

Warsaw, 27 April 2022

Supervisory Board of  
**TRAKCJA S.A.**  
in Warsaw

**REPORT**  
**ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF**  
**TRAKCJA S.A. (THE "COMPANY") FOR 2021**

**I. The membership of the Supervisory Board** in the reporting period from 1 January 2021 to 31 December 2021 was as follows:

<b>Forename and surname</b>	<b>Function</b>	<b>Date of appointment / dismissal / resignation</b>
Dominik <b>RADZIWIŁŁ</b>	Member of the Supervisory Board	5.10.2015 – appointed as Member of the Supervisory Board (19.06.2019 – reappointment)
	<b>Chairman of the Supervisory Board</b>	since 26.11.2015
Jorge Miarnau <b>MONTSERRAT</b>	Member of the Supervisory Board	4.07.2012 – appointed as Member of the Supervisory Board (19.06.2019 – reappointment)
	<b>Deputy Chairman of the Supervisory Board</b>	since 25.07.2013
Miquel <b>LLEVAT VALLESPINOSA</b>	<b>Member of the Supervisory Board</b>	4.07.2012 – appointed as Member of the Supervisory Board (19.06.2019 – reappointment)
Fernando <b>PEREA SAMARRA</b>	<b>Member of the Supervisory Board</b>	12.06.2013 – appointed as Member of the Supervisory Board (19.06.2019 – reappointment) 27.07.2021 – dismissal from the Supervisory Board
Julio <b>ALVAREZ LOPEZ</b>	<b>Member of the Supervisory Board</b>	27.07.2021 – appointed as Member of the Supervisory Board

Michał <b>HULBÓJ</b>	Member of the Supervisory Board	25.06.2015 – appointed as Member of the Supervisory Board (19.06.2019 – reappointment)
	<b>Deputy Chairman of the Supervisory Board</b>	08.09.2016 – appointed as Deputy Chairman of the Supervisory Board
	X	10.09.2021 – dismissal from the Supervisory Board
Magdalena <b>KOMARACKA</b>	Member of the Supervisory Board	10.09.2021 – appointed as Member of the Supervisory Board
	<b>Deputy Chairman of the Supervisory Board</b>	16.09.2021 – appointed as Deputy Chairman of the Supervisory Board
Klaudia <b>BUDZISZ</b>	<b>Member of the Supervisory Board</b>	04.12.2019 – appointed as Member of the Supervisory Board
Krzysztof <b>TENEROWICZ</b>	<b>Member of the Supervisory Board</b>	20.12.2019 – appointed as Member of the Supervisory Board

Mr. Dominik Radziwiłł is the Chairman of the Supervisory Board as at the date of preparation of the report. The following members of the Supervisory Board fulfil independency criteria set forth in the Act of May 11, 2017 on auditors, audit firms and public supervision and have no real and significant relationship with a shareholder holding at least 5% of the total number of votes in the company: Magdalena Komaracka and Krzysztof Tenerowicz.

In 2021 the Audit Committee worked in the following composition:

- Krzysztof Tenerowicz – Chairman
- Michał Hulbój (till 10.09.2021)
- Magdalena Komaracka (from 16.09.2021)
- Fernando Perea Samarra (till 27.07.2021)
- Julio Alvarez Lopez (from 29.07.2021)

The Supervisory Board declares that in the Company the rules regarding the appointment, composition and functioning of the Audit Committee are respected, including the fulfilment by its members of independence criteria and requirements regarding knowledge and skills in the industry in which Company operates, and in the field of accounting or audit statements. Appointed Audit Committee in Company performed the tasks delegated to it for in the applicable regulations.

In 2021 the Remuneration Committee of the Supervisory Board worked in the following composition:

- Michel Llevat Vallespinosa – Chairman
- Klaudia Budzisz
- Krzysztof Tenerowicz

## **II. Organisation of the Supervisory Board's work**

The Supervisory Board held 5 meetings in the reporting period and also adopted resolutions by casting votes through means of direct remote communication.

Between meetings, the members of the Supervisory Board kept in touch with the Management Board, familiarising themselves with the Company's situation and supporting the Management Board in the solution of strategic problems.

## **III. Main issues of the Supervisory Board meetings and self-evaluation**

During 2021, the Supervisory Board discussed, inter alia, the following issues:

- analysis of the Company's economic and financial situation and analysis of the maintenance of its financial liquidity;
- analysis of the order portfolio;
- analysis of the Company's presence in foreign markets;
- consulting the Management Board's motions presented to the Supervisory Board;
- adoption of resolutions on matters which are on the agenda of the Company's or the Company's subsidiaries General Meetings of Shareholders;
- approval of draft resolutions of the Company's general meeting of shareholders;
- evaluation of annual financial report of the Company and consolidated annual report of the Trakcja Group for a financial year 2020;
- expression opinion as to the motion of the Management Board on cover of the loss for a financial year 2020;
- approval of draft resolutions of the general meetings of shareholders of the Company's subsidiaries;
- approval of proposed amendments to the articles of association of subsidiaries;
- approval of changes in the composition of subsidiary companies' bodies;
- approval of Trakcja Group's budget and Capex;
- appointment of certified auditor for audit of financial statements for 2021-2022;
- selection and appointment of management board members for new term of office;
- determination of remuneration for management board members in the new term of office;
- adoption of resolutions on personal matters, including resolutions on remuneration and bonuses of the Company's Management Board members;
- setting individual managerial goals for Management Board members;
- expressing opinion on organizational changes regarding the Company's functioning;
- approval for conclusion of long-term financing agreements;
- expressing opinion on the proposed increase of the Company's share capital, submitted by shareholder Agencja Rozwoju Przemysłu S.A.;
- granting consent for sale of real estate at Oliwska Street in Warsaw;
- adoption of a Report on remuneration of Management Board and Supervisory Board of Trakcja S.A. for 2019 and 2020;
- issues of current marketing position of Company and of Trakcja Group;

- determination of the composition of committees operating within the Supervisory Board;
- approval of the Internal Audit Plan for 2021;
- adoption of the consolidated text of the Company's articles of association.

While fulfilling its supervisory functions, the Supervisory Board analysed the Company's economic and financial situation and assessed the Management Board's activities in such areas as:

- the maintenance of financial liquidity;
- the management of the Company's receivables and expenses;
- the receipt of new orders.

The Supervisory Board applied the principle that the Management Board presented at the meeting a description of the current economic, financial and asset situation, important actions and planned business activities.

The Supervisory Board's cooperation with the current Management Board is very good.

The Supervisory Board supervised Company's activities fulfilling the obligations stipulated in Code of Commercial Companies, Articles of Association and Rules of Supervisory Board relying on longstanding experience of its members, their education, qualifications and awareness of the market. The Supervisory Board always effectively responded to the Company's dynamics and evaluated all issues presented by the Management Board.

#### **IV. Assessment of the Supervisory Board of Trakcja S.A. concerning the report of the Management Board on the activities of Trakcja S.A. and of Trakcja Group in 2021, the annual standalone financial statement of Trakcja S.A. for the period from 1 January 2021 to 31 December 2021 and the annual consolidated financial statement of Trakcja Group for the period from 1 January 2021 to 31 December 2021**

##### SUBJECT MATTER OF THE ASSESSMENT

The subject matter of this assessment includes:

1. The Report of the Management Board on the activities of Trakcja Group and Trakcja S.A. in 2021.
2. Annual standalone financial statement of Trakcja S.A. for the period from 1 January 2021 to 31 December 2021 prepared in accordance with International Financial Reporting Standards approved by the European Union and applicable as at 31 December 2021.
3. Annual consolidated financial statement of Trakcja Group for the period from 1 January 2021 to 31 December 2021 prepared in accordance with International Financial Reporting Standards approved by the European Union and applicable as at 31 December 2021.

##### ASSESSMENT OF THE MANAGEMENT BOARD'S REPORT AND FINANCIAL STATEMENTS

1. Assessment of the Report of the Management Board on the activities of Trakcja Group and Trakcja S.A. in 2021:

The Supervisory Board of Trakcja S.A. assessed the Report of the Management Board on the activities of Trakcja Group and Trakcja S.A. in 2021 and reviewed the results of the audit presented by an auditor of Trakcja S.A. (BDO spółka z ograniczoną odpowiedzialnością Sp. k.), the auditor report and based on information and materials received from the Auditor, the Management Board and representatives of the Company, concluded that the report:

- has been prepared in accordance with Article 49 of the Act of 29 September 1994 on Accounting (Journal of Laws of 2019, item 351) and § 70 and § 71 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodical information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognized as equivalent;
- is consistent with the information contained in the annual standalone financial statement of Trakcja S.A. for the period from 1 January 2021 to 31 December 2021 and annual consolidated financial statement of Trakcja Group for the period from 1 January 2021 to 31 December 2021.

The Supervisory Board of Trakcja S.A. on the basis of information and materials received from the Auditor, the Management Board and the Company's representatives concludes that the Report of the Management Board on the activities of Trakcja Group and Trakcja S.A. in 2021 is consistent with the information contained in the annual standalone and annual consolidated financial statements and with all knowledge about Trakcja Group and Trakcja S.A. and their surroundings obtained during an audit of annual standalone and consolidated financial statements, contains a description of all material events that may have an influence on financial position of Trakcja Group and Trakcja S.A. and performance over the upcoming quarters as well as a description of all material risks.

Further to the foregoing, the Supervisory Board of Trakcja S.A. expresses a positive assessment of the Report of the Management Board on the activities of Trakcja Group and Trakcja S.A. in 2021.

2. Assessment of the annual standalone financial statement of Trakcja S.A. for the period from 1 January 2021 to 31 December 2021

The Supervisory Board of Trakcja S.A. assessed the annual standalone financial statement of Trakcja S.A. for the period from 1 January 2021 to 31 December 2021 comprised of:

- a) standalone income statement for the period from 1 January 2021 to 31 December 2021 showing a net profit of PLN 3 855 thousand,
- b) standalone statement of comprehensive income for the period from 1 January 2021 to 31 December 2021 showing a positive value of comprehensive income of PLN 3 855 thousand,
- c) standalone balance sheet as at 31 December 2021 showing assets and liabilities in the total amount of PLN 1 053 863 thousand,
- d) standalone statement of cash flows for the period from 1 January 2021 to 31 December 2021 showing increase in net cash by PLN 9 925 thousand,
- e) standalone statement of changes in equity for the period from 1 January 2021 to 31 December 2021 showing increase in equity by PLN 4 089 thousand,

f) additional information and explanations,  
and reviewed the results of audit presented by an auditor of Trakcja S.A. (BDO Spółka z ograniczoną odpowiedzialnością sp. k.).

The Supervisory Board of Trakcja S.A. on the basis of information and materials received from the Auditor, the Management Board and the Company's representatives concludes that the annual standalone financial statement of Trakcja S.A. for the period from 1 January 2021 to 31 December 2021 presents the financial position of Trakcja S.A. as at 31 December 2021 and financial result and cash flows of Trakcja S.A. for the period from 1 January 2021 to 31 December 2021 fairly and clearly and was prepared in accordance with International Financial Reporting Standards approved by the European Union and applicable as at 31 December 2021 and is consistent with books and records as well as facts.

Further to the foregoing, the Supervisory Board of Trakcja S.A. subjected to note 1.7 of additional informational to Financial Statements [Risk of continuing (business) activity and taken and planned actions of the Management] assessed an annual standalone financial statement of Trakcja S.A. for the period from 1 January 2021 to 31 December 2021.

### 3. Assessment of the annual consolidated financial statement of Trakcja Group for the period from 1 January 2021 to 31 December 2021

The Supervisory Board of Trakcja S.A. assessed the annual consolidated financial statement of Trakcja Group for the period from 1 January 2021 to 31 December 2021 comprised of:

- a) consolidated income statement for the period from 1 January 2021 to 31 December 2021 showing a net loss of PLN 11 583 thousand,
- b) consolidated statement of comprehensive income for the period from 1 January 2021 to 31 December 2021 showing a negative value of comprehensive income of PLN 16 028 thousand,
- c) consolidated balance sheet as at 31 December 2021 showing assets and liabilities in the total amount of PLN 1 378 562 thousand,
- d) consolidated statement of cash flows for the period from 1 January 2021 to 31 December 2021 showing decrease in net cash by PLN 8 960 thousand,
- e) consolidated statement of changes in equity for the period from 1 January 2021 to 31 December 2021 showing decrease in equity by PLN 17 016 thousand,
- f) additional information and explanations,

and reviewed the results of audit presented by an auditor of Trakcja Group (BDO Spółka z ograniczoną odpowiedzialnością sp. k.).

The Supervisory Board of Trakcja S.A. on the basis of information and materials received from the Auditor, the Management Board and the Company's representatives concludes that the annual consolidated financial statement of Trakcja Group for the period from 1 January 2021 to 31 December 2021 presents the financial position of Trakcja Group as at 31 December 2021 and financial result and cash flows of Trakcja Group for the period from 1 January 2021 to 31 December 2021 fairly and clearly and was prepared in accordance with International Financial Reporting

Standards approved by the European Union and applicable as at 31 December 2021 and is consistent with books and records as well as facts.

Further to the foregoing, the Supervisory Board of Trakcja S.A. subjected to note 1.8 of additional informational to Financial Statements [Risk of continuing (business) activity and taken and planned actions of the Management] assessed of an annual consolidated financial statement of Trakcja Group for the period from 1 January 2021 to 31 December 2021.

Pursuant to Article 382 § 3 of the Code Commercial Companies, the Supervisory Board subjected to notes 1.7 and 1.8 of additional informational to Financial Statements [Risk of continuing (business) activity and taken and planned actions of the Management] assessed the report on the activities of the Trakcja Capital Group for 2021, the report on the activities of the Company for 2021, the annual standalone financial statement of the Company for 2021 and the annual consolidated financial statement of the Trakcja Capital Group for 2021 and requests the Annual General Meeting of Shareholders to approve these reports.

#### **V. An assessment of adherence to the principles of corporate governance and fulfilment of its information obligations**

Since 1 July 2021 came in force new compilation of principles of corporate governance “Dobre Praktyki Spółek Notowanych na GPW 2021” (“Best Practices 2021”) adopted by the Board of Warsaw Stock Exchange on 29 March 2021.

The Company reviewed the Best Practices 2021 within the timeframe set by the Board of Warsaw Stock Exchange, and the Audit Committee of the Supervisory Board reviewed the non-applicable principles and explanations for non-application subject to publication through the EBI system. On 30 July 2021 the Company published information on the status of application by the Company of the principles contained in the “Dobre Praktyki Spółek Notowanych na GPW 2021”.

In addition, the Company reports annually in the Management Board’s report on Companies activities on not applied principles of the Best Practices 2021 on corporate governance.

Moreover, the Company presents on its website in section *Investor relations* → *Corporate governance* list of complied and non-complied principles of “Dobre Praktyki Spółek Notowanych na GPW 2021”.

In the opinion of the Supervisory Board, the Company duly fulfils its information obligations regarding the application of corporate governance. The Company also duly performed its obligations regarding the provision of current and periodic information by issuers of securities, as reporting obligations to Polish Financial Supervision Authority, Stock Exchange and investors.

#### **VI. An assessment of the Company’s standing including an assessment of the internal control, risk management and compliance systems and the internal audit function**

The Supervisory Board declares that:

1. The entity authorized to conduct audit of the annual standalone financial statement of Trakcja S.A. for the period from January 1, 2021 to December 31, 2021 and the annual consolidated financial statement of Trakcja Group for the period from January 1, 2021 to

December 31, 2021, ie. BDO spółka z ograniczoną odpowiedzialnością sp. k., was selected in compliance with the law, in particular regarding the auditor selection procedure.

2. The audit firm and the members of the audit team met the conditions for drawing up an impartial and independent audit report on the annual standalone financial statement of Trakcja S.A. for the period from January 1, 2021 to December 31, 2021 and the annual consolidated financial statement of Trakcja Group for the period from January 1, 2021 to December 31, 2021 in accordance with applicable regulations, professional standards and professional ethics.
3. The applicable regulations related to the rotation of the audit firm and the key statutory auditor as well as obligatory grace periods are observed in Trakcja S.A.
4. Trakcja S.A. has a policy regarding the selection of an audit firm and a policy regarding the provision of additional non-audit services by an audit firm, an entity related to an audit firm or a member of its network, including conditionally exempted services by an audit firm.

After a comprehensive and detailed analysis of the Company's annual financial statements and of the Trakcja Group's annual consolidated financial statements as well as of the Company's Management Report on the Activities of Trakcja S.A. and of the Report on the Activities of Trakcja Group, the Supervisory Board confirms that:

- the annual financial statements of Trakcja S.A. as well as the annual consolidated financial statements of Trakcja Group reliably and clearly present all information that is important for evaluation of the profitability, the financial results and the assets for 2021;
- activities of Trakcja S.A. were conducted correctly in accordance with the Code of Commercial Companies, the Company's Articles of Association and the Management Board's Regulations, in the Company's best interests, additionally acting on the basis of resolutions adopted by the Company's General Meeting of Shareholders, Supervisory Board and Management Board.
- activities of Trakcja Group were conducted correctly in accordance with the Code of Commercial Companies and the Accounting Act of 29 September 1994 and in the Trakcja Group's best interests.

The Supervisory Board assesses that the financial and economic situation of both the Company and Trakcja Group in 2021 was complex, especially in the context of financing the Parent Company's activities.

In 2021, the Company received payment for the sale of real estate at ul. Lotnicza in Wrocław in the amount of PLN 53 million (the sales contract was concluded in December 2018), which reduced the debt of the Company and the Trakcja Group. In the fourth quarter of 2021, the Oliwska real estate sale transaction was finalized for PLN 25 million, which improved the liquidity situation of the Company and the Group. The situation of the Company also improved as a result of the dividend received from the subsidiary AB Kauno for the period January - September 2021, together with unpaid profits from previous years, in the amount of PLN 45.3 million, which was received in December 2021 and January 2022.

The Supervisory Board, provided that activities related to obtaining capital and debt financing (referred to in note 1.7 of the additional information to the financial statements) are implemented, sees the prospect of improving the financial and economic situation of the Company and the Trakcja Group.



In 2021, the Company merged the Internal Audit Department with the Risk Management Department to strengthen the control functions and risk assessment mechanisms. The Internal Audit and Risk Management Department in the area of risk management conducted, among other things, periodic assessments of project risk management on the Company's ongoing contracts as well as assessed risks for corporate processes. The monthly analysis covered contracts at various stages of completion, and the report on the assessment of such risks was presented to the Company's Management Board every month. In turn, the Supervisory Board received the report on risk assessment from the Internal Audit and Risk Management Department on a quarterly basis. Such reporting system enables the Company to identify and analyze the risks on an ongoing basis and to implement control mechanisms mitigating the existing and potential operating risks.

The above-described actions taken in 2021 are a continuation and further improvement and enhancement of a number of both management and support processes. These changes were initiated in the last 3 years and their continuation and further development testify to the Company's proactive approach to strategic management and proper response to changes in the external business environment as well as within the Company.

Audit tasks were conducted on the basis of the 2021 internal audit plan approved by the Company's Supervisory Board. The Supervisory Board (also through the Audit Committee) participated in the preparation of the internal audit plan for 2021 by providing its comments and recommendations on audit tasks. The internal audit plan of Trakcja S.A. set for 2021 containing 7 audit tasks was executed in 100% and additionally two additional audits of ad hoc nature were carried out. The audit tasks carried out in 2021 resulted in the issuance of 40 recommendations aimed at improving the audited processes and strengthening the risk-reducing control mechanisms in place. As part of planned activities included in the annual audit plan, the degree of effectiveness of implementation of recommendations from audit tasks performed previously in 2020 was also verified.

A collective report on the implementation of the Audit Plan in 2021 was also presented and discussed with the Management Board and then submitted to the Company's Supervisory Board.

All audit tasks carried out in 2021 were performed by the Internal Audit and Risk Management Department of Trakcja S.A. in an independent, transparent manner, reliably reflecting the status of management and support processes and implemented control mechanisms in the Company. All audit tasks were performed with very good cooperation with all audit units.

## **VII. An assessment of reasonableness of expenditures incurred for the Company's and Group's charitable and sponsorship activities**

Decisions on entering into sponsorship agreements were made taking into account the purposefulness and effectiveness of spending. Due to the ongoing optimization of costs and processes in the Company and in the Group, as well as the period of COVID pandemic, activities related to sponsoring were limited to the implementation of projects of one-off nature. Considering the directions of sponsoring and charity activities and the scale of related expenses, the Supervisory Board positively evaluates the scope of undertaken activities in 2021 and the value of funds allocated for them.

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Dominik Radziwiłł

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Jorge Miarnau Montserrat

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Magdalena Komaracka

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Julio Alvarez Lopez

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Miquel Llevat Vallespinosa

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Klaudia Budzisz

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Krzysztof Tenerowicz