

Consent to incur a liability pertaining to execution of a master lease agreement and change the terms of the liability incurred towards the Newag Consortium

Current Report No. 53/2019 of 2 December 2019

Legal basis (selected in ESPI):

Article 17 Section 1 of MAR – confidential information.

With reference to Current Report No. 45/2019 of 9 September 2019, “Consent to incur a liability for delivery of 31 new six-axis electric locomotives”, the Management Board of PKP CARGO S.A. (“Company”) hereby reports that on 2 December 2019 the PKP CARGO S.A. Supervisory Board gave consent to change the terms of the liability incurred by the Company with regard to the delivery of 31 locomotives, towards NEWAG SA and NEWAG LEASE Sp. z o.o. s. k-a (“NEWAG Consortium”) through introduction of third party into the agreement – Millennium Leasing Sp. z o.o., as an entity obligated to purchase 6 six-axis electric locomotives to be collected in Q4 2019.

This change results in reduction of the Company’s total liability towards the Newag Consortium from PLN 518.9 million net to PLN 424.1 million net and establishing a liability of Millennium Leasing Sp. z o.o. towards the Newag Consortium in the net amount of PLN 94.8 million in connection with the obligation to purchase 6 electric locomotives.

In addition, the Company’s Management Board reports that on 2 December 2019 the PKP CARGO S.A. Supervisory Board gave consent to the Company to incur a liability through concluding with Millennium Leasing Sp. z o.o. a master lease agreement up to the total net amount of PLN 150 million (“Limit”) plus interest, for PKP CARGO S.A. and, subject to entering into a pertinent annex, for PKP CARGO Group companies.

The Limit means the maximum sum of the net values of the fixed assets which may be subject to individual finance lease agreements. The Limit will be available for the term of 12 months of the agreement date, with a 12-month extension option. The Company intends to use the master lease agreement to apply the finance lease to, among others, 6 locomotives for the net amount of PLN 94.8 million.

Legal basis: Article 17 Sec. 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council on Market Abuse.