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The Polish original should be referred to in matters of interpretation.

Independent Auditor's Report

to the General Meeting and the Supervisory Board of Trakcja S.A.

Report on the Audit of the Year-end Financial Statements

Opinion

We have audited the year-end financial statements of Trakcja S.A. ("the Company"), which comprise the balance sheet prepared as at 31 December 2021, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, as well as notes to the financial statements ("the financial statements").

In our opinion, the accompanying financial statements:

- give a true and fair view of the Company's financial position as at 31 December 2021, as well as of its financial result and cash flows for the financial year then ended, in accordance with the applicable International Financial Reporting Standards endorsed by the European Union, as well as the adopted accounting methods (policies);
- are consistent, in content and in form, with the applicable laws and regulations and with the Company's Statute;
- have been prepared on the basis of properly kept books of account in accordance with Chapter 2 of the Accounting Act of 29 September 1994 ("the Accounting Act" – 2021 Journal of Laws, item 217, with subsequent events).

The present opinion is consistent with the additional report to the Audit Committee, which we issued on 26 April 2022.

Basis for Opinion

We conducted our audit in accordance with National Standards on Auditing in the wording of International Standards on Auditing adopted by resolution of the National Council of Certified Auditors ("NSA"), and in compliance with the Act of 11 May 2017 on Certified Auditors, Audit Firms and on Public Oversight ("the Certified Auditors Act" – 2020 Journal of Laws, item 1415, with subsequent amendments) and Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public interest entities ("Regulation EU" – OJ L 158). Our responsibilities under those standards are further described in the *Responsibilities of the Auditor for the Audit of the Financial Statements section of this report*.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Standards of Independence) of the International Ethics Standards Board for Accountants ("IESBA Code") adopted by resolution of the National Council of Certified Auditors, as well as with other ethical requirements relevant to the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the auditor in charge and the audit firm remained independent of the Company in accordance with the independence requirements laid down in the Certified Auditors Act and Regulation EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant Uncertainty Relating to Going Concern

We draw your attention to Note 1.7 "Risk to going concern and actions undertaken and planned by Management" to the financial statements, which contains a description of the risk to the going concern of the Company and the Trakcja Group ("the Group").

The note indicates that in the financial year ended 31 December 2021 the Company gained a net profit of PLN 3,855 thousand, its working capital as at 31 December 2021 amounted to PLN 33,603 thousand, whilst its outstanding liabilities amounted to PLN 18,899 thousand. The Company's Management prepared its financial statements on a going concern basis. The Company's and Group's ability to continue as a going concern depends on covering the financial gap by obtaining additional financing and on the effectiveness of the process of negotiations with customers for the payment of fees that are the subject of the Company's claims. Failure to achieve the anticipated effects of these actions could threaten the Company's and the Group's ability to continue as a going concern. In addition, in the above-referenced note the Company pointed out the risk of not meeting the financial ratios included in the long-term financing agreement as of June 30, 2022 and other factors that may worsen its liquidity: postponement of the dates of obtaining funds from advances on ongoing contracts and additional financing, as well as the negative effects of the COVID-19 pandemic. As indicated in Note 1.7, the above indications along with other information described in the note point to the existence of significant uncertainty, which may give rise to serious doubts as to the Company's and the Group's ability to continue as a going concern.

Our opinion has not been modified with regard to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in the audit of the financial statements for the current reporting period. They include the most significant assessed types of risks of material misstatements, including assessed types of risks of material misstatements resulting from fraud. We addressed these matters in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and have summarized our response to these types of risks, and where relevant, presented our key observations relating to those risks. We do not express a separate opinion on these matters. In addition to the matter described in the *Significant Uncertainty Relating to Going Concern* section, we found the following to be key audit matters, of which we inform in our report.

1	**Impairment analysis of interests in subsidiaries**

Trakcja S.A. holds significant investments in subsidiaries operating on the Polish and Lithuanian construction market. The accumulated value of the interests in subsidiaries presented in the Company's financial statements amounted to PLN 288.940 thousand as at 31 December 2021.

Due to the materiality of the item, and also because of the complexity of the matter and sensitivity of the impairment test to the adopted assumptions, the matter of test performance was the subject of our analyses. As a key audit risk we found that the risk consists of the Management's judgements and estimates associated with assumptions as to future cash flows, determination of the discount rate, estimation of residual values contained in the discounted cash flows model used to recognize the impairment.

In view of the above we classified this matter as a key audit matter.

Disclosures in the financial statements

Note 3.4 to the financial statements present the methods used by the Company to measure investments in subsidiaries and disclosures on the performance of the impairment test, including test results, description of test assumptions and a sensitivity analysis of test results to changes in key assumptions.

Audit procedures performed in response to the risk

Our audit procedures included in particular:

- understanding and assessing the process of identifying indications of impairment of investments in subsidiaries and the accuracy of the method used to perform the test in accordance with the applicable financial reporting standards,
- performing a critical assessment of the assumptions and estimates applied by the Company's Management to calculate the recoverable amount, including: comparing the adopted assumptions relating to future cash flows with the budgets and medium term plans and assessing the validity of such plans, analyzing the validity of key macro-economic assumptions, assessing the methods used to determine residual values after the period covered by the medium term plans and consistency of test methodology with international financial reporting standards,
- analyzing the method used to calculate discount rates,
- assessing the Management's analysis of the impairment test's sensitivity to the adopted key assumptions,
- evaluating the accuracy and completeness of disclosures in the Company's financial statements.

2 Accounting for construction contracts

In 2021 the Company gained revenue of PLN 771,174 thousand from construction contracts, which led to the recognition in the financial statements as at 31 December 2021 of an asset resulting from the excess of revenue recognized over invoiced in the amount of PLN 143,980 thousand.

The Company recognizes revenue from the performance of contracts using the methods defined in International Financial Reporting Standard 15 Revenue from Contracts with Customers ("IFRS 15"). In accordance with the requirements of the standard, revenue is recognized according to the stage of completion, if the following criteria are met: no asset is being created with alternative use to the Company and the Company has an enforceable right to receive payment for the performance completed to date. The value of disclosed revenue recognized in a given year depends to a great extent on the costs that were actually incurred, the setting of an appropriate margin and the stage of contract completion, as well as on the accuracy and completeness of contract budgets.

The Management's key judgement on the recognition of revenue from the performance of construction contracts relate to the accuracy and completeness of contract budgets and to their effect on the recognition of revenue in the context of IFRS 15 requirements.

The Company recognises in the valuation of construction contracts variable remuneration resulting from court and out-of-court claims and contractual terms based on premises also requiring subjective judgement of the Company's Management Board. Revenue recognition takes place as long as there is no high risk of future reversal of revenue recognised as a result of variable remuneration recognition. Thus, the recognition of variable remuneration requires the Management Board to make estimates

with inherent uncertainty. The total amount of revenue resulting from the recognition of variable remuneration recognised in the financial year ending 31 December 2021 and prior years amounts to PLN 138,081 thousand.

The risk associated with the recognition of all risks in contract budgets remains a key factor in the Company's operations and has a significant effect on the accuracy of construction contract accounting. In addition, the accuracy of accounting for construction contracts is to a great extend conditioned on the measurement and nature of changes in the scope of work.

Due to the size of the projects, their complexity, uncertainty as to the total final costs of their performance, the results of talks with customers and scope of work changes, they require significant subjective judgements on the part of Management.

In view of the above we classified this matter as a key audit matter.

Disclosures in the financial statements

Notes 2.1 and 3.11 to the financial statements presents the accounting methods used to account for contracts with customers, including to recognize revenue from the performance of construction contracts, disclosures on revenue recognized from the performance of construction contracts and the balance of contract customer accounts.

Audit procedures performed in response to the risk

Our audit procedures to assess the accuracy of accounting for construction contracts included:

- obtaining an understanding of and assessing the design and implementation of the existing key controls relating to accounting for construction contracts,
- obtaining an understanding of the accounting methods used to account for consortium contracts,
- analyzing the accuracy of the model used to account for construction contracts, including: verifying the mathematical accuracy of contract accounting and recognition in the books of account, analyzing contract portfolio to identify significant and risk-sensitive contracts included in a sample selected for further detailed procedures,
- for selected contracts: discussing their performance status with contract directors and if need be with the Company's Management, and performing an analysis of budget changes made in the course of the audited period along with agreeing the revenue and costs forecast in the budget with source documents,
- analyzing and critically evaluating the judgements of the Company's Management Board underlying the inclusion of variable remuneration elements in contract budgets,
- analyzing letters from the Company's legal advisor insofar as the contract budgets contained variable components of consideration,
- analyzing contract budgets for completeness of estimated cost recognition,
- evaluating the accuracy and completeness of disclosures in the Company's financial statements.

Responsibilities of the Company's Management and Supervisory Board for the Financial Statements

The Company's Management is responsible for the preparation, based on properly kept books of account, of the financial statements that give a true and fair view of the Company's financial position and financial result in accordance with International Financial Reporting Standards endorsed by the European Union, the adopted accounting methods (policies), the applicable binding regulations and the Company's Statute. The Company's Management is also responsible for such internal controls as it

considers necessary to ensure that the financial statements are free from material misstatements resulting from fraud or error.

In preparing the financial statements the Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, any matters related to going concern and using the going concern basis of accounting, except in situations where the Management intends to either liquidate the Company or discontinue its operations, or has no realistic alternative but to do so.

The Company's Management and members of its Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. Members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

Responsibilities of the Auditor for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NSA will always detect an existing material misstatement. Misstatements can arise from fraud or error and are considered material if it could be reasonably expected that they, individually or in the aggregate, could influence the economic decisions of users made on the basis of these financial statements.

The concept of materiality is applied by the auditor at the planning stage and when performing the audit and evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements, as well as when formulating the auditor's opinion. In view of the above, all of the opinions and statements contained in the auditor's report are expressed subject to the qualitative and quantitative level of materiality set in accordance with the applicable standards on auditing and the auditor's professional judgement.

The scope of the audit does not include an assurance regarding the Company's future profitability, or regarding the Management's effectiveness in the handling of the Company's affairs now or in the future.

Throughout an audit in accordance with NSA, we exercise professional judgement and maintain professional skepticism, as well as:

- identify and assess the risks of a material misstatement of the financial statements resulting from fraud or error, design and perform audit procedures in response to such risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal controls;
- obtain an understanding of the internal controls relevant to the audit in order to plan our audit procedures, but not to express an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of the accounting policies used and the reasonableness of the estimates and related disclosures made by the Company's Management;
- conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We provide the Supervisory Board with information about, among others, the planned scope and timing of the audit and significant audit findings, including any significant weaknesses of internal controls that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with the relevant ethical requirements relating to independence, and that we will communicate to them all relationships and other matters that may reasonably be considered to constitute a threat to our independence, and where applicable, inform them of the related safety measures.

From the matters communicated to the Supervisory Board we determined those matters that were of the most significance to the audit of the financial statements for the current reporting period and were therefore chosen as key audit matters. We describe these matters in our auditor's report, unless law or regulations prohibit their public disclosure or when, in exceptional cases, we find that a given matter should not be presented in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such information.

Other Information, Including Report on Activities

Based on the regulations of Article 55 par. 2a of the Accounting Act and par. 71 point 8 of the Minister's of Finance Decree of 29 March 2018 on the current and periodic information reported by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (2018 Journal of Laws, item 757 with subsequent amendments), the Company's Management has prepared in the form of a single document a report on the activities of the Trakcja Group and of the Company Trakcja S.A. ("Report on Activities"), on which we reported in the auditor's report on consolidated financial statements of the Trakcja Group.

Report on Non-financial Information

In accordance with the requirements of the Accounting Act we confirm that the Company has prepared a Report on Non-financial Information referred to in Article 49b par. 1 of the Accounting Act as a separate section of the Report on Activities.

We have performed no assurance work on the Report on Non-financial Information and, accordingly, do not express any assurance thereon.

Report on Other Legal and Regulatory Requirements

Declaration on the Provision of Non-audit Services

To the best of our knowledge and belief we declare that any non-audit services we have provided to the Company and its subsidiaries were consistent with the law and the regulations binding in Poland and that we have not provided any non-audit services prohibited by virtue of Article 5 par. 1 of Regulation EU and Article 136 of the of the Certified Auditors Act. The non-audit services we have provided to the Company and its subsidiaries in the audited period are listed in note 5.12 to the Report on Activities.

Appointment of the Auditor

We were appointed as auditors of the Company's financial statements in a resolution passed by the Company's Supervisory Board on 31 May 2021. We have audited the financial statements of the Company for the third consecutive year since the financial year ended 31 December 2019.

The engagement partner on the audit resulting in this independent auditor's report is Krzysztof Maksymik.

BDO spółka z ograniczoną odpowiedzialnością sp.k.
with its registered office in Warsaw entered on the list of audit firms in number **3355**

on behalf of which the key statutory auditor has audited the financial statements

Signed with qualified electronic signature

Krzysztof Maksymik
Certified Auditor No. 11380

Signed with qualified electronic signature

Dr. André Helin
Managing Partner of the General Partner
Certified Auditor No 90004

Warsaw, 27 April 2022