLN 44,956,834.35 were dismissed. The Parent Company did not agree with that dismissal; therefore, an objection was submitted to the judge commissioner concerning the dismissal in the aforementioned scope. The court had rejected the objection; therefore the Parent Company filed a complaint which was overruled. On June 8, 2015, the Parent Company received a notice from the trustee in bankruptcy on the change in the bankruptcy procedure from the arrangement bankruptcy to the liquidation bankruptcy. The case is pending and its resolution date is difficult to predict.

Case against Leonhard Weiss International GmbH

As Leonhard Weiss International failed to respond to the statement including a debit note and a request for payment dated October 31, 2017, the Parent Company decided to take the case to court.

The case against Leonhard Weiss International GmbH ("LWI") for payment due under the sale agreement of 50% of shares in Bahn Technik Wrocław sp. z o.o. The Parent Company has responded to the lawsuit. At present, it is not possible to precisely indicate the expected date of completion of the case.

The value of the Parent Company's claim is PLN 20,551,495.00, including the statutory interest calculated as follows:

- 1) on PLN 7,500,000.00 from November 17, 2017 to the payment date;
- 2) on PLN 12,756,000.00 from December 8, 2017 to the payment date;
- 3) on PLN 295,495.00 from December 8, 2017 to the payment date.

The Parent Company requested also that the defendant reimburse the Company with the costs of the proceedings, including the costs of legal representation, in accordance with the cost records. At this stage, it is impossible to objectively at least estimate the amount of interest and costs of the proceedings which could be ordered to be paid for the benefit of the Company.

Case against ELTRANS sp. z o.o.

On May 30, 2019 the Company filed a lawsuit against ELTRANS sp. z o.o. based in Chorzow for the payment of PLN 2,768,004 plus interest as the payment of remuneration for delivery, assembly and training on operating two oil-less turbochargers.

On January 29, 2020 the court issued a decision to initiate the sanative proceedings.

A final judgement was delivered in the matter, which awarded the amount of PLN 2,768,003.20, including interest, in favour of Trakcja, as per the head of claim. Trakcja received an enforcement instrument; however, as Eltrans remains in a state of bankruptcy as at the date of publishing this report, enforcement is not possible at the moment.

Case against ALSTAL Grupa Budowlana sp. z o.o.

On May 22, 2019 the Company filed a lawsuit against ALSTAL Grupa Budowlana sp. z o.o. based in Jacewo for the payment of PLN 556,683.00 plus interest as the payment of remuneration for construction works performed as a contractor within the scope of the project ordered by Tauron Dystrybucja S.A. entitled "Network Management Development in Wrocław". On November 17, 2020, the trial will take place before the District Court in Bydgoszcz. The case is at the early stage of proceedings and its resolution date is difficult to predict.

Proceedings against the State Treasury – GDDKiA

On December 23, 2020, the Parent Company, Masfalt sp. z o.o. and Akcine bendrove "Kauno Tiltai" filed a request for arbitration against the State Treasury – the General Director of National Roads and Motorways, pursuing the amount of PLN 20,453,092.08 in total by way of remuneration for the performance of the essential part of the Agreement of October 23, 2017 for the design and implementation of the project referred to as "Extension of the national road no. 22 on the Czarlin – Knybawa section" and by way of remuneration for materials on the construction site, contractual penalty for the Contractor rescinding the Contract due to the Principal's fault, remuneration for additional works and reimbursement of general construction costs in connection with extending the time necessary to implement the investment. The case is at an early stage of proceedings and it is difficult to predict when it will conclude.

On December 30, 2020, the Parent Company and Przedsiębiorstwo Usług Technicznych Intercor sp. z o.o. lodged a claim against the State Treasury – the General Director of National Roads and Motorways, pursuing the amount of PLN 23,860,572.76 in total by way of reimbursement for general construction costs in connection with extending the execution period of the Agreement of October 12, 2015 for the design and construction of the project referred to as "Design and construction of the S-5 expressway on the Nowe Marzy - Bydgoszcz section – border of the Kujawsko-Pomorskie and Wielkopolskie Voivodeships, split into 4 parts. Part 4 – Design and construction of the S-5 expressway at the section from Szubin junction (together with junction) to Jaroszewo junction (together with junction), with a length of approx. 19.3 km", on account of a lump-sum payment for extending the time necessary to implement the investment, reimbursement of costs for performing additional land improvements and capitalized interest. The case is at an early stage of proceedings and it is difficult to predict when it will conclude.

On December 31, 2020, the Company and Przedsiębiorstwo Usług Technicznych Intercor sp. z o.o. lodged a claim against the State Treasury – the General Director of National Roads and Motorways, pursuing increased remuneration for the performance of the Agreement of October 12, 2015 for the design and construction of the project referred to as "Design and construction of the S-5 expressway on the Nowe Marzy - Bydgoszcz section – border of the Kujawsko-Pomorskie and Wielkopolskie Voivodeships, split into 4 parts. Part 4 – Design and construction of the S-5 expressway at the section from Szubin junction (together with junction) to Jaroszewo junction (together with junction), with a length of approx. 19.3 km" by the amount of PLN 33,633,917.85 and award of the amount of PLN 33,633,917.85 with statutory interest for delay. The case is at an early stage of proceedings and it is difficult to predict when it will conclude.

Proceedings against the Wielkopolskie Voivodship - Wielkopolski Zarząd Dróg Wojewódzkich (Management for Provincial Roads) in Poznań

On July 15, 2021, the Company filed a lawsuit against the Wielkopolskie Voivodship - Wielkopolski Zarząd Dróg Wojewódzkich in Poznań for payment of PLN 9,972,986.23 as compensation for the loss incurred in connection with the actions of the Wielkopolski Zarząd Dróg Wojewódzkich in Poznań. The dispute relates to the contract dated October 17, 2018 for the task entitled "Extension of provincial road No. 263 on the section from the intersection with DP 3403P in the town of Drzewce to the intersection with DW473 in the design and build system." The case is at an early stage of proceedings and its completion date is difficult to predict.

On July 15, 2021, the Company and its subsidiary Akcine Bendrove Kauno Tiltai filed a lawsuit against the Wielkopolskie Voivodeship - Wielkopolski Zarząd Dróg Wojewódzkich in Poznań for payment of PLN 11,701,824.58 as compensation for the loss incurred in connection with the actions of the Wielkopolski Zarząd Dróg Wojewódzkich in Poznań. The dispute relates to the contract dated 24 August 2018 for the task entitled "Extension of provincial road No. 190 on the section from the intersection with provincial road No. 188 in Krajenka to the intersection with national road No. 10 - stage I in the design and build system". The case is at an early stage of proceedings and its completion date is difficult to predict.

Proceedings against PKP PLK

On October 31, 2017, the Parent Company filed a case against PKP PLK for the payment of PLN 46,747,276.90 (including, interest of PLN 4,913,969.34), requesting that compensation be paid to it in connection with extension of the completion date of the agreement entitled: "Design and completion of construction works on the railway line Kraków – Medyka – State border, at the section Podłęże – Bochnia, km 16.000 – 39.000 as part of the project "Modernisation of railway line E 30/C-E30, section Kraków – Rzeszów, phase III" and a part of the lump-sum fee due to the Parent Company and unpaid by PKP PLK due to the submission of an unjustified statement on the withdrawal from the Agreement in part. On December 12, 2017, the Parent Company extended the claim whose current value is PLN 50,517,012.38 (including, interest of PLN 5,336,177.01). The extension pertained to the Parent Company's claims against PKP PLK in relation to the groundless enforcement of the contractual penalties accrued and the part of remuneration for the performance of the contract and agreements for additional works, which PKP PLK unreasonably refuses to pay. On October 18, 2018, the Parent Company extended the claim to PLN 51,767,012.38. The damage of the Parent Company includes PLN 1,250,000.00, which the Parent Company was obliged to pay to the Bocheński Powiat in order to satisfy the request of PKP PLK concerning the earlier – than it resulted from the Work Schedule – launching of track 1 on the Bochnia route - Brzesko Okocim. On May 6, 2019, the Parent Company extended the claim to PLN 84,121,127. The Parent Company extended the scope of the claims pursued also by the claims for damages against PKP PLK, including tort claims of its subcontractors: Arcadis sp. z o.o., Torpol S.A. and PUT Intercor sp. z o.o. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On October 31, 2017, the Company along with Przedsiębiorstwo Budowlane "FILAR" Spółka z ograniczoną odpowiedzialnością with its registered office in Wrocław, and Berger Bau Polska Spółka z ograniczoną odpowiedzialnością with its registered office in Wrocław, has filed a case against PKP PLK S.A. for reimbursement of additional costs related with the extension of the completion date of the Contract for basic linear construction works at the section Wrocław – Grabiszyn – Skokowa and Żmigród – border of the Dolnośląskie Province within the scope of the project entitled "Modernisation of railway line E 59 at the section Wrocław – Poznań, Stage II – section Wrocław – border of the Dolnośląskie Province". The Parent Company's portion of the claim is PLN 11,640,113.77 (including, interest of PLN 1,415,797.02). The case is at the early stage of proceedings and its resolution date is difficult to predict.

On October 31, 2017, the Parent Company filed a case in the payment order proceedings against PKP PLK for the payment of PLN 12,221,007.10 (including, interest of PLN 1,821,726.10), requesting that unjust enrichment the form of unpaid remuneration be refunded for the completion of:

- a) additional works in connection with contract dated December 16, 2010 for the "Design and implementation of the construction works at the railway line Kraków – Medyka – national border, at the section Dębica – Sędziszów Małopolski (111.500 km – 133.600 km) under the project POIiŚ 7.1- 30 "Modernisation of railway line E30/C-E 30, section Kraków – Rzeszów, phase III" Tender proceedings 2.2" in the total amount of PLN 7,570,281.00;
- b) additional works in connection with contract dated November 29, 2010 for the "Design and implementation of the construction works at the railway line Kraków – Medyka – national border, at the section Sędziszów Małopolski – Rzeszów Zachodni under the project "Modernisation of railway line E3/C-E 30, section Kraków – Rzeszów, phase III" Tender proceedings 2.3" in the total amount of PLN 2,829,000.00.

The case is at the early stage of proceedings and its resolution date is difficult to predict.

On August 27, 2018, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 6,675,193.36 PLN along with statutory interest for delay, as compensation for unjust enrichment of the defendant in the form of unpaid remuneration for the performance of additional works related to the implementation of Agreement of December 16, 2010 for "Designing and execution of construction works on the Kraków - Medyka - State border railway line on the Dębica - Sędziszów Małopolski section in km 111,500 - 133,600 as part of the POIiŚ 7.1-30 project "Modernization of the E30 / CE 30 railway line, Kraków - Rzeszów section, stage III" Tender 2.2 "specified in the Contractor's Applications No. 72 (gas pipeline) and No. 85 (Bystrzyca creek), which constitutes the principal amount of the present claim, i.e. PLN 6,283,547.59 and capitalized interest on the principal for the period from October 6, 2017 to August 27, 2018. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On October 22, 2018, the Company filed a lawsuit for payment against PKP PLK, seeking the amount of PLN 632,459.66 (in words: six hundred thirty-two thousand four hundred fifty-nine zlotys and sixty-six grosz) along with statutory interest for delay, for additional works not provided for in the Agreement of March 14, 2017 for the preparation of design documentation and performance of construction works on the Poznań Wschód - Mogilno section from km 0.265 to km 73.000, as a part of the project: "Works on the railway line No 353 Poznań Wschód-Dziarnowo", i.e. works on the construction of additional access ways to platforms at the Wydartowo station, additional suspension of the overhead contact line on the Wydartowo – Trzemeszno route and preparation of maps for design purposes, as well as incurring additional costs related to the unpredictable increase in prices of services provided by PKP Energetyka on the overhead contact line. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On November 29, 2018, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 20,934,758.14 PLN along with statutory interest for delay, as reimbursement for the costs of extension of the implementation of Agreement of November 29, 2010 for "Designing and execution of construction works on the Kraków - Medyka - State border railway line on the Dębica – Sędziszów Małopolski section in km 133.600 - 154.900 as part of the POIiŚ 7.1-30 project "Modernization of the E30 / CE 30 railway line, Kraków - Rzeszów section, stage III" Tender 2.2", due to circumstances within the scope of responsibility of PKP PLK, both under the provisions of the Contract, as a public procurement contract, as well as general liability for damages specified in the provisions of the Civil Code. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On January 17, 2019, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 12,296,388.86 PLN along with statutory interest for delay, as reimbursement for additional costs resulting from the extension of the implementation of Agreement for "Continuation of upgrade work on Railway Line E59 (track and subgrade work and track infrastructure work) as part of the POIiŚ 7.1-5.1 project entitled "Modernization of Railway Line E59 at the Wrocław-Poznań section, Stage III, Czempin–Poznań section" due to circumstances within the scope of responsibility of PKP PLK. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On April 3, 2019, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 1,320,495.25 PLN along with statutory interest for delay, as:

- a) reimbursement for additional costs resulting from the extension of the implementation of Agreement for Construction of civil engineering structures on km 160,857; km 155.170 and km 145.650 of railway line No 271 Wrocław – Poznań, as part of the POIiŚ 7.1-5.1 project entitled "Modernization of Railway Line E59 at the Wrocław-Poznań section, Stage III, Czempin–Poznań section" – as regards the Partial Contract A – railway viaduct on km 145.650 in Mosina, due to circumstances within the scope of responsibility of PKP PLK;
- b) reimbursement for the costs of additional works performed by the Company, not provided for in the Contractor's Bid for the contract in question.

The case is at the early stage of proceedings and its resolution date is difficult to predict.

On April 2, 2019, the Parent Company filed a lawsuit for payment against PKP PLK seeking the amount of 489,147.29 PLN (in words: four hundred eighty-nine thousand one hundred forty-seven zloty and twenty-nine grosz) along with statutory interest for delay, as a reimbursement for additional costs resulting from the extension of the implementation of Agreement for Construction of civil engineering structures on km 160,857; km 155.170 and km

145.650 of railway line No 271 Wrocław – Poznań, as part of the POIiŚ 7.1-5.1 project entitled "Modernization of Railway Line E59 at the Wrocław-Poznań section, Stage III, Czempin-Poznań section" – as regards the Partial Contract C – railway viaduct on km 160.857 in Mosina, due to circumstances within the scope of responsibility of PKP PLK. The case is at the early stage of proceedings and its resolution date is difficult to predict.

On June 13, 2019, the Parent Company filed a suit against PKP PLK with the motion requesting security for the Parent Company's claim, the subject of which being stipulating the contents of the Parent Company's contractual obligations under agreements of:

1. December 16, 2010 on "Design and performance of construction works on the railway line Krakow – Medyka – state border on the section Dębica – Sędziszów Małopolski, in km 111,500–133,600 under the OPIE project 7.1-30 "Modernisation of the railway line E30/C-E 30, on the section Krakow-Rzeszów, Stage III" Tender 2.2 and
2. November 29, 2010 on "Design and performance of construction works on the railway line Krakow – Medyka – state border on the section Sędziszów Małopolski – Rzeszów Zachodni under the project "Modernisation of the railway line E3-/C-E 30, on the section Krakow – Rzeszów, stage III" Tender 2.3. Disputable circumstances in the case comprise the necessity of issuing the declaration of compliance of the fixtures or constructions with the type in compliance with the Act on Railway Transport, as well as the correctness of the design and performance of noise barriers.

The amount claimed by the plaintiff is PLN 12,301,072.

On September 14, 2021, the Parent Company instituted proceedings against PKP PLK concerning:

- a) the annulment of pt. 8.7 a) of the Special Terms of the Contract concerning the agreement of 24 July 2018 for the development and completion of works under the Szczecin Metropolitan Railway Construction Project (including the existing sections of railway line no. 406, 273 and 351) – Project A "Modernisation of Railway Line No. 406 in the Szczecin Główny-Police section" and the agreement of 24 July 2018 for the development and completion of Works under the Szczecin Metropolitan Railway Construction Project (including the existing sections of railway line no. 406, 273 and 351) – Project B "Modernisation of the Selected Passenger Infrastructure of Railway Line No. 273, 351 and 401";
- b) the confirmation that the Parent Company as the contractor is not obliged to complete certain works and developments under the aforementioned agreements.

The value of dispute calculated for the purposes of the court proceedings is PLN 229,794,615.00. The case is at the early stage of proceedings and its resolution date is difficult to predict.

As at the publication hereof, considering, in particular, the fact that the proceedings concern the terms of the agreements specified in pt. a) and b) above (and not the payment thereunder), the Parent Company is not able to estimate the aforementioned event's impact on the financial performance of the Parent Company and the Group.

Continued negotiations on claims

In the period of 2021, the Management Board of the Parent Company carried on negotiations with PKP PLK in order to settle the court disputes in an amicable manner. As of the publication date hereof, the value of contractual claims pursued by Trakcja, its consortium partners and subcontractors in court against PKP PLK amounts to approximately PLN 158.6 million in total (the gross amount together with capitalized interest as of the date when the claim was filed), including the amount due to Trakcja being approx. PLN 120.3 million.

The Parent Company conducts mediations with PKP PLK with the involvement of the General Prosecutor's Office as part of mediations at the Arbitration Court by the General Prosecutor's Office of the Republic of Poland for the amount of PLN 139.2 million (the gross amount together with capitalized interest as of the date when the claim was filed), including for the amount due to Trakcja – PLN 106.9 million. At the present stage, the Management Board of the Parent Company is unable to determine when the mediation will conclude and its impact on the financial result.

During the I half-year of 2021 and after the balance sheet date, mediation meetings were held, during the course of which the parties presented their settlement proposals as regards court litigation and foundation piles. During the course of mediation, PKP PLK proposed the signing of a preliminary understanding, which would provide for the preliminary arrangements as regards further proceedings with regard to the foundation piles. The parties are presently involved in the drafting of the contents of a preliminary understanding and are simultaneously negotiating the final value of the mediation settlement as regards pending court cases under actions brought forth by Trakcja against PKP PLK.

As of June 30, 2021, the value of other contractual claims which the Parent Company is pursuing, together with consortium partners and subcontractors, on a contractual basis (out of court) is PLN 305.9 million, including the amount due to Trakcja being PLN 264.2 million.

Proceedings concerning subsidiaries:

AB Kauno Tiltai

The investor, AB Lietuvos geležinkeliai, filed a lawsuit against the Consortium, of which a subsidiary, AB Kauno Tiltai, is a member, for a total amount of PLN 67,764,785 (EUR 14,989,556.33). Pursuant to a decision of the court, this amount was reduced to PLN 4,710,122 (EUR 1,041,878). The share of Trakcja Group in liabilities (if any) that may arise from these proceedings is 65%. The Group refrained from making any other disclosures related to this court case by invoking clause 92 of IAS 37. According to the Management Board of The Parent Entity those disclosures may reveal information to parties of court proceedings, which can be used in the ongoing proceedings against the interests of the subsidiary AB Kauno tiltai.

6. Description of basic threats and risks related to the remaining six months of the financial year

Note 11 of the condensed consolidated financial statements for the first half of 2021 and Note 4 of the condensed individual financial statements for the first half of 2021 describe in detail the Parent Company's going concern risk. The factors that may have a significant adverse impact on the Group's financial condition:

- risk of growing competition,
- risk of changes in the strategy of the Polish and Lithuanian authorities with regard to the modernisation of infrastructure over the next few years,
- risk of being dependent on key customers,
- risk of a potential loss of subcontractors and a potential rise in prices for services rendered by subcontractors,
- risk of subcontractors' bankruptcy,
- risk associated with the lack of qualified employees,
- risk of loss of managerial and engineering staff,
- currency risk,
- risk associated with the volatility of prices for materials,
- interest rate risk,
- risk associated with the joint and several liability of the construction consortia members and with the liability for subcontractors,
- risk related to potential penalties for failure to complete contracts,
- risk of underestimating the project costs,
- risk of rising prices of building materials,
- risk related to the implementation of construction contracts,
- risk related to obtaining new contracts,
- risk related to supply logistics,
- risk related to the conditions and procedures for the settlement of tenders and the implementation of projects,
- the risk related to the increase in the portfolio of overdue receivables,
- risk related to financial contracts, including the risk of exceeding the values of financial ratios specified in the financing agreements
- liquidity risk (described in the note 11 to the additional information and explanations to the abridged consolidated financial statement for the period 1 half-year 2021 and note 4 to the additional information and explanations to the abridged condensed financial statement for the period 1 half-year 2021),
- risk related to the implementation of the strategy,
- risk related to the approach of the financial sector to companies in the construction industry,
- risk related to obtaining financing for the implementation of construction contracts and obtaining contract guarantees,
- risk related to weather conditions,
- the risk related to changes in the law, including tax law,

- ryzyko nieosiągnięcia określonych umową wartości wskaźników finansowych,
- risk of failure of actions taken as part of the process of covering the financial gap,
- risk of non-fulfilment of the conditional agreement between ARP, PKP PLK and the State Treasury of the Republic of Poland - the Minister of Infrastructure, concerning primarily the engagement in the Parent Company, under which PKP PLK committed to subscribe for 250 million series E shares of the Company for the total issue price of PLN 200 million,
- risk that proceeds from a possible sale of the subsidiary AB Kauno Tiltai or other non-operational assets and shares in subsidiaries identified in the review of strategic options (in case the recapitalisation of the Company does not materialise) will not be sufficient to fully cover the estimated financial gap.

Extraordinary threats

An extraordinary threat identified as at the date of the publication of this report is a risk related with the influence of the COVID-19 situation and the related changes in government regulations on the Group's business and financial situation.

The impact of the SARS CoV-2 (COVID-19) epidemic on the Group's operations and financial situation

The Management Board anticipates that in the event of a prolonged pandemic condition and various related restrictions, the Group may suffer from, among other things:

- transport limitations and reduced continuity of supply of components and raw materials,
- increase in costs of certain services, e.g. transport of raw materials and materials,
- protraction of administrative decisions concerning the construction contracts in progress,
- reduced availability and productivity of subcontractors, which may result in delays in the execution by the Group of orders under the contracts and, consequently, may translate into the risk of contracting parties' claims for payment of contractual penalties by the Group companies due to the untimely execution of orders.

Although, as at the date of this report, both contractors and financial institutions maintain continuity of operations, further spread of the SARS CoV-2 virus may result in a change in the mode of operations of the Group's contractors, courts and institutions financing the Group, which may result in delays in the Group's ability to obtain the financial resources necessary to:

- meet its financial commitments,
- obtain new contracts, due to the lack of the required financial security in the form of guarantees or funds necessary to pay the deposit,
- meet the Company's liabilities under the long-term financing documentation entered into as part of the Group's financial restructuring process.

Warszaw, September 15, 2021

Management Board:

Marcin Lewandowski

President of the Management Board

Paweł Nogalski

Vice-President of the Management Board

Arkadiusz Arciszewski

Vice-President of the Management Board

Aldas Rusevičius

Vice-President of the Management Board

Adam Stolarz

Member of the Management Board

MANAGEMENT BOARD'S STATEMENT

The Management Board of Trakcja S.A. declares that to the best of his knowledge:

- the condensed consolidated financial statements of Trakcja Group for a of 6-month period ended June 30, 2021 and the comparable data, have been drawn up in compliance with the accounting principles in force and reflect the Group's assets and financial condition as well as its financial performance in a true, reliable and clear manner.
- the condensed financial statements of Trakcja for a of 6-month period ended June 30, 2021 and the comparable data, have been drawn up in compliance with the accounting principles in force and reflect the Company's assets and financial condition as well as its financial performance in a true, reliable and clear manner.,
- the report of the Management Board on the activities of Trakcja Group for a of 6-month period ended June 30, 2021 and the comparable data, presents a true picture of the Group's development, achievements, risks, threats and condition.

Marcin Lewandowski

President of the Management Board

Paweł Nogalski

Vice-President of the Management Board

Arkadiusz Arciszewski

Vice-President of the Management Board

Aldas Rusevičius

Vice-President of the Management Board

Adam Stolarz

Member of the Management Board

Warsaw, September 15, 2021