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

Independent Auditor's Report to the General Meeting and Supervisory Board of Trakcja S.A.

Report on the Audit of the Year-end Consolidated Financial Statements

Opinion

We have audited the year-end consolidated financial statements of the group, where the parent company is Trakcja S.A. ("the Parent Company") ("the Group"), which comprise the consolidated balance sheet as at 31 December 2020, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as notes to the consolidated financial statements ("the consolidated financial statements").

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the Group's financial position as at 31 December 2020, as well as of its consolidated financial result and consolidated cash flows for the 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 Parent Company's Statute.

The present opinion is consistent with the additional report to the Audit Committee, which we issued on 12 April 2021.

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) 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 Consolidated Financial Statements* section of this report.

We are independent of the Group's companies 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

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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 11 “Risk to the Parent Company’s going concern and actions undertaken and planned by Management” to the consolidated financial statements, which contains a description of the risk to the going concern of the Parent Company and the Trakcja Group.

The note indicates that in the financial year ended 31 December 2020 the Parent Company incurred a net loss of PLN 70.481 thousand, its negative working capital as at 31 December 2020 amounted to PLN 39.221 thousand, whilst its outstanding liabilities amounted to PLN 121.940 thousand. The Parent 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 Parent Company’s claims. Failure to achieve the anticipated effects of these actions could threaten the Parent Company’s and the Group’s ability to continue as a going concern. In addition, in the above-referenced note the Parent Company pointed out the risk of not meeting the financial ratios included in the long-term financing agreement as of June 30, 2021 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 11, 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 Parent 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 consolidated 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 consolidated 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 goodwill

The Parent Company holds significant investments in subsidiaries operating on the Polish and Lithuanian construction market. Their acquisition in prior years resulted in the recognition of goodwill listed in the consolidated financial statements as at 31 December 2020 in the amount of PLN 138.537 thousand. The goodwill is subject to annual impairment tests.

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 Parent Company 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.

As indicated above, as a result of the test, in the financial year ended 31 December 2020 the Parent Company's Management recognized an impairment of goodwill in the Group's consolidated financial statements in the amount of PLN 38.735 thousand.

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

Disclosures in the financial statements

Note 9.8.2 to the consolidated financial statements presents the accounting methods used by the Parent Company to measure goodwill.

Note 25 to the consolidated financial statements contains 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 goodwill 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 Parent Company's Management to calculate the recoverable amount of goodwill, including: comparing the adopted assumptions relating to future cash flows with the budgets and medium term plans and assessing the validity of such plans, assessing the assumptions and estimates made to determine the recoverable amount of goodwill, including the validity of the cash generating unit and the method of performing the write down in accordance with the requirements of IAS 36, 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 Group's consolidated financial statements.

2 Accounting for construction contracts

In 2020 the Group generated PLN 1.307.753 thousand in revenue from construction contracts, which led to the recognition in the consolidated financial statements as at 31 December 2020 of an asset resulting from the excess of revenue recognized over invoiced in the amount of PLN 174.682 thousand.

The Group 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 Group and the Group 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 risk associated with the recognition of all risks in contract budgets remains a key factor in the Group'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 extent 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 the Parent Company's Management.

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

Disclosures in the financial statements

Note 9.21 to the consolidated financial statements presents the accounting methods used to account for contracts with customers, including to recognize revenue from the performance of construction contracts.

Note 14 to the consolidated financial statements contains disclosures on revenue recognized from the performance of construction contracts, and Note 34 - on 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 Parent 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 letters from the Group'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 Group's consolidated financial statements.

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

The Parent Company's Management is responsible for the preparation of the consolidated financial statements that give a true and fair view of the Group'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 Statute. The Parent Company's Management is also responsible for such internal controls as it considers necessary to ensure that the consolidated financial statements are free from material misstatements resulting from fraud or error.

In preparing the consolidated financial statements the Parent Company's Management is responsible for assessing the Group'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 Group or discontinue its operations, or has no realistic alternative but to do so.

The Parent Company's Management and members of the Parent Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act of 29 September 1994 ("the Accounting Act" - 2021 Journal of Laws, item 217). Members of the Parent Company's Supervisory Board are responsible for overseeing the financial reporting process.

Responsibilities of the Auditor for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Group's future profitability, or regarding the effectiveness of the Parent Company's Management in the handling of the Group'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 consolidated 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 Group's internal controls;
- evaluate the appropriateness of the accounting policies used and the reasonableness of the estimates and related disclosures made by the Parent Company's Management;
- conclude on the appropriateness of the Parent Company 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 Group'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 consolidated 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 Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and contents of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit and remain solely responsible for our audit opinion.

We provide the Parent Company's 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 Parent Company's 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 Parent Company's Supervisory Board we determined those matters that were of the most significance to the audit of the consolidated 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

Other information comprises the report on the Group's activities for the financial year ended 31 December 2020 ("the Report on Activities") along with the Statement on the Application of Corporate Governance referred to in Article 49b par. 1 of the Accounting Act, which constitutes a separate section of the report, as well as the "Annual Report" for the financial year ended 31 December 2020 ("Annual Report") (together "Other Information").

Responsibilities of the Parent Company's Management and Supervisory Board

The Parent Company's Management is responsible for the preparation of Other Information in accordance binding regulations.

The Parent Company's Management and members of its Supervisory Board are required to ensure that the Report on Activities along with its separate section meets the requirements of the Accounting Act.

Our opinion on the consolidated financial statements does not cover Other Information. In connection with our audit of the consolidated financial statements, our responsibility is to read Other Information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we find a material misstatement of Other Information, we are required to state this fact in our auditor's report. In accordance with the requirements of the Certified Auditors Act, it is also our responsibility to issue an opinion whether the Report on Activities has been prepared in accordance with binding regulations, and whether it is consistent with the information presented in the consolidated financial statements. We are also required to issue an opinion whether the Statement on the Application of Corporate Governance contains the required information.

We received the Report on Activities prior to the issue of the present auditor's report, whereas the Annual Report will be available after this date. In the event that we find a material misstatement in the Annual Report, we are required to communicate this to the Parent Company's Supervisory Board.

Opinion on the Report on Activities

Based on the work we have performed during the audit, in our opinion the Report on Activities:

- has been prepared in accordance with Article 49 of the Accounting Act and par. 71 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 (the "Current Information Decree" - Journal of Laws, item 757 with subsequent amendments);
- is consistent with the information presented in the consolidated financial statements.

Furthermore, based on our knowledge obtained during the audit about the Group and its environment we have identified no material misstatements in the Report on Activities.

Opinion on the Statement on the Application of Corporate Governance

In our opinion, the Group's Statement on the Application of Corporate Governance contains the information specified in paragraph 70 section 6 point 5 of the Current Information Decree. In addition, in our opinion, the information indicated in paragraph 70 section 6 point 5 letters c-f, h and l of the Decree contained in the Statement on the Application of Corporate Governance is consistent with the applicable regulations and with the information contained in the consolidated financial statements.

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 Group 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 Parent 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 Group's consolidated financial statements in a resolution passed by the Parent Company's Supervisory Board on 23 May 2019. We have audited the Group's financial statements for the first time.

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**

represented by the engagement partner

*Signed with qualified e-signature
on the Polish original*

Krzysztof Maksymik
Certified Auditor No. 11380

*Signed with qualified e-signature
on the Polish original*

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

Warsaw, 15 April 2021