

Management Board's recommendation on the distribution of the 2018 profit

Current Report No. 14/2019 of 20 March 2019

Legal basis (selected in ESPI):

Article 17 Section 1 of MAR – confidential information.

The Management Board of PKP CARGO S.A. (“Company”, “PKP CARGO”) hereby reports that on 20 March 2019 it adopted a resolution to submit a motion to the Company’s Ordinary Shareholder Meeting (“OSM”) to distribute the net profit carried in the Standalone Financial Statements for the financial year ended 31 December 2018 prepared in accordance with EU IFRS in the amount of PLN 253,945,476.86 (two hundred fifty-three million nine hundred forty-five thousand four hundred seventy-six Polish zloty and eighty-six grosz) as follows:

- 1) to allocate PLN 147,979,636.62 (say: one hundred forty-seven million nine hundred seventy-nine thousand six hundred thirty-six Polish zloty and sixty-two grosz) to supplementary capital in line with the wording of Article 396 § 1 of the Commercial Company Code,
- 2) to designate PLN 38,785,464.74 (say: thirty-eight million seven hundred eighty-five thousand four hundred sixty-four Polish zloty and seventy-four grosz) to cover retained losses,
- 3) to designate PLN 67,180,375.50 (say: sixty-seven million one hundred eighty thousand three hundred seventy-five Polish zloty and fifty grosz) to pay a dividend.

At the same time, the Company reports that in accordance with Article 382 § 3 of the Commercial Company Code this motion was submitted to the Company’s Supervisory Board, which issued a positive opinion on the motion submitted by the PKP CARGO Management Board to the Company’s Ordinary Shareholder Meeting on distribution of the net profit carried in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2018.

The final decision regarding the distribution of profit for the 2018 financial year will be made by the Company’s Ordinary Shareholder Meeting.

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