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Standalone Financial Statements

of PKP CARGO S.A. under restructuring Capital Group

for the financial year ended 31 December 2024

prepared in accordance with IFRS EU

PKPCARGO

Table of contents

according to EU IFRS (in millions of PLN)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2024	2023	
Revenues from contracts with customers	3,386.8	4,225.5	*Note 2.1*
Consumption of electricity and traction fuel	(569.2)	(746.9)	*Note 2.2*
Infrastructure access services	(398.2)	(462.6)	
Other services	(337.5)	(373.5)	*Note 2.2*
Employee benefits	(1,313.3)	(1,475.9)	*Note 2.2*
Other expenses	(183.8)	(234.9)	*Note 2.2*
Other operating revenue (and expenses)	(398.0)	(63.1)	*Note 2.3*
Operating profit before depreciation and amortization (EBITDA)	**186.8**	**868.6**	
Depreciation, amortization and impairment losses	(2,769.6)	(676.4)	*Note 2.2*
Profit / (loss) on operating activities (EBIT)	**(2,582.8)**	**192.2**	
Financial revenue (and expenses)	(281.4)	(135.0)	*Note 2.4*
Profit / (loss) before tax	**(2,864.2)**	**57.2**	
Income tax	451.5	(12.0)	*Note 3.1*
NET PROFIT / (LOSS)	**(2,412.7)**	**45.2**	
OTHER COMPREHENSIVE INCOME			
Measurement of hedging instruments	7.2	44.0	*Note 6.1*
Income tax	(1.4)	(8.4)	*Note 3.1*
Other comprehensive income subject to reclassification to profit or loss, total	**5.8**	**35.6**	
Actuarial gains / (losses) on employee benefits	(24.7)	(86.6)	*Note 5.11*
Income tax	4.7	16.5	*Note 3.1*
Measurement of equity instruments at fair value	-	3.8	
Other comprehensive income not subject to reclassification to profit or loss, total	**(20.0)**	**(66.3)**	
Total other comprehensive income	**(14.2)**	**(30.7)**	
TOTAL COMPREHENSIVE INCOME	**(2,426.9)**	**14.5**	
Earnings / (losses) per share (PLN per share)			
Weighted average number of common shares	44,786,917	44,786,917	
Earnings / (losses) per share	**(53.87)**	**1.01**	
Diluted earnings / (losses) per share	**(53.87)**	**1.01**	

according to EU IFRS (in millions of PLN)

STATEMENT OF FINANCIAL POSITION

	31 December 2024	31 December 2023	
ASSETS			
Rolling stock	1,785.5	4,078.1	*Note 5.1*
Other property, plant and equipment	392.2	411.1	*Note 5.1*
Right-of-use assets	1,142.2	1,162.4	*Note 5.2*
Investments in related parties	734.7	897.1	*Note 5.3*
Lease receivables	29.0	29.6	*Note 5.6*
Financial assets	18.8	23.4	*Note 5.7*
Other assets	23.4	31.6	*Note 5.8*
Deferred tax assets	590.8	135.6	*Note 3.1*
Total non-current assets	**4,716.6**	**6,768.9**	
Inventories	69.6	92.3	*Note 5.4*
Trade receivables	393.5	468.0	*Note 5.5*
Lease receivables	4.9	2.9	*Note 5.6*
Financial assets	10.6	4.6	*Note 5.7*
Other assets	95.9	112.0	*Note 5.8*
Cash and cash equivalents	420.9	120.2	*Note 4.3*
Total current assets	**995.4**	**800.0**	
Non-current assets classified as held for sale	0.3	-	
TOTAL ASSETS	**5,712.3**	**7,568.9**	
EQUITY AND LIABILITIES			
Share capital	2,239.3	2,239.3	*Note 4.2*
Supplementary capital	783.6	738.4	
Other items of equity	(99.3)	(85.1)	
Retained earnings / (Accumulated losses)	(2,412.7)	45.2	
Total equity	**510.9**	**2,937.8**	
Debt liabilities	1,627.0	1,908.5	*Note 4.1*
Investment commitments	2.8	15.6	*Note 5.10*
Provisions for employee benefits	404.3	493.0	*Note 5.11*
Other provisions	11.9	0.4	*Note 5.12*
Total non-current liabilities	**2,046.0**	**2,417.5**	
Debt liabilities	943.4	709.0	*Note 4.1*
Trade payables	1,131.7	687.1	*Note 5.9*
Investment commitments	293.8	314.6	*Note 5.10*
Provisions for employee benefits	85.9	136.1	*Note 5.11*
Other provisions	10.5	8.5	*Note 5.12*
Other financial liabilities	112.2	140.5	
Other liabilities	577.9	217.8	*Note 5.13*
Total current liabilities	**3,155.4**	**2,213.6**	*Note 5.14*
Total liabilities	**5,201.4**	**4,631.1**	
TOTAL EQUITY AND LIABILITIES	**5,712.3**	**7,568.9**	

according to EU IFRS (in millions of PLN)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Other items of equity: Profits / (losses) on measurement of equity instruments at fair value	Other items of equity: Actuarial gains / (losses) on employee benefits	Other items of equity: Measurement of hedging instruments	Retained earnings / (Accumulated losses)	Total	
1 January 2024	**2,239.3**	**738.4**	**(9.1)**	**(79.4)**	**3.4**	**45.2**	**2,937.8**	
Net result for the financial year	-	-	-	-	-	(2,412.7)	**(2,412.7)**	
Other comprehensive income for the financial year (net)	-	-	-	(20.0)	5.8	-	**(14.2)**	
Total comprehensive income	-	-	-	(20.0)	5.8	(2,412.7)	**(2,426.9)**	
Other changes for the financial year	-	45.2	-	-	-	(45.2)	**-**	*Note 4.2*
31 December 2024	**2,239.3**	**783.6**	**(9.1)**	**(99.4)**	**9.2**	**(2,412.7)**	**510.9**	
1 January 2023	**2,239.3**	**635.7**	**(12.9)**	**(9.3)**	**(32.2)**	**102.7**	**2,923.3**	
Net result for the financial year	-	-	-	-	-	45.2	**45.2**	
Other comprehensive income for the financial year (net)	-	-	3.8	(70.1)	35.6	-	**(30.7)**	
Total comprehensive income	-	-	3.8	(70.1)	35.6	45.2	**14.5**	
Other changes for the financial year	-	102.7	-	-	-	(102.7)	**-**	
31 December 2023	**2,239.3**	**738.4**	**(9.1)**	**(79.4)**	**3.4**	**45.2**	**2,937.8**	

according to EU IFRS (in millions of PLN)

STATEMENT OF CASH FLOWS

	2024	2023	
Cash flows from operating activities			
Profit / (loss) before tax	**(2,864.2)**	**57.2**	
Adjustments			
Depreciation, amortization and impairment losses	2,769.6	676.4	*Note 2.2*
(Profit) / loss on the sale and liquidation of non-financial non-current assets	(6.1)	(0.4)	
(Profit) / loss on investing activities	166.4	-	
Foreign exchange (gains)/losses	(0.4)	2.2	
(Profits) / losses on interest, dividends	82.5	100.0	
Interest received / (paid)	3.0	1.3	
Income tax received / (paid)	1.0	(12.9)	
Movement in working capital	795.5	307.1	*Note 4.4*
Other adjustments	(25.4)	(83.3)	*Note 4.4*
Net cash from operating activities	**921.9**	**1,047.6**	
Cash flows from investing activities			
Expenditures on the acquisition of non-financial non-current assets	(414.4)	(1,176.3)	
Proceeds from the sale of non-financial non-current assets	5.9	316.8	
Expenditures on the acquisition of related parties	(4.0)	(31.5)	
Proceeds from dividends received	48.2	38.4	
Expenditures on extended loans	-	(20.0)	
Repayment of extended loans	2.3	0.8	
Other proceeds from investing activities	8.8	5.7	
Net cash from investing activities	**(353.2)**	**(866.1)**	
Cash flows from financing activities			
Expenditures on leases	(122.1)	(110.4)	*Note 4.1*
Proceeds from drawn down loans	81.1	342.7	*Note 4.1*
Receipt of funds from the Guaranteed Employee Benefits Fund	71.6	-	*Note 4.1*
Repayment of loans/ credit facilities	(182.2)	(347.5)	*Note 4.1*
Interest paid on leases and loans/borrowings	(102.3)	(138.2)	*Note 4.1*
Subsidies received	19.5	97.0	
Inflow / (outflow) as part of cash pool	(33.2)	41.6	
Other expenditures concerning financing activities	0.1	(1.7)	
Net cash from financing activities	**(267.5)**	**(116.5)**	
Net increase / (decrease) in cash and cash equivalents	301.2	65.0	
Cash and cash equivalents at the beginning of the reporting period	120.2	55.2	*Note 4.3*
Impact exerted by FX rate movements on the cash balance in foreign currencies	(0.5)	-	
Cash and cash equivalents at the end of the reporting period including:	**420.9**	**120.2**	*Note 4.3*
restricted cash	*20.0*	*21.9*	*Note 4.3*

according to EU IFRS (in millions of PLN)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. General information

1.1 Key information about the Company's business

Information about the Company

PKP CARGO S.A. ("Company") was established pursuant to a Notary Deed of 29 June 2001 (Rep. A No. 1287/2001). Key information about the Company is presented in the table below.

Key information about the Company	
Name	PKP CARGO S.A. under restructuring
Registered office	Poland
Address of the Company's registered office	ul. Grójecka 17, 02-021 Warsaw
KRS	0000027702 – District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register, Poland
REGON	277586360
NIP	954-23-81-960

On 25 July 2024 the District Court for the capital city of Warsaw in Warsaw, 18th Commercial Division issued a decision to open remedial proceedings towards PKP CARGO S.A. Pursuant to Article 66 sec. 2 of the Restructuring Law Act, after a court has issued a decision to open restructuring proceedings, a trader operates on the market under its previous business name with the addition of the words "w restrukturyzacji" (in restructuring). Therefore, as of 25 July 2024, the full name of the company is: PKP CARGO S.A. under restructuring.

The Company's financial year is the calendar year.

The Company core business is rail transport of cargo. In addition to rail freight transport services, the Company also provides additional services:
- intermodal services,
- freight forwarding (domestic and international),
- terminal services,
- siding and traction services,
- repairs and periodic inspections of rolling stock.

The composition of the Company's management and supervisory bodies and the Company's shareholding structure as at 31 December 2024 were presented in the Management Board Report on the Activity of the PKP CARGO under restructuring Group for the financial year 2024 in **Sections 8.11** and **8.4**, respectively.

Information about the Group

PKP CARGO S.A. under restructuring is the parent company of the PKP CARGO under restructuring Group and prepares consolidated financial statements pursuant to International Financial Reporting Standards approved by the European Union ("EU IFRS").

As at the balance sheet date, the PKP CARGO under restructuring Group (hereinafter: "Group") comprised PKP CARGO S.A. under restructuring as its parent company and 20 subsidiaries. In addition, the Group held stakes in 2 associated entities and 1 joint venture.

Additional information about subsidiaries, associates and interests in joint ventures is presented in **Note 5.3** to these Standalone Financial Statements.

The term of the activities of the individual Group companies is not limited, with the exception of PKP CARGOTABOR USŁUGI Sp. z o.o. in liquidation, which went into liquidation as of 25 April 2024. PKP CARGOTABOR USŁUGI Sp. z o.o. in liquidation does not carry out any significant business activities.

As of 2 September 2024, by decision of the District Court for the City of Warsaw in Warsaw, 18th Commercial Division, remedial proceedings of the principal nature were opened towards PKP CARGOTABOR Sp. z o.o.

1.2 Basis for drawing up the financial statements

These Standalone Financial Statements have been prepared in accordance with International Financial Reporting Standards and related interpretations adopted by the European Union ("EU IFRS"), published and in effect in 2024.

These Standalone Financial Statements have been prepared based on the assumption of the Company's being a going concern in the foreseeable future, which is described in greater detail in **Note 1.3** to these Standalone Financial Statements.

These Standalone Financial Statements have been prepared in accordance with the historic cost principle, except for investments in equity instruments measured at fair value.

These Standalone Financial Statements have been audited by a statutory auditor.

The Company's accounting principles described in individual notes were applied in a continuous manner to all presented periods. The accounting principles, material estimates and judgments for the key items of the financial statements were presented in individual notes to these Standalone Financial Statements.

Note	Title	Amount recognized in the Standalone Financial Statements 2024	2023	Accounting Policy	Material estimates and judgments
2.1	Revenues from contracts with customers	3,386.8	4,225.5	X	X
2.2	Operating expenses	(5,571.6)	(3,970.2)		
2.3	Other operating revenue (and expenses)	(398.0)	(63.1)		
2.4	Financial revenue (and expenses)	(281.4)	(135.0)		
3.1	Income tax	451.5	(12.0)	X	X
5.1	Rolling stock	1,785.5	4,078.1	X	X
5.1	Other property, plant and equipment	392.2	411.1	X	X
5.2	Right-of-use assets	1,142.2	1,162.4	X	X
5.3	Investments in related parties	734.7	897.1	X	X
3.1	Deferred tax assets	590.8	135.6	X	X
5.4	Inventories	69.6	92.3	X	
5.5	Trade receivables	393.5	468.0	X	X
5.6	Lease receivables	33.9	32.5	X	
5.7	Financial assets	29.4	28.0	X	
5.8	Other assets	119.3	143.6	X	X
4.3	Cash and cash equivalents	420.9	120.2	X	
	Non-current assets classified as held for sale	0.3	-		
4.2	Equity	510.9	2,937.8	X	
4.1	Debt liabilities	2,570.4	2,617.5	X	X
5.9	Trade payables	1,131.7	687.1	X	X
5.10	Investment commitments	296.6	330.2	X	X
5.11	Provisions for employee benefits	490.2	629.1	X	X
5.12	Other provisions	22.4	8.9		X
5.13	Other financial liabilities	112.2	140.5	X	
5.14	Other liabilities	577.9	217.8	X	
7.3	Contingent liabilities	211.8	168.8	X	X

These Standalone Financial Statements have been drawn up in Polish zloty (PLN). Polish zloty is the Company's functional and reporting currency. The data in the financial statements are presented in millions of PLN.

As at 31 December 2024 and 31 December 2023, for the needs of valuation of the line items of the statement of financial position expressed in currencies other than PLN, the Company used the following exchange rates:

Currency	31 December 2024	31 December 2023
EUR	4.2730	4.3480

These Standalone Financial Statements were approved for publication by the Administrator of PKP CARGO S.A. under restructuring on 28 April 2025.

1.3 Going concern assumption, restructuring measures

Going concern risk of the Company

These Standalone Financial Statements for 2024 have been prepared based on the going concern assumption and accordingly do not include adjustments for differences in the measurement and classification of assets and liabilities that would be required if the Company's going concern assumption proved to be invalid.

Reasons for identifying risks to the ability to continue as a going concern

1. Decrease in transports and difficult position of the Company

The Company posted negative financial results in 2024. The main reason for the negative results within the freight transport business was the decrease in revenues from contracts with customers, which was due to lower freight volume. They were affected by the

ongoing war in Ukraine and the energy crisis in Europe (including increased energy prices), which has a significant impact on businesses and results in relatively low freight volumes. Despite the continued decline in demand in the rail freight market, the number of rail operators obtaining freight licenses continues to increase in Poland. As the leader of the rail freight market in Poland, PKP CARGO S.A. under restructuring is particularly exposed to the decline in transports, which is reflected in lower revenues. In 2022-2023, the Company's focus on moving coal from seaports to energy industry customers limited its ability to compete in the most profitable freight categories and resulted in the loss of some customers.
At the same time, the high inflation that persisted in 2023 caused an increase in prices for purchased commodities, materials and services, while putting strong upward pressure on raising employee wages. Also, the Company pursued an expansionary investment policy, with high capital expenditures mainly for rolling stock.

2. External financing agreements, defaults on financing agreements

The above factors resulted in a significant decrease in demand for the Company's services, which adversely affected financial position and liquidity of PKP CARGO S.A. under restructuring and its ability to pay its current liabilities. Due to the deterioration of the financial standing and liquidity, the covenants set forth in loan agreements concluded by the Company were not satisfied as at 31 December 2024, which is described in **Note 4.1** to these Standalone Financial Statements.

Measures taken by the Company's Management Board to improve its financial and liquidity position and to manage its business during the restructuring process

As the Company's Management Board identified and analyzed the above risks, on 27 June 2024 it decided to file a petition with the court to open the remedial proceedings. On 25 July 2024, the Company received from the District Court for the City of Warsaw in Warsaw a "Notice of Decision to Open Restructuring Proceedings". In the opinion of the Management Board, the purpose of opening the restructuring proceedings is to improve the financial and liquidity position. The decision to file the petition was made by the Management Board after considering the best interests of the Company and its shareholders. The Management Board believes that the restructuring process under court supervision will make continuation of its operations possible and achieve the best possible outcomes for its creditors, employees and shareholders, restore the Company's ability to satisfy its financial obligations and to conclude a composition agreement with its creditors.

The preliminary restructuring plan provides for the implementation of the following restructuring measures:

- workforce reduction through mass layoffs,
- termination of some of the leases for assets that are not essential to the business activity,
- sale of some of the assets that are not intended for further use,
- reduction of capital expenditures and alignment with transportation needs,
- reorganization of the Company's organizational structure,
- withdrawing from contracts that generate unnecessary costs.

According to the Company's Management Board, all of the above activities are aimed at optimizing the cost structure, increasing operational efficiency, improving the quality of services and increasing competitiveness on the market, which will allow the Company to obtain new orders, increase revenues and improve its liquidity position.

According to the Management Board, the Company has an active liquidity management policy and monitors its liquidity on an ongoing basis to ensure that it is able to meet its obligations during the implementation period of the restructuring plan. The opening of the restructuring proceedings has protected the Company from the possibility of terminating major contracts with customers, suppliers and financial institutions, and all liabilities incurred before the opening date of the restructuring proceedings will be covered by the composition agreement and, based on its terms and conditions, they will be repaid at a later date.

The purpose of restructuring proceedings is to allow the Company to restructure by entering into a composition agreement with its creditors, and in the case of remedial proceedings also by carrying out remedial (restructuring) measures, while securing the equitable rights of creditors. Therefore, the composition proposals are prepared in such a way that the claims covered by the composition agreement are satisfied to the maximum extent possible. The court appointed an Administrator for the Company, with Ms. Izabela Skonieczna-Powałka serving in this role, while allowing the Company's Management Board to exercise management over the entire undertaking falling within the scope of ordinary course of business.

1.3 Going concern assumption, restructuring measures (cont'd)

On 7 November 2024, the creditor board was established in the Company's remedial proceedings. On 28 February 2025, the Company's Administrator presented a list of creditors to the District Court for the City of Warsaw.

As at the date of preparation of these Standalone Financial Statements, the Company is in the process of preparing a Restructuring Plan. On 28 February 2025, the Administrator of the Company's remedial estate obtained the approval of the Commissioner Judge to extend the deadline for submitting the Restructuring Plan until 30 June 2025.

The Company conducts a cyclical ongoing analysis and review in terms of execution and forecasting of monthly cash flows for a 12-month period. Scenario analysis takes into account the cash flows from the Company's operating activities, as well as the cash flows from the divestment of fixed assets that can be sold without an adverse effect on the Company's operations.

Analyses and projections of the Company's cash flows are prepared and updated both in view of the ongoing financial reporting process and in view of the parallel process of preparing a restructuring plan, which should be prepared and submitted by 30 June 2025 as part of the ongoing Remedial Proceedings against the Company. As part of the above cash flow projections, the Company utilizes both its own resources and the services of an external financial advisor employed in connection with the pending Remedial

Proceedings and the preparation of the restructuring plan and composition proposals. The projections are updated on an ongoing basis in specified intervals using a liquidity model built and approved by an external financial advisor.

At the same time, the Company is taking a number of steps related to the divestment of fixed assets, including the identification of assets that could be sold within the next 12 months. At this stage, the Company's Management Board has made a number of decisions to designate certain fixed assets for divestment, however the full list of such divestments (and the related decisions of the Company's corporate bodies) will be confirmed only at the stage of completion of work on the ultimate restructuring plan.

The opening of restructuring proceedings and the resulting prohibition of the Company to satisfy liabilities that existed on the date the Remedial Proceedings were commenced pursuant to Article 252 sec. 1 in conjunction with Article 297 of the Restructuring Law, while continuing to generate proceeds from operations, has allowed the Company to increase the balance of its cash as at 31 December 2024.

Current cash flow projections indicate that the Company will have sufficient funds generated from current operations to cover the Company's current liabilities (without the liabilities included in the composition) maturing in the next 12 months without the need for additional external liquidity financing sources (due to the Company's pending Remedial Proceedings, the Company's capacity to raise such external financing is limited). At the same time, if actual cash flows fall short of current projections, the steps the Company has taken to prepare for the fixed asset divestment process should give it the capacity to cover the resulting financial shortfall.

The above cash flow projections are based on the assumption that the Remedial Proceedings currently pending against the Company will not be legally concluded within 12 months after the end of the relevant reporting period. The Company believes this assumption reasonable, based on publicly available data on the typical duration of restructuring proceedings from the date of initiation to final legal completion.

At the same time, the Company assumes that if the Remedial Proceedings are legally concluded, this will result from the adoption of a composition agreement with the Company's creditors on terms aligned with its currently assumed and projected financial capacity. However, the Company emphasizes that it is extremely difficult to assess the likelihood of this assumption at the current stage. This is because it depends not only on the final form of the restructuring plan currently being prepared, but also on the intentions and willingness of the Company's creditors (both at the creditors' meeting and within the creditors' board in the Remedial Proceedings) to accept the proposed restructuring plan and composition proposals. In the Company's opinion, based on an assessment of its current financial and asset position, creditor satisfaction under the Remedial Proceedings (on the terms of the accepted composition) should be greater than in a bankruptcy scenario. Therefore, the Company believes that the assumption that the composition will be adopted on terms consistent with the Company's current financial projections is reasonable – however it cannot be deemed probable to a greater extent at this early stage of the ongoing Remedial Proceedings.

The Company emphasizes that, under either of the above scenarios, it assumes that the liabilities subject to the Remedial Proceedings will not be repaid in full – or in substantial part – within the next 12 months.

The Company believes that deferring the repayment of liabilities incurred before the commencement of the restructuring proceedings, combined with the actions it has taken, will allow it to maintain liquidity at a level sufficient to pay its current liabilities for at least the next 12 months from the balance sheet date, thereby minimizing the risk to its going concern status.

As of 31 December 2024, the Company's statement of financial position shows a loss in excess of the sum of supplementary capital and capital reserves and one third of the share capital. Pursuant to Article 397 of the Commercial Company Code Act of 15 September 2000, this requires the Company's Management Board to immediately convene a Shareholder Meeting to adopt a resolution on the continuation of the Company.

1.3 Going concern assumption, restructuring measures (cont'd)

Restructuring provisions

The remedial proceedings meet the definition of restructuring in IAS 37. Accordingly, during the period of 12 months 2024, the Company recognized a provision for restructuring costs in the total amount of PLN 133.9 million. The cost of employee severance pays was the main component of the restructuring provision, in connection with the termination of employment as part of mass layoffs.

On 3 July 2024, the Company's Management Board made a decision regarding the intention to carry out mass layoffs and consequently commenced consultations of the intention to carry out mass layoffs with the trade unions operating in the Units and Head Office of PKP CARGO S.A. On 24 July 2024, the Company's Management Board adopted a resolution for the Units and the Head Office of PKP CARGO S.A. uncer restructuring to carry out mass layoffs pursuant to the Act of 13 March 2003 on the detailed principles of terminating employment for reasons not attributable to employees. The mass layoffs affected employees in various professional groups and, as their employment relationship was terminated as part of the mass layoffs, the employees are entitled to cash severance payments and compensation for reduced notice periods. Mass layoffs ultimately affected 2,515 employees.

The remaining elements of the restructuring provision include costs related to the handling and organization of the entire reorganization process.

Pursuant to the Management Board resolution of 18 October 2024, the Company filed a motion to pay benefits from the Guaranteed Employee Benefits Fund ("FGŚP"). The total amount of benefits received in 2024 from the Guaranteed Employee Benefits Fund amounted to PLN 71.6 million.

As a result of the utilization and update of the provision, the value of the restructuring provision remaining as at 31 December 2024 is PLN 17.9 million and includes primarily costs related to the service and organization of the whole restructuring process.

Provisions for employee benefits

As at 31 December 2024, the Company performed an actuarial valuation of its provisions for employee benefits in connection with the mass layoffs carried out as part of the restructuring process and changes in other assumptions. The implementation of mass layoffs has resulted in a significant reduction in the number of employees covered by the relevant benefits. The revaluation of actuarial provisions related to the mass layoffs carried out caused a reduction in provisions for employee benefits and employee benefit expenses in the amount of PLN 91.7 million.

Additionally, as at 31 December 2024, the assumptions changed in respect to the discount rate and other assumptions for measuring the provision for employee benefits. Detailed information on this matter is presented in **Note 5.11** to these Standalone Financial Statements.

Impairment of assets

As at 31 December 2024, the Company conducted impairment tests for property, plant and equipment and investments in subsidiaries. As a result of the tests, as at 31 December 2024, the Company recognized an impairment loss for property, plant and equipment and investments in selected subsidiaries, which is described, respectively, in **Note 5.1** and **Note 5.3** to these Standalone Financial Statements.

Impairment losses for VAT receivables

The Management Board of the Company has decided to recognize an impairment loss for VAT receivables in the amount of PLN 203.1 million; the loss is related to input VAT on invoices not paid as at the date preceding the date of opening the remedial proceedings, in connection with the application of the so-called "VAT bad debt relief" regulation.

Given the need to adjust input VAT on these liabilities, VAT liabilities also increased, which is presented in **Note 5.14** to these Standalone Financial Statements.

according to EU IFRS (in millions of PLN)

1.4 Liquidity position of the Company and liquidity risk management

In 2024, the age structure of liabilities has deteriorated significantly compared to 31 December 2023, with all liquidity ratios at levels well below those considered safe. Given the deterioration of the financial and liquidity position, the Management Board of the Company decided to file a petition with the court to open the restructuring proceedings on 27 June 2024. The opening of the restructuring proceedings has protected the Company from the possibility of terminating major contracts with customers, suppliers and financial institutions, and all liabilities incurred before the opening date of the restructuring proceedings on the terms and conditions set forth in the restructuring law, will be covered by the composition. The Company expects these liabilities to be repaid in future periods under a composition agreement with creditors in accordance with the principles of the Restructuring Law.

Liabilities incurred after the start of the restructuring proceedings are paid by the Company on an ongoing basis, with the exception of a portion of amounts due to employees and liabilities that the Company considers to be in dispute. Due to the difficult financial situation of PKP CARGO S.A. uncer restructuring, the Management Board of the Company has decided not to pay part of employee benefits, such as retirement severance pays and jubilee awards, together with salaries for July - December 2024 The difficult financial situation also compelled the Management Board of the Company to take the decision to temporarily suspend the payments provided for in Article 8 of the Act of 13 March 2003 on special principles for terminating employment relationships for reasons not attributable to employees, i.e. the cash severance payment for terminating the employment relationship, the compensation for reducing the notice period to one month, and the equivalent for unused holiday leave. The reasons why it was decided to suspend payment of these amounts due to employees was to ensure that the Company is able to carry out its day-to-day operations, to carry out the transport process effectively and consequently, to fulfill rail freight contracts without interruption, which will allow the Company to continue to operate in the market.

The Company has applied for a loan from the Guaranteed Employee Benefits Fund in order to finance part of the unpaid employee benefits in accordance with the provisions of the Act of 13 July 2006 on the protection of employees' claims in the event of the employer's insolvency. The total amount of funds from the Guaranteed Employee Benefits Fund was PLN 71.6 million. The acquired funds allowed the Company to partially pay out past due retirement severance pays and other receivables to former employees of the Company in December 2024. The Company is taking steps to pay the temporarily suspended payments of payable employee benefits as soon as possible.

Below we present the Company's liabilities that arose before the opening date of the restructuring proceedings, that are included in the list of creditors presented by the Company's Administrator and that cannot be repaid at this time.

Liabilities of the Company on the day preceding the opening date of the restructuring proceedings

24 July 2024	Liabilities included in the list of creditors' claims
Debt liabilities	1,344.7
Trade payables and investment commitments	1,141.6
Other financial liabilities	111.0
Other liabilities	304.6
Bank guarantees	24.2
Total	**2,926.1**

The maturities of financial liabilities are presented below. The data as at 31 December 2024 do not include liabilities incurred before the commencement of the proceedings, as these are subject to the composition and cannot be repaid until the court approves the composition with creditors pursuant to Article 252 of the Restructuring Law.

Maturity of the Company's financial liabilities as at the balance sheet date by maturity date based on contractual undiscounted payments (together with interest payable in the future)

31 December 2024	Contractual maturities from the end of the reporting period				Total (no discount)
	Below 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years	
Debt liabilities	78.7	177.7	824.2	397.1	**1,477.7**
Trade payables	197.0	-	-	-	**197.0**
Investment commitments	50.0	-	-	-	**50.0**
Cash pool	1.2	-	-	-	**1.2**
Total	**326.9**	**177.7**	**824.2**	**397.1**	**1,725.9**

according to EU IFRS (in millions of PLN)

1.4 Liquidity position of the Company and liquidity risk management (cont'd)

31 December 2023	Contractual maturities from the end of the reporting period				Total (no discount)	Carrying amount
	Below 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years		
Debt liabilities	380.6	446.4	1,496.2	789.6	**3,112.8**	**2,617.5**
Trade payables	687.1	-	-	-	**687.1**	**687.1**
Investment commitments	296.5	18.5	15.7	-	**330.7**	**330.2**
Cash pool	140.5	-	-	-	**140.5**	**140.5**
Total	**1,504.7**	**464.9**	**1,511.9**	**789.6**	**4,271.1**	**3,775.3**

The table below presents the age structure of trade payables and investment commitments as at 31 December 2024 and 31 December 2023. The data presented as at 31 December 2024 do not include liabilities incurred before the commencement of the restructuring proceedings as these will be subject to the composition.

Age structure of trade payables and investment commitments

	31 December 2024			31 December 2023		
	Trade payables	Investment commitments	Total	Trade payables	Investment commitments	Total
Not past due	190.3	50.0	240.3	431.8	239.8	671.6
Past due						
up to 30 days	5.4	-	5.4	144.9	69.1	214.0
31 - 90 days	0.3	-	0.3	99.2	19.0	118.2
91 - 180 days	0.1	-	0.1	3.6	0.5	4.1
181 - 365 days	0.2	-	0.2	3.8	-	3.8
over 365 days	0.7	-	0.7	3.8	1.8	5.6
Total	**197.0**	**50.0**	**247.0**	**687.1**	**330.2**	**1,017.3**

The table below presents the age structure of trade receivables as at 31 December 2024 and 31 December 2023.

Age analysis of trade receivables

	31 December 2024			31 December 2023		
	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net
Not past due	325.1	-	325.1	410.6	-	410.6
Past due						
up to 30 days	33.0	(1.2)	31.8	26.5	(0.2)	26.3
31 - 90 days	20.0	(3.9)	16.1	15.3	(0.5)	14.8
91 - 180 days	13.7	(2.0)	11.7	1.3	(0.4)	0.9
181 - 365 days	3.7	(1.2)	2.5	6.8	(5.8)	1.0
over 365 days	44.9	(38.6)	6.3	40.9	(26.5)	14.4
Total	**440.4**	**(46.9)**	**393.5**	**501.4**	**(33.4)**	**468.0**

1.5 Applied International Financial Reporting Standards platform

Standards and interpretations adopted by the IASB and EU which have entered into effect

Approving the Standalone Financial Statements, the Company applied the following amendments of the standards and interpretations issued by the International Accounting Standards Board for application by the EU:

Standard / Interpretation	Effective date
Amendments to IFRS 16 "Leases" – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 "Presentation of financial statements" – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures – Supplier Finance Arrangements"	1 January 2024

The Company's Management Board believes that the above standards and interpretations had no material influence on the financial statements.

according to EU IFRS (in millions of PLN)

1.5 Applied International Financial Reporting Standards platform (cont'd)

Standards and Interpretations adopted by the IASB and EU which have not yet entered into effect

In the opinion of the Company's Management Board, the standards and interpretations mentioned below will not result in any major amendments to the Company's financial statements in the successive reporting periods:

Standard / Interpretation	Effective date
Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability	1 January 2025

Standards and interpretations adopted by the IASB and not endorsed by the EU

IFRS as approved by the EU do not currently differ materially from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, their amendments and interpretations, which have not yet been approved by the EU and have not entered into effect. The Company believes that the approval of the standards mentioned below by the EU will not result in any major changes to the Company's financial statements in the successive reporting periods, except for the changes arising from IFRS 18 "Presentation and Disclosure in Financial Statements". As at the date of approval of these Standalone Financial Statements, the Company was still analyzing the changes arising from IFRS 18 and therefore the impact of this standard on its financial statements cannot be assessed.

Standard / Interpretation	Effective date
Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRSs – vol. 11	1 January 2026
IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027
IFRS 19 "Subsidiaries without Public Accountability": Disclosure	1 January 2027

2. Notes to the statement of profit or loss and other comprehensive income

2.1 Revenues from contracts with customers

Accounting policy applied

The Company recognizes revenue from contracts with customers in such a manner as to reflect the transfer of promised goods or services to the customer in the amount corresponding to the compensation expected to be payable to the Company in return for such goods or services. Revenue from sales is disclosed at fair value of the payment received or due less VAT, refunds, rebates and discounts.

Revenues are recognized upon (or during) fulfillment of the obligation to make the performance through the provision of the promised good or service (i.e. asset) to the customer.

Revenue from sales of services is recognized in the statement of profit or loss and other comprehensive income over time, because the customer receives and at the same time benefits from the performance provided by the Company as it is being provided. The Company is of the opinion that this condition is fulfilled, because the work performed by it to date would not have to be substantially re-performed by another entity if it were to complete the remaining portion of the obligation toward the customer.

Revenue from sales of materials is recognized in the statement of profit or loss and other comprehensive income when the customer obtains control over the asset in question. The moment of the transfer of control is the same as the moment when the significant risk and benefits resulting from their ownership were transferred. In the case of commission contracts, revenue is not recognized at the time of delivery to the intermediary but when the asset is transferred to the end customer.

The Company does not apply payment terms or advance payments exceeding 12 months, hence the contracts do not contain a significant financing component.

Variable remuneration

Commercial contracts contain a variable remuneration element resulting from the following:

- the possibility of imposing penalties on the client in connection with its failure to meet the contractual provisions pertaining to transportation of a specified freight volume,
- the possibility of the client imposing fines on the Company in the event of failure to transport the ordered freight volume.

The Company estimates the value of variable remuneration resulting from penalties based on the degree of performance of a given contract in the agreed settlement period. Facts and circumstances determining the probability of the occurrence of each scenario are reviewed at least at the end of each reporting period.

Assets from contracts with customers

The Company recognizes in its statement of financial position a contract asset constituting the Company's right to remuneration in return for goods or services that the Company has provided to the customer if this right is dependent on a condition other than the passage of time. Assets arising from contracts with customers are presented under the trade receivables item and include predominantly assets that have not yet been invoiced but reflect services that have been completed or are in the process of being provided.

according to EU IFRS (in millions of PLN)

2.1 Revenues from contracts with customers (cont'd)

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

Significant estimates pertaining to contracts with customers relate to recognized but not invoiced revenues resulting from the following:

- from the degree of progress of transport services, which are measured based on the estimated level of freight volume the transportation of which has not been completed as at the balance sheet date and the average obtainable price,
- from the freight volume that has already been delivered to the destination but has not yet been collected by the customer. The measurement takes into account the actual freight volume and the average obtainable price,
- from rents for wagons owned by the Company which are used by foreign rail transport companies in the course of transport services rendered outside Poland. This item is measured based on the quantity of wagons outside Poland (data obtained from IT systems) and prices resulting from agreements and contracts with foreign rail freight companies.

The value of recognized revenue estimates as at the balance sheet date is presented in this note in the table on movement in assets arising from contracts with customers.

Structure of revenues from contracts with customers

The Company conducts its business within one segment only, i.e. domestic and international cargo freight and provision of comprehensive logistics services related to rail freight.

The Company's Management Board does not evaluate the Company's performance and does not make decisions concerning allocation of resources to groups of services provided account being taken of the structure of revenues from contracts with customers, as presented below. Therefore, the specific service groups may not be treated as the Company's operating segments.

2024	PKP Group related parties	State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	301.2	1,075.3	1,840.9	**3,217.4**
Revenue from siding and traction services	42.8	1.4	11.8	**56.0**
Revenue from sales of materials	3.9	-	26.2	**30.1**
Other revenues	60.6	6.9	15.8	**83.3**
Total	**408.5**	**1,083.6**	**1,894.7**	**3,386.8**
Revenue recognition date				
At a specific time	3.9	-	26.2	**30.1**
Over a period	404.6	1,083.6	1,868.5	**3,356.7**
Total	**408.5**	**1,083.6**	**1,894.7**	**3,386.8**

2023	PKP Group related parties	State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	364.1	1,440.6	2,229.1	**4,033.8**
Revenue from siding and traction services	43.6	1.7	11.1	**56.4**
Revenue from sales of materials	7.6	-	50.4	**58.0**
Other revenues	53.0	6.4	17.9	**77.3**
Total	**468.3**	**1,448.7**	**2,308.5**	**4,225.5**
Revenue recognition date				
At a specific time	7.6	-	50.4	**58.0**
Over a period	460.7	1,448.7	2,258.1	**4,167.5**
Total	**468.3**	**1,448.7**	**2,308.5**	**4,225.5**

according to EU IFRS (in millions of PLN)

2.1 Revenues from contracts with customers (cont'd)

Geography

The Company defines the geographical territory of business as the location of the registered seat of the service recipient, and not as the country of the service provision.

The Company operates in one principal geographic area, i.e. Poland, where its registered offices are also located. Total revenues for all geographic areas outside Poland for the financial year ended 31 December 2024 and 31 December 2023 did not exceed 14% of total revenues from contracts with customers. There is no single geographic area (outside of Poland) which generated more than 8% of revenues from contracts with customers.

Revenues from contracts with customers generated on external customers and broken down based on their country of incorporation is presented below:

	2024	2023
Poland	2,933.1	3,815.4
Germany	267.6	207.0
Czech Republic	77.2	76.0
Slovakia	28.3	40.2
Other countries	80.6	86.9
Total	**3,386.8**	**4,225.5**

Information on key customers

In the financial year ended 31 December 2024, as well as in the financial year ended 31 December 2023, no sales to any group represented more than 10% of total revenues from contracts with customers.

Assets from contracts with customers

	2024	2023
As at the beginning of the reporting period	**29.6**	**32.9**
Recognition of revenue before the sales document is issued	15.2	29.6
Reclassification to receivables	(29.6)	(32.9)
As at the end of the reporting period	**15.2**	**29.6**

2.2 Operating expenses

Consumption of electricity and traction fuel

	2024	2023
Consumption of traction fuel	(82.9)	(106.9)
Consumption of traction energy	(486.3)	(640.0)
Total	**(569.2)**	**(746.9)**

Other services

	2024	2023
Renovation and maintenance services for non-current assets	(92.3)	(125.9)
Rent and fees for the use of property and rolling stock	(47.9)	(55.1)
Transport services	(79.8)	(84.5)
Telecommunications services	(3.9)	(3.9)
Legal, consulting and similar services	(7.0)	(6.2)
IT services	(54.8)	(48.7)
Transshipment services	(4.6)	(3.3)
Shunting, traction and inspection services	(41.1)	(39.8)
Other services	(6.1)	(6.1)
Total	**(337.5)**	**(373.5)**

2.2 Operating expenses (cont'd)

according to EU IFRS (in millions of PLN)

Employee benefits

	2024	2023
Remuneration	(1,070.1)	(1,132.4)
Social security costs	(215.4)	(221.7)
Expenses for contributions to the Company Social Benefits Fund	(34.2)	(28.5)
Other employee benefits during employment	(66.1)	(35.8)
Post-employment benefits	(14.1)	(8.0)
Movement in provisions for employee benefits	86.6	(49.5)
Total	**(1,313.3)**	**(1,475.9)**

Other expenses

	2024	2023
Consumption of non-traction fuel	(6.0)	(7.8)
Consumption of electricity, gas and water	(41.3)	(51.2)
Consumption of materials	(44.4)	(57.4)
Taxes and charges	(32.6)	(33.2)
Cost of materials sold	(15.4)	(34.9)
Business trips	(26.2)	(30.2)
Other	(17.9)	(20.2)
Total	**(183.8)**	**(234.9)**

Depreciation, amortization and impairment losses

	2024	2023
Depreciation of rolling stock	(618.7)	(571.0)
Depreciation of other property, plant and equipment	(24.4)	(25.8)
Depreciation of right-of-use assets	(94.8)	(82.3)
Amortization of intangible assets	(7.5)	(6.2)
(Recognized) / reversed impairment losses:		
Rolling stock [1)]	(2,014.0)	8.9
Other property, plant and equipment [1)]	(9.4)	-
Intangible assets	(0.8)	-
Total	**(2,769.6)**	**(676.4)**

[1)] This item is described in **Note 5.1** to these Standalone Financial Statements.

Other operating revenue (and expenses)

	2024	2023

Profit on sales of non-financial non-current assets	2.8	0.4
Reversed impairment losses for trade receivables	1.1	1.7
Reversed impairment losses for VAT settlements	4.1	-
Penalties and compensations	5.2	14.6
Interest on trade and other receivables	4.1	3.8
Subsidies received	6.2	5.1
Reversal of other provisions	11.4	2.4
Other	6.7	4.4
Total other operating revenue	**41.6**	**32.4**
Recognized impairment losses for trade receivables	(15.4)	(8.2)
Recognized impairment losses for VAT settlements	(203.1)	-
Penalties and compensations	(6.8)	(9.4)
Interest on trade and other payables	(71.1)	(58.7)
Costs of liquidation of non-current and current assets	(5.2)	(6.5)
Restructuring provision recognized [1)]	(133.9)	-
Other provisions established	(0.2)	(3.7)
Net result on foreign exchange differences on trade receivables and trade payables	(0.3)	(3.3)
Other	(3.6)	(5.7)
Total other operating expenses	**(439.6)**	**(95.5)**
Other operating revenue (and expenses)	**(398.0)**	**(63.1)**

[1)] The items are described in **Note 1.3** to these Standalone Financial Statements.

2.4 Financial revenue (and expenses)

Financial revenue (and expenses)

	2024	2023
Interest income	8.4	2.8
Dividend income	48.2	38.1
Other	0.1	0.2
Total financial revenue	**56.7**	**41.1**
Interest expenses	(142.1)	(143.4)
Settlement of the discount on provisions for employee benefits	(28.8)	(30.5)
Recognized impairment losses on shares [1)]	(166.4)	-
Net result on foreign exchange differences	(0.3)	(1.7)
Other	(0.5)	(0.5)
Total financial expenses	**(338.1)**	**(176.1)**
Financial revenue (and expenses)	**(281.4)**	**(135.0)**

[1)] This item is described in **Note 5.3** to these Standalone Financial Statements.

according to EU IFRS (in millions of PLN)

3. Notes on taxation

3.1 Income tax

Accounting policy applied

The income tax of the reporting period includes current and deferred income tax. The current tax burden is calculated on the basis of the tax result for the given reporting period. The tax result differs from the accounting pre-tax result due to exclusion of revenue which temporarily is not subject to taxation and expenses which are temporarily not tax deductible, as well as the expenses and revenues that will never be subject to taxation. Tax burden is calculated based on the tax rates applicable in the given financial year.

Deferred income tax is recognized with respect to temporary differences between the tax value of an asset or liability and the corresponding carrying amount. Deferred tax liabilities are recognized with respect to taxable temporary differences. Deferred tax assets are captured with reference to deductible temporary differences up to the amount of the Company's likely future taxable income sufficient to settle such temporary differences.

The value of the deferred tax assets is reviewed at each balance sheet date in terms of prospects of generation of future taxable profits required to settle it.

Deferred tax assets and liabilities are subject to offsetting if there is an enforceable legal title to set off current income tax assets and liabilities and if the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority if there is an intention to settle the accounts in net amounts.

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

The Company recognizes a deferred tax asset based on the assumption that taxable income would be recorded in the future, allowing the Group to use the asset.
As at 31 December 2024, the Company has reviewed the value of the deferred tax asset in terms of the prospects for future taxable profits, which are required to settle it. Current financial projections of the Company indicate that, in the coming years, it will not generate taxable profit at the level sufficient to utilize the remaining tax losses carried forward from 2020-2021, for which the right to deduct expires at the end of 2025 and 2026, respectively. Nor is it expected to reach the threshold of borrowing costs that would allow for the recognition of a portion of the borrowing costs currently excluded from tax deductibility.
Because it is not probable that the deferred tax asset will be fully realized as at 31 December 2024, the Company reduced the carrying amount of the deferred tax asset as at 31 December 2024 by a total amount of PLN 24 million.

Income tax recognized in profit / loss

	2024	2023
Current income tax		
Current tax liability	(0.3)	(3.8)
Adjustments posted in the current year	(0.1)	-
Deferred tax		
Deferred income tax of the reporting period	451.9	(8.2)
Income tax recognized in profit / loss	**451.5**	**(12.0)**

According to the legal provisions in effect, no differentiation of rates is expected in the future periods. Frequent differences of opinions as to legal interpretation of the tax regulations, both within the State bodies, and between the State bodies and enterprises, entail lack of certainty and give rise to conflicts. Therefore, the tax risk in Poland is much higher than usually observed in the countries with better developed tax systems. Tax returns may be subject to control for a period of five years, starting from the end of the year of the tax payment. As a result of such controls, the Company's tax settlements may be increased by additional tax liabilities.

Deferred income tax captured in other comprehensive income

	2024	2023
Deferred tax on the measurement of hedging instruments	(1.4)	(8.4)
Deferred tax on actuarial gains / (losses) on employee benefits	4.7	16.5
Deferred income tax captured in other comprehensive income	**3.3**	**8.1**

according to EU IFRS (in millions of PLN)

3.1 Income tax (cont'd)

Reconciliation of the effective tax rate

	2024	2023
Profit (loss) before tax	**(2,864.2)**	**57.2**
Income tax expense at 19%	544.2	(10.9)
Tax effect of revenue which does not constitute revenue within the meaning of tax regulations, including:		
Dividend	9.2	7.2
Reversal of non-tax provisions and impairment loss allowances	1.0	-
Other	1.3	1.3
Tax effect of non-deductible expenses within the meaning of tax regulations, including:		
PFRON disability fund	(4.3)	(4.4)
Permanent differences in expenses related with property, plant and equipment	(0.5)	(0.5)
Penalties and compensations	(0.8)	(1.2)
Impairment losses on the value of shares	(31.6)	-
Value added tax and other public law liabilities	(39.1)	(2.1)
Other	(3.9)	(1.4)
Effect of the recognition/reversal of a deferred tax asset charge on tax losses	**(24.0)**	**-**
Income tax recognized in profit / loss	**451.5**	**(12.0)**
Effective tax rate	**15.8%**	**21.0%**

The corporate income tax rate effective in Poland in the years 2023-2024 amounted to 19%.

Movements in deferred tax

2024	1 January 2024	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2024
Temporary differences relating to deferred tax (liabilities) / assets:				
Non-financial non-current assets	**(29.9)**	402.6	-	**372.7**
Right-of-use assets and lease liabilities	**10.7**	(11.4)	-	**(0.7)**
Other provisions and liabilities	**20.0**	36.1	-	**56.1**
Inventories	**(7.9)**	2.1	-	**(5.8)**
Trade receivables	**(7.6)**	4.4	-	**(3.2)**
Provisions for employee benefits	**119.5**	(31.1)	4.7	**93.1**
Other	**8.9**	22.0	(1.4)	**29.5**
Unused tax losses	**21.9**	27.2	-	**49.1**
Total	**135.6**	**451.9**	**3.3**	**590.8**

2023	1 January 2023	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2023
Temporary differences relating to deferred tax (liabilities) / assets:				
Non-financial non-current assets	**(22.1)**	(7.8)	-	**(29.9)**
Right-of-use assets and lease liabilities	**3.4**	7.3	-	**10.7**
Other provisions and liabilities	**18.4**	1.6	-	**20.0**
Inventories	**(9.7)**	1.8	-	**(7.9)**
Trade receivables	**(9.3)**	1.7	-	**(7.6)**
Provisions for employee benefits	**103.6**	(0.6)	16.5	**119.5**
Other	**9.7**	7.6	(8.4)	**8.9**
Unused tax losses	**41.7**	(19.8)	-	**21.9**
Total	**135.7**	**(8.2)**	**8.1**	**135.6**

according to EU IFRS (in millions of PLN)

3.1 Income tax (cont'd)

Expiration dates of the tax losses to which deferred tax assets were not applied as at 31 December 2024

Year	2025	2026	Total
Unused tax losses	69.3	46.3	**115.6**
Borrowing costs	-	10.5	**10.5**

4. Notes on debt and equity management

4.1 Reconciliation of debt liabilities

Accounting policy applied

Bank loans and borrowings are initially captured at fair value minus the incurred transaction costs.
After initial recognition, loans and borrowings are shown according to amortized cost using the effective interest rate method.

A lease liability is measured at the present value of the lease payments that are not paid on such date, which include:
- fixed lease payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- cash penalties for lease termination if the lessee is reasonably certain not to exercise the early termination option.

The current value of future lease payments is calculated using the interest rate applicable to the lease. If the interest rate applicable to a lease cannot be determined easily, the Company applies the lessee's incremental borrowing rate for the lease in question.

After the initial recognition, the Company measures the lease liability by:
- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Company takes advantage of an exemption and does not apply the requirements for measurement of lease liabilities and right-of-use assets in respect of:
- short-term leases, i.e. leases with a term of up to 12 months and without a purchase option;
- leases for which the underlying asset is of low value. The Company defines assets of low value as those whose value, when new, does not exceed PLN 25 thousand.

In cases where the exemptions referred to above are applied, the Company recognizes lease payments as an expense falling under the straight-line method over the lease term or under another method that provides a better reflection of the benefits obtained by the Company.

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

Material estimates in respect to lease liabilities concern the model for determining:

a) the discount rate
The Company discounts lease payments using the interest rate implicit in the lease, if that rate can be readily determined; otherwise it uses the incremental borrowing rate.
The incremental borrowing rate is calculated on the basis of the following two components:
- a reference rate appropriate for the currency in question; and
- - credit risk premium, which is based on the banks' credit margins and takes into account the contract term.

b) lease term
As regards lease periods, including in particular for leases entered into for an indefinite term, the Company takes into account all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease or not to exercise the option to terminate the lease, such as:
- the importance of the asset to the Company's operations, considering whether the asset is a specialized asset, the location of the asset and the availability of suitable alternatives,
- significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract,
- contractual terms and conditions for the optional periods compared with market rates,
- circumstances related to the exercise of the option to extend the contract.

For contracts executed for a specific term without an extension option, the Company uses the term of the contract as the lease period.

according to EU IFRS (in millions of PLN)

4.1 Reconciliation of debt liabilities (cont'd)

The Company's debt liabilities consist of the following two main categories: bank loans and leases. Loan agreements were signed mainly to finance current activity, finance and refinance the investment plan and acquisitions. Liabilities contracted under the signed loan agreements are repaid in PLN and EUR.
Lease agreements are signed in PLN and EUR and pertain mainly to real properties and rolling stock.
As at 31 December 2024, the Company presented as debt liabilities the funds received by teh Company from the Guaranteed Employee Benefits Fund designated for the payment of severance pays and other benefits for employees affected by mass layoffs.

As at 31 December 2024, the Company had a registered pledge on wagons securing the repayment of liabilities under a bank loan with an outstanding principal of PLN 81.7 million as at 31 December 2024. Liabilities under the remaining bank loans are not secured on the Company's assets and cannot be currently repaid by the Company due to the commencement of the restructuring proceedings.

Items in foreign currencies

31 December 2024	In functional currency PLN	In foreign currency EUR	Total
Bank loans	891.6	432.0	**1,323.6**
Liabilities under funds received from FGŚP	71.8	-	**71.8**
Leases	1,161.6	13.4	**1,175.0**
Total	**2,125.0**	**445.4**	**2,570.4**

31 December 2023	In functional currency PLN	In foreign currency EUR	Total
Bank loans	928.8	478.6	**1,407.4**
Leases	1,198.0	12.1	**1,210.1**
Total	**2,126.8**	**490.7**	**2,617.5**

Reconciliation of debt liabilities

2024	Bank loans	Liabilities under funds received from FGŚP	Leases	Total
1 January 2024	**1,407.4**	**-**	**1,210.1**	**2,617.5**
New liabilities contracted	81.1	71.6	61.4	**214.1**
Modifications of existing agreements	-	-	59.3	**59.3**
Transaction costs	0.5	-	-	**0.5**
Accrual of interest	68.5	0.2	70.9	**139.6**
Payments under debt, including:				
Repayments of the principal	(182.2)	-	(122.1)	**(304.3)**
Interest paid	(44.5)	-	(57.8)	**(102.3)**
Transaction costs	(0.5)	-	-	**(0.5)**
Other	1.0	-	(46.5)	**(45.5)**
FX differences	(7.7)	-	(0.3)	**(8.0)**
31 December 2024	**1,323.6**	**71.8**	**1,175.0**	**2,570.4**
Non-current	671.2	-	955.8	**1,627.0**
Current	652.4	71.8	219.2	**943.4**
Total	**1,323.6**	**71.8**	**1,175.0**	**2,570.4**

according to EU IFRS (in millions of PLN)

4.1 Reconciliation of debt liabilities (cont'd)

2023	Bank loans	Leases	Total
1 January 2023	**1,456.5**	**661.9**	**2,118.4**
New liabilities contracted	342.7	275.7	**618.4**
Modifications of existing agreements	-	74.5	**74.5**
Sale and leaseback	-	344.8	**344.8**
Transaction costs	0.5	-	**0.5**
Accrual of interest	83.6	51.9	**135.5**
Payments under debt, including:			
Repayments of the principal	(347.5)	(110.4)	**(457.9)**
Interest paid	(87.3)	(50.9)	**(138.2)**
Transaction costs	(0.5)	-	**(0.5)**
Set off	-	(35.0)	**(35.0)**
Other	-	(1.2)	**(1.2)**
FX differences	(40.6)	(1.2)	**(41.8)**
31 December 2023	**1,407.4**	**1,210.1**	**2,617.5**
Non-current	862.0	1,046.5	**1,908.5**
Current	545.4	163.6	**709.0**
Total	**1,407.4**	**1,210.1**	**2,617.5**

Other amounts under leases recognized in the statement of profit or loss and other comprehensive income:

	Presentation in the statement of profit or loss and other comprehensive income	2024	2023
Revenues from operating leases	Revenues from contracts with customers	67.6	62.9
Costs of short-term leases	Other services	(2.1)	(8.2)

Terms and conditions of loan agreements

Contracts signed with banks impose legal and financial obligations on the Company that are standard in such transactions. The key ratios measured in such obligations set forth in loan agreements signed by the Company include: the Net Debt/EBITDA ratio and the total debt ratio.

The above ratios are calculated on the basis of data contained in both the Consolidated Financial Statements of the PKP CARGO uncer restructuring Group.

According to the provisions of the agreements signed by the Company, compliance with the terms and conditions of loan agreements is reviewed on a quarterly basis, on a semi-annual basis and at the end of each financial year.

The Net Debt/EBITDA is the level of financial debt less cash to the generated EBITDA and is calculated excluding the impact of IFRS 16. The maximum permitted level of the Net Debt/EBITDA ratio, depending on the contract, is set within the range of 3.0-4.5. For selected agreements, there is also an obligation to satisfy the Net Debt/EBITDA ratio and total debt ratio calculated on the basis of forecast figures.

The total debt ratio is defined in loan agreements as the ratio of total liabilities (excluding the impact of IFRS 16) to total balance sheet amount (excluding the impact of IFRS 16) and its level cannot exceed 60%.

As at 31 December 2024, the covenants in the Company's loan agreements were not satisfied. As a result of the opening of remedial proceedings against PKP CARGO S.A. under restructuring on 25 July 2024, the failure to meet these financial covenants does not result in the termination of the relevant loan agreements.

Unused credit and lease facilities

Type of loan	Bank Name	Period of availability	Currency of the contract	31 December 2024	31 December 2023
Overdraft	Bank Gospodarstwa Krajowego	28 February 2025	PLN	-	100.0
Overdraft	Powszechna Kasa Oszczędności Bank Polski S.A.	30 September 2024	PLN	-	2.8
Overdraft	Bank Polska Kasa Opieki S.A.	23 August 2024	PLN	-	100.0
Leasing facility	ING Lease (Polska) sp. z o.o.	13 June 2024	PLN	-	7.9
Leasing facility	PKO Leasing S.A.	26 October 2024	PLN	-	51.8
Total				**-**	**262.5**

according to EU IFRS (in millions of PLN)

4.2 Equity and equity management

Accounting policy applied

The share capital in the standalone financial statements is shown in the amount stated in the Articles of Association.

Supplementary capital includes a share premium account (agio), profit of previous years transferred to supplementary capital and the reserve capital created from the retirement of shares.

Other items of equity include actuarial gains / (losses) on employee benefits, the effect of measurement of equity instruments at fair value and the effective portion of gains and losses on hedging instruments in hedge accounting applied by the Company.

Retained earnings / (Accumulated losses) include the financial result of the current year undistributed earnings and uncovered losses from previous years, as well as the differences attributable to transition to EU IFRS.

Share capital

	31 December 2024	31 December 2023
The share capital consists of:		
Ordinary shares – fully paid up and registered	2,239.3	2,239.3

As at 31 December 2024 and 31 December 2023, the share capital consisted of common shares with a par value of PLN 50 each. Fully paid common shares with the par value of PLN 50 are equivalent to one vote at the shareholder meeting and entail the right to dividend.

PKP S.A. is the parent company of PKP CARGO S.A. uncer restructuring. Pursuant to Articles of Association of the Company, PKP S.A. holds special personal rights to appoint and dismiss Supervisory Board Members in a number equal to half the composition of the Supervisory Board plus one. PKP S.A. has a personal right to appoint the Chairperson of the Company's Supervisory Board and to determine the number of Supervisory Board Members. Additionally, in the event that PKP S.A.'s share in the Company's share capital is 50% or less, PKP S.A. will have an exclusive personal right to propose candidates for the President of the Company's Management Board. The personal rights of PKP S.A. are applicable at any time when PKP S.A. holds at least 25% of the Company's share capital.

In the financial year ended 31 December 2024 and 31 December 2023, no changes in the share capital of the Company took place.

Movement in supplementary capital and retained earnings

On 27 June 2024, the Ordinary Shareholder Meeting of the Company adopted a resolution on the distribution of the net profit earned in 2023 in the amount of PLN 45.2 million, and decided to allocate it in full to the supplementary capital.

Equity management

The main objective of equity management in the Company after the opening of restructuring proceedings is to maintain its ability to continue and develop operations in order to create value for shareholders and benefits for other stakeholders.

4.3 Cash and cash equivalents

Accounting policy applied

Cash and cash equivalents include cash in current accounts, bank deposits payable on demand, other short-term investments with high liquidity and with original maturity date of up to three months.

Structure of cash and cash equivalents

	31 December 2024	31 December 2023
Cash on hand and on bank accounts	74.6	119.4
Bank deposits up to 3 months	342.8	-
Other cash	3.5	0.8
Total	**420.9**	**120.2**
including restricted cash	*20.0*	*21.9*

Restricted cash included mostly cash accumulated on VAT accounts and bank accounts kept for tender deposits and guarantees.

according to EU IFRS (in millions of PLN)

4.4 Notes to the statement of cash flows

Movement in working capital

2024	Change in the balance from the statement of financial position	Movement in tax settlements	Net cash flow from investing activities	Other	Net cash flow from operating activities (movement in working capital)
Inventories	22.7	-	(3.1)	-	**19.6**
Trade receivables	74.5	-	(2.7)	0.2	**72.0**
Other assets	24.3	(1.4)	(5.8)	(0.4)	**16.7**
Provisions	(125.4)	-	-	-	**(125.4)**
Trade payables	444.6	-	(0.1)	0.2	**444.7**
Investment commitments	(33.6)	-	40.7	-	**7.1**
Other liabilities	360.1	-	-	0.7	**360.8**
Total working capital	**767.2**	**(1.4)**	**29.0**	**0.7**	**795.5**

2023	Change in the balance from the statement of financial position	Movement in tax settlements	Net cash flow from investing activities	Net cash flow from financing activities	Other	Net cash flow from operating activities (movement in working capital)
Inventories	5.4	-	7.9	-	-	**13.3**
Trade receivables	64.7	-	(1.4)	-	1.3	**64.6**
Other assets	5.9	6.8	(5.6)	(6.4)	(0.1)	**0.6**
Provisions	85.1	-	-	-	-	**85.1**
Trade payables	88.5	-	-	-	0.1	**88.6**
Investment commitments	86.2	-	(50.5)	-	-	**35.7**
Other liabilities	(0.5)	2.4	18.0	(0.7)	-	**19.2**
Total working capital	**335.3**	**9.2**	**(31.6)**	**(7.1)**	**1.3**	**307.1**

Other adjustments

	2024	2023
Actuarial gains / (losses) on employee benefits recognized in other comprehensive income	(24.7)	(86.6)
Measurement of equity instruments at fair value	-	3.8
Other	(0.7)	(0.5)
Other adjustments in the cash flow statement	**(25.4)**	**(83.3)**

Non-financial transactions

In the financial years ended 31 December 2024 and 31 December 2023, major non-financial transactions concerning investing and financial activity which were not reflected in the cash flow statement were as follows:

- Setting off mutual settlements

The Company set off trade receivables with liabilities arising from the purchase of non-financial non-current assets. The total amount of set offs in 2024 amounted to PLN 2.7 million, whereas in 2023 it was PLN 1.4 million. Additionally, the Company set off receivables from sales of fixed assets and other receivables against lease liabilities in the total amount of PLN 35.0 million in 2023.

- Derecognition of rolling stock

When a decision is made to derecognize a rolling stock asset, its residual value is recognized in inventories. In 2024, the Company changed the classification of rolling stock assets in the total amount of PLN 3.1 million, while in 2023 the residual value of rolling stock recognized as inventories amounted to PLN 7.9 million.

5. Notes to the statement of financial position

5.1 Rolling stock and other property, plant and equipment

Accounting policy applied

Rolling stock and other property, plant and equipment (hereinafter referred to as: property, plant and equipment) are measured at purchase price or production cost reduced by depreciation and impairment loss allowances. The initial value of a property, plant and equipment item consists of its acquisition cost or cost of production, along with any import duties, non-refundable purchase taxes included in the price. It is also reduced by any rebates, discounts and subsidies and increased by any costs directly attributable to preparation of the asset for its intended use and, if applicable, the borrowing costs. Government grants are recognized as reduction of the assets' value at the moment when it is reasonably certain that they will be obtained and that all the necessary conditions will be met.

The Company presents perpetual usufruct rights that are exempted from payments as property, plant and equipment.

Fixed assets under construction are presented in the statement of financial position at the production cost reduced by recognized impairment allowances.

An item of property, plant and equipment is removed from the statement of financial position at the moment of sale or when no economic benefits are expected from its use. When it is decided to derecognize an item of property, plant and equipment, its book value is recognized in the profit or loss of the period in which the decision was taken, except for rolling stock items, whose residual values, when it is decided to derecognize them, are posted in the item of inventories.

Within rolling stock items, the Company identifies and separates all the material elements, or components, making up the given asset with different economic useful lives. The material components of freight cars and locomotives distinguished by the Company comprise the main part of the rolling stock item and the repair/periodic inspection part. In addition, the residual value (scrap value) is established for the rolling stock items.

Residual value of rolling stock

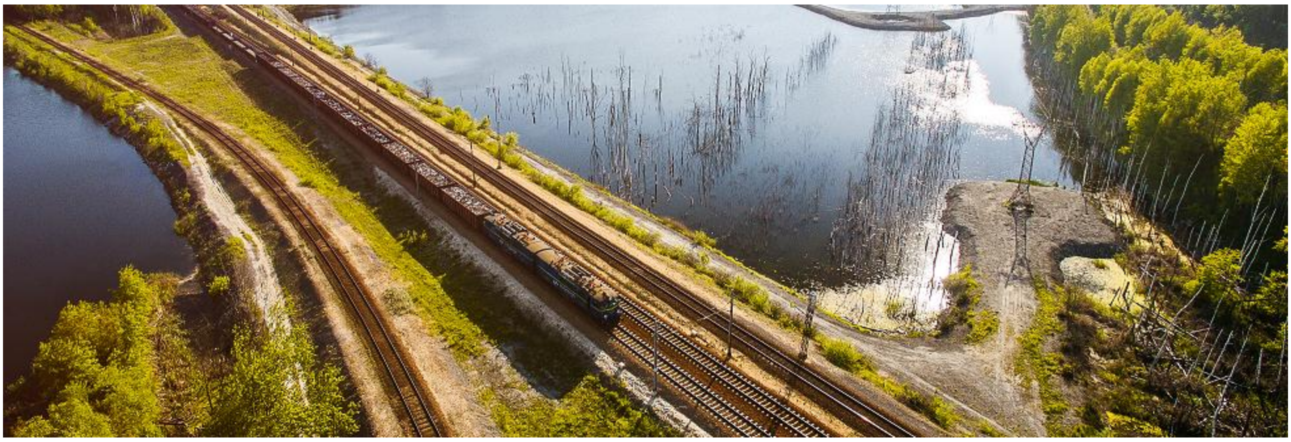
The residual value of rolling stock is measured based on prices of scrap of specific classes, less cost to sell. The residual value of rolling stock is not depreciated but is subject to periodic verification at the end of each financial year. The Company changes the residual value if it has a material impact on the Company's financial statements.

Repairs and periodic inspections of rolling stock

Rolling stock undergoes planned maintenance operations at five levels, the extent of which is based on the rules set forth in the Regulation of the Minister of Infrastructure dated 12 October 2005 on general technical conditions for the operation of railroad vehicles (Journal of Laws of 2016, Item 226, as amended). Detailed requirements for these operations are given in the Maintenance System Documentation (DSU), which is mandatory for each of the operated railroad vehicles. Rolling stock is subject to planned maintenance operations according to repair cycles defined in the Maintenance System Documentation (DSU), depending on the permissible time and/or course of the vehicle's operation.

Upon completion of a level P4 and P5 modernization or repair, reinstatements to operation are issued indicating the period of possible operation of the rolling stock component until the next level P4 or P5 repair indicated in the repair cycle specified in the Maintenance System Documentation (DSU). An asset may be operated over the entire period provided also that a P3 inspection is carried out halfway through the cycle. If no repair / inspection at levels P3, P4 and P5 is carried out, the rolling stock asset loses its operational capacity and cannot be used in rail transport. The Company considers repairs and periodic inspections at levels P3, P4 and P5 as the condition for continuous use of rolling stock asset item and at the moment of performing such a repair, if the criteria for its recognition are satisfied, the costs of the repair is recognized in the carrying amount of the rolling stock asset and are depreciated in the period specified in the reinstatement.

Other costs of ongoing maintenance and repairs for property, plant and equipment and costs of ongoing overhauls (which are not costs of level P3, P4 or P5 periodic inspections and repairs) are treated on general terms as costs of the period in which they were carried out.



according to EU IFRS (in millions of PLN)

5.1 Rolling stock and other property, plant and equipment (cont'd)

Accounting policy applied

Depreciation of property, plant and equipment

The Company uses straight-line depreciation. The value of property, plant and equipment subject to depreciation is distributed equally over the useful life. The initial value of an asset subject to depreciation is determined after deducting its residual value. Freehold land and rights of perpetual usufruct of land are not depreciated.
The estimated useful lives and residual values are verified at the end of each reporting period (with a prospective application of any changes in estimates).
To calculate depreciation, the Company applies the following economic useful lives for particular groups of non-current assets:

Real properties, including:	
Land and perpetual usufruct rights to land are not depreciated	
Buildings, premises and civil and water engineering facilities	5 to 75 years
Technical machinery and equipment	2 to 40 years
Rolling stock, including:	
Freight cars:	
- body	36 to 48 years
- periodic repairs of freight cars	4 to 6 years
- periodic inspections of freight cars	2 to 3 years
Electric locomotives:	
- body	24 to 45 years
- periodic repairs of locomotives	4 to 8 years
- periodic inspections of locomotives	2 to 4 years
Other means of transportation	2 to 25 years
Other fixed assets	2 to 25 years

Impairment of property, plant and equipment

At each balance sheet date, the Company performs an analysis of the carrying amounts of non-current assets owned to determine if there are any indications of impairment. If such indications of impairment are identified, the recoverable amount of the cash-generating units or individual assets is estimated to determine a potential related allowance.
Recoverable amount is determined as the higher of: fair value less cost to sell, or value in use. The value in use is defined as the present value of estimated future cash flows discounted using a discount rate before tax. If the recoverable amount of a cash-generating unit or individual asset is lower than its carrying amount, the latter is reduced to the recoverable amount. An impairment allowance is recognized in the line item "depreciation, amortization and impairment allowances".
Where an impairment allowance is reversed, the net value of the asset is increased to the revised estimate of the recoverable amount, which, however, does not exceed the carrying amount of the asset that would have been determined had an impairment allowance not been recognized in previous years. The reversal of an impairment allowance is recognized in the line item "depreciation, amortization and impairment allowances".

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

Economic useful lives of fixed assets

The Company estimates the economic useful lives and consequently the depreciation rates for individual property, plant and equipment items. The estimates are based on the expected economic useful lives of the assets. Depreciation rates may change in the event of circumstances causing a change in the expected useful life, which in turn affects the value of the depreciation charges and the net carrying amount of specific items of property, plant and equipment in future periods. The verification of the useful lives of property, plant and equipment conducted as at 31 December 2024 and 31 December 2023 did not reveal the need to correct the previously applied depreciation rates.

Residual value of the rolling stock

As at 31 December 2024, the Company verified the residual value of its rolling stock. In connection with the decline in scrap metal prices compared to prices in the previous year, the Company decided to reduce the residual value of rolling stock as at 31 December 2024.

according to EU IFRS (in millions of PLN)

5.1 Rolling stock and other property, plant and equipment (cont'd)

Impairment of non-current assets

Property, plant and equipment is the most significant asset item. In the current reporting period, the Company analyzed the indications and identified the factors that could have materially contributed to a change in the value of its non-current assets.

In accordance with IAS 36, the Company assesses at the end of each reporting period whether there is any objective evidence of impairment of non-current assets. If such grounds exist then the Company is required to determine the recoverable amount of the assets showing signs of impairment. The main indications of the possible impairment of the Company's non-current assets was the deterioration of its financial standing and the related commencement of the Company's restructuring proceedings. Accordingly, the Company carried out impairment tests for its assets as at 31 December 2024. The tests were carried out by an independent financial advisor. The recoverable amount of the analyzed assets was determined on the basis of their estimated value in use, using the net discounted cash flows method, in line with financial projections developed for the period of 2025-2030.

At the time the impairment tests were conducted, the Company's Restructuring Plan had not been completed. On 27 February 2025, the Company filed a request with the District Court for the City of Warsaw in Warsaw, 18th Commercial Division on bankruptcy and restructuring, to extend a deadline for the preparation of the Restructuring Plan of PKP CARGO S.A. uncer restructuring until 30 June 2025.

Weighted average cost of capital:
As at the date of impairment, the Restructuring Plan of PKP CARGO S.A. under restructuring had not been completed, which increased the risk associated with implementing the plans that constitute the basis for measuring the Company's assets. The associated risks were taken into account in the estimations of recoverable amounts, among others in the calculation of the WACC discount rate, through the assumed values of specific risk. The WACC discount rate used to measure assets owned by PKP CARGO S.A. under restructuring was 16.4% in nominal terms, which takes into account the elevated specific risk.

Climate issues:
The future of the Polish market for the transportation of materials such as coal is determined by the EU climate policy and will be influenced by the European Green Deal ("EGD"), which aims to achieve climate neutrality in the EU by 2050. The environment in which the Company operates is volatile and dependent on macroeconomic, market and regulatory conditions, and any change in this area can have a significant impact on the financial standing and performance of the PKP CARGO under restructuring Group. Therefore, the above assumptions and other assumptions used to estimate the value in use of assets are subject to periodic analysis and review.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- discounted cash flows were developed on the basis of detailed financial projections for the period from 1 January 2025 to 31 December 2030; the adoption of financial projections with a time horizon longer than five years is justified to ensure that the impairment test model better reflects the consequences of the remedial proceedings of the Company;
- in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of operating revenue will be at 4.7% in nominal terms,
- in the whole period covered by the detailed projection, CAPEX will reach the level of 15.1% of annual operating revenue in nominal terms,
- after the detailed projection period, the growth of future cash flows was assumed at 2.5% in nominal terms.

As at 31 December 2024, following an impairment test, the Company recognized an impairment loss of its assets in the amount of PLN 1,796.6 million, thus increasing the total value of impairment loss allowances recognized during 2024 resulting from the completed tests up to PLN 1,975.9 million.

Below we present the impact of changes in key assumptions, with "all other things being equal", on the impairment loss of assets as at 31 December 2024:

Parameter	Effect on impairment losses (PLN million)	
	-0.3 p.p.	+0.3 p.p.
Change in WACC	(54.9)	52.5
Change in unit price	73.9	(73.6)

Additionally, in 2024, the Company recognized impairment losses for the rolling stock items not used in operating activities and investments in leased facilities planned to be returned to the owner in the total amount of PLN 46.7 million.

according to EU IFRS (in millions of PLN)

5.1 Rolling stock and other property, plant and equipment (cont'd)

Change in the balance of property, plant and equipment

2024	Rolling stock	Other property, plant and equipment					
		Property	Technical machinery and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Total
Gross value							
1 January 2024	**7,010.9**	**563.2**	**216.0**	**29.2**	**25.3**	**20.0**	**853.7**
Increases / (decreases):							
Periodic repairs	-	-	-	-	-	364.9	**364.9**
Purchase of new assets / modernization	-	-	-	-	-	7.7	**7.7**
Purchase of leased items	-	-	2.5	10.2	-	-	**12.7**
Settlement of fixed assets under construction	358.6	0.3	1.8	3.1	0.1	(363.9)	**(358.6)**
Subsidy for non-current assets	(18.6)	-	-	-	-	-	**-**
Sales (including finance lease)	-	-	(0.1)	(0.3)	-	-	**(0.4)**
Liquidation	(171.3)	(0.4)	(8.7)	(0.2)	(0.5)	(0.1)	**(9.9)**
Reclassified to assets held for sale	(21.7)	(0.4)	-	-	-	-	**(0.4)**
Other	7.9	-	-	-	-	-	**-**
31 December 2024	**7,165.8**	**562.7**	**211.5**	**42.0**	**24.9**	**28.6**	**869.7**
Accumulated depreciation							
1 January 2024	**(2,871.5)**	**(196.8)**	**(193.4)**	**(27.4)**	**(24.5)**	**-**	**(442.1)**
Increases / (decreases):							
Depreciation expenses	(618.7)	(15.0)	(8.0)	(0.9)	(0.5)	-	**(24.4)**
Purchase of leased items	-	-	(1.6)	(9.5)	-	-	**(11.1)**
Sales (including finance lease)	-	-	0.1	0.3	-	-	**0.4**
Liquidation	168.9	0.1	8.6	0.2	0.5	-	**9.4**
Reclassified to assets held for sale	18.8	0.1	-	-	-	-	**0.1**
Other	(2.0)	-	-	-	-	-	**-**
31 December 2024	**(3,304.5)**	**(211.6)**	**(194.3)**	**(37.3)**	**(24.5)**	**-**	**(467.7)**
Accumulated impairment							
1 January 2024	**(61.3)**	**-**	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Increases / (decreases):							
Impairment loss allowance recognized	(2,014.0)	(8.6)	-	-	-	(0.8)	**(9.4)**
Impairment loss allowance utilized	-	-	-	-	-	0.1	**0.1**
Other	(0.5)	-	-	-	-	-	**-**
31 December 2024	**(2,075.8)**	**(8.6)**	**-**	**-**	**-**	**(1.2)**	**(9.8)**
Net value							
1 January 2024	**4,078.1**	**366.4**	**22.6**	**1.8**	**0.8**	**19.5**	**411.1**
31 December 2024	**1,785.5**	**342.5**	**17.2**	**4.7**	**0.4**	**27.4**	**392.2**

according to EU IFRS (in millions of PLN)

5.1 Rolling stock and other property, plant and equipment (cont'd)

2023	Rolling stock	Other property, plant and equipment					
		Property	Technical machinery and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Total
Gross value							
1 January 2023	**6,534.9**	**583.3**	**210.2**	**27.5**	**25.4**	**30.0**	**876.4**
Increases / (decreases):							
Periodic repairs	-	-	-	-	-	1,026.7	**1,026.7**
Purchase of new assets / modernization	-	-	-	-	-	200.2	**200.2**
Purchase of leased items	-	-	4.8	0.2	-	-	**5.0**
Settlement of fixed assets under construction	1,225.9	0.4	4.4	1.7	0.4	(1,232.8)	**(1,225.9)**
Subsidy for non-current assets	(96.3)	-	-	-	-	-	**-**
Sales (including finance lease)	(302.2)	-	(0.6)	(0.2)	-	-	**(0.8)**
Contribution in kind	(0.4)	(20.6)	(2.6)	-	(0.4)	-	**(23.6)**
Liquidation	(351.3)	(0.1)	(0.2)	-	(0.1)	(0.2)	**(0.6)**
Other	0.3	0.2	-	-	-	(3.9)	**(3.7)**
31 December 2023	**7,010.9**	**563.2**	**216.0**	**29.2**	**25.3**	**20.0**	**853.7**
Accumulated depreciation							
1 January 2023	**(2,686.3)**	**(182.0)**	**(183.1)**	**(27.1)**	**(24.0)**	**-**	**(416.2)**
Increases / (decreases):							
Depreciation expenses	(571.0)	(15.9)	(8.7)	(0.4)	(0.8)	-	**(25.8)**
Purchase of leased items	-	-	(3.0)	(0.1)	-	-	**(3.1)**
Sales (including finance lease)	43.1	-	0.6	0.2	-	-	**0.8**
Contribution in kind	0.1	1.0	0.6	-	0.2	-	**1.8**
Liquidation	342.8	0.1	0.2	-	0.1	-	**0.4**
Other	(0.2)	-	-	-	-	-	**-**
31 December 2023	**(2,871.5)**	**(196.8)**	**(193.4)**	**(27.4)**	**(24.5)**	**-**	**(442.1)**
Accumulated impairment							
1 January 2023	**(70.5)**	**-**	**-**	**-**	**-**	**(0.7)**	**(0.7)**
Increases / (decreases):							
Reversal of allowances, including:	8.9	-	-	-	-	-	**-**
effect of fair value measurement	8.9	-	-	-	-	-	**-**
Utilization of allowances	0.3	-	-	-	-	0.2	**0.2**
31 December 2023	**(61.3)**	**-**	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Net value							
1 January 2023	**3,778.1**	**401.3**	**27.1**	**0.4**	**1.4**	**29.3**	**459.5**
31 December 2023	**4,078.1**	**366.4**	**22.6**	**1.8**	**0.8**	**19.5**	**411.1**

according to EU IFRS (in millions of PLN)

5.2 Right-of-use assets

Accounting policy applied

The right-of-use assets are initially measured at cost, which includes the lease liability in the current value of lease payments outstanding at such date, all lease payments paid up until the start date, minus all lease incentives received, all initial direct costs incurred by the Company as the lessee and estimated costs to be incurred in connection with the disassembly and removal of the underlying asset and the renovation of the place in which it was located.
The right-of-use asset item is also used by the Company to present the perpetual usufruct right to land, used by the Company in return for valuable consideration. Perpetual usufruct rights to land for which the Company does not pay any fees due to the exemption applicable to it by operation of law do not fulfill the definition of a lease and thus are presented by the Company as part of other property, plant and equipment.
After initial recognition, the Company measures the right-of-use asset at cost less any accumulated depreciation and total impairment allowances, adjusted for any remeasurement of the lease liability.
In the case of expenditures on repairs and periodic inspections of right-of-use assets, the Company applies IAS 16, i.e. presents assets related to repairs and their periodic inspections in the same item of the statement of financial position, i.e. in the right-of-use assets item.

Useful lives of right-of-use assets

The Company uses straight-line depreciation. The value of a right-of-use asset is distributed systematically over its useful life.
The useful lives of right-of-use assets in leases were as follows:

Rolling stock	2 to 32 years
Property	2 to 17 years
Machinery and equipment	2 to 15 years
Other	2 to 15 years

The useful life of perpetual usufruct rights to land is defined by the Company as the period remaining until the date until which these rights have been granted unless the circumstances require the adoption of a longer or shorter period.

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

Useful lives of right-of-use assets

The Company estimates the economic useful lives and consequently the depreciation rates for individual right-of-use assets. If the lease transfers ownership of the underlying asset to the Company before the end of the lease term or if the Company expects to exercise its purchase option, the Company will depreciate the right-of-use asset from the commencement date to the end of the useful life of the asset. Otherwise, the Company depreciates the right-of-use asset until the earlier of: the end of the useful life of the asset or the end of the lease term. Depreciation rates may change in the event of circumstances causing a change in the expected useful life, which in turn affects the value of the depreciation charges and the carrying amount of specific items of right-of-use assets. The verification of the useful lives of right-of-use assets conducted as at 31 December 2024 and 31 December 2023 did not reveal the need to correct the previously applied depreciation rates.

according to EU IFRS (in millions of PLN)

5.2 Right-of-use assets (cont'd)

Movement in right-of-use assets

2024	Rolling stock	Property	Machinery and equipment	Means of transport	Other fixed assets	Total
Gross value						
1 January 2024	**722.7**	**660.9**	**9.6**	**10.9**	**0.9**	**1,405.0**
Increases / (decreases):						
New leases	50.7	3.2	-	7.5	-	**61.4**
Periodic repairs of rolling stock	0.5	-	-	-	-	**0.5**
Modifications of existing agreements	-	55.3	0.4	-	0.4	**56.1**
Return of leased items	-	(66.0)	-	(0.6)	(0.1)	**(66.7)**
Purchase of leased items	-	-	(2.5)	(10.2)	-	**(12.7)**
31 December 2024	**773.9**	**653.4**	**7.5**	**7.6**	**1.2**	**1,443.6**
Accumulated depreciation						
1 January 2024	**(35.7)**	**(194.3)**	**(2.2)**	**(9.7)**	**(0.7)**	**(242.6)**
Increases / (decreases):						
Depreciation expenses	(36.4)	(55.0)	(1.8)	(1.3)	(0.3)	**(94.8)**
Return of leased items	-	24.3	-	0.6	0.1	**25.0**
Purchase of leased items	-	-	1.6	9.5	-	**11.1**
Other	-	(0.1)	-	-	-	**(0.1)**
31 December 2024	**(72.1)**	**(225.1)**	**(2.4)**	**(0.9)**	**(0.9)**	**(301.4)**
Net value						
1 January 2024	**687.0**	**466.6**	**7.4**	**1.2**	**0.2**	**1,162.4**
31 December 2024	**701.8**	**428.3**	**5.1**	**6.7**	**0.3**	**1,142.2**

2023	Rolling stock	Property	Machinery and equipment	Means of transport	Other fixed assets	Total
Gross value						
1 January 2023	**257.1**	**604.5**	**9.6**	**8.9**	**0.6**	**880.7**
Increases / (decreases):						
New leases	270.4	0.8	4.4	0.1	-	**275.7**
Periodic repairs of rolling stock	0.3	-	-	-	-	**0.3**
Modifications of existing agreements	-	60.1	0.4	2.2	0.3	**63.0**
Sale and leaseback	258.9	-	-	-	-	**258.9**
Return of leased items	(64.0)	(0.1)	-	(0.1)	-	**(64.2)**
Purchase of leased items	-	-	(4.8)	(0.2)	-	**(5.0)**
Contribution in kind	-	(4.7)	-	-	-	**(4.7)**
Other	-	0.3	-	-	-	**0.3**
31 December 2023	**722.7**	**660.9**	**9.6**	**10.9**	**0.9**	**1,405.0**
Accumulated depreciation						
1 January 2023	**(69.5)**	**(146.1)**	**(3.9)**	**(7.6)**	**(0.5)**	**(227.6)**
Increases / (decreases):						
Depreciation expenses	(30.2)	(48.3)	(1.3)	(2.3)	(0.2)	**(82.3)**
Return of leased items	64.0	0.1	-	0.1	-	**64.2**
Purchase of leased items	-	-	3.0	0.1	-	**3.1**
Contribution in kind	-	0.1	-	-	-	**0.1**
Other	-	(0.1)	-	-	-	**(0.1)**
31 December 2023	**(35.7)**	**(194.3)**	**(2.2)**	**(9.7)**	**(0.7)**	**(242.6)**
Net value						
1 January 2023	**187.6**	**458.4**	**5.7**	**1.3**	**0.1**	**653.1**
31 December 2023	**687.0**	**466.6**	**7.4**	**1.2**	**0.2**	**1,162.4**

5.3 Investments in related parties

Accounting policy applied
Investments in related parties are recognized at the purchase price less impairment allowances. The value of shares and stock taken up in return for a contribution in kind is presented at the book value of the contribution in kind made by the Company.

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

In the current reporting period, the Company analyzed the indications and identified the factors that could have materially contributed to a change in the value of its non-current assets and consequently could have affected the value of shares held by PKP CARGO S.A. under restructuring in its subsidiaries.

In accordance with IAS 36, the Company assesses at the end of each reporting period whether there is any objective evidence of impairment of non-current assets. If such grounds exist then the Company is required to determine the recoverable amount of the assets showing signs of impairment.

As a result of the analysis of indications, the Company carried out impairment tests for its investments in subsidiaries, i.e. PKP CARGOTABOR Sp. z o.o. under restructuring, CARGOTOR Sp. z o.o., PKP CARGO TERMINALE Sp. z o.o., PKP CARGO INTERNATIONAL a.s., PKP CARGOTABOR Usługi Sp. z o.o. in liquidation, PKP CARGO Connect Sp. z o.o. and PKP CARGO SERVICE Sp. z o.o. The impairment tests were performed on cash-generating units, defined for each of the tested companies separately. The recoverable amount of the assets under analysis was determined on the basis of their estimated value in use, using the net discounted cash flows method, except for shares in PKP CARGOTABOR Usługi Sp. z o. o. in liquidation. The recoverable amount of shares in PKP CARGOTABOR Usługi Sp. z o.o. in liquidation was determined using the adjusted net assets method.

The key indication of possible impairment was the commencement of the restructuring proceedings of the Company, which due to the mutual relations and internal transactions had a material impact on the financial performance and standing of companies in the PKP CARGO under restructruring Group. Additionally, in the case of PKP CARGOTABOR Sp. z o.o. under restructuring, the Management Board of the subsidiary decided to file with the court a petition to launch remedial proceedings, which were commenced by the decision of the District Court for the City of Warsaw in Warsaw of 2 September 2024 in case file no. WA1M/GR/47/2024. When the impairment tests were being prepared, the Restructuring Plan had not been completed. On 14 March 2025, PKP CARGOTABOR Sp. z o.o. under restructuring submitted its Restructuring Plan to the District Court for the City of Warsaw, outlining a strategy to restore financial stability and adapt its operating model to market conditions.

The impairment tests were carried out by an independent financial advisor.

Weighted average cost of capital:
For the purpose of the impairment testing, the PKP CARGO under restructuring Group has applied the WACC path that takes into account current market parameters and characteristics (including higher market interest rates), based on the full business cycle and fundamental economic relationships.

While the test was underway, the Restructuring Plan of PKP CARGO S.A. under restructuring was still incomplete, significantly increasing the risk associated with implementing the plans, which constituted the basis of valuation also for subsidiaries. The risks were taken into account in the estimations of recoverable amounts, among others in the calculation of the WACC discount rate, through the assumed values of specific risk.
For PKP CARGOTABOR Sp. z o.o. under restructuring, WACC discount rates of 19.1% in nominal terms were set to reflect the increased specific risk. For the companies that are not being restructured, i.e. PKP CARGO Terminale Sp. z o.o., the WACC discount rate was set at 13.5% in nominal terms, for CARGOTOR Sp. z o.o. at 14.9%, for PKP CARGO CONNECT Sp. z o.o. at 13.8%, for PKP CARGO SERVICE Sp. z o.o. at 11.4%, and for PKP CARGO International a.s. at 9.3%.

Climate issues:
The future of the Polish market for the transportation of materials such as coal is determined by the EU climate policy and will be influenced by the European Green Deal, which aims to achieve climate neutrality in the EU by 2050. The environment in which the Company operates is volatile and dependent on macroeconomic, market and regulatory conditions, and any change in this area can have a significant impact on the financial standing and performance of the PKP CARGO under restructuring Group. Therefore, the above assumptions and other assumptions used to estimate the value in use of assets are subject to periodic analysis and review.

5.3 Investments in related parties (cont'd)

PKP CARGOTABOR Sp. z o.o. under restructuring

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- discounted cash flows were developed on the basis of detailed financial projections for the period from 1 January 2025 to 31 December 2030, the adoption of financial projections with a time horizon longer than five years is justified to ensure that the impairment test model better reflects the consequences of the remedial proceedings against the Company,
- over the detailed projection period of 2025-2030, the negative compound annual growth rate (CAGR) of operating revenue will be at 12.3% in nominal terms,
- in the whole period covered by the detailed projection, CAPEX will reach the level of 2.5% of annual net revenue in nominal terms,
- in 2025, the company returned to the 100% standard working time (vs. 80% last year), which is reflected in an increase in remuneration expenses. When the impairment tests were being prepared, the Company did not assume any increase in the number of employees in subsequent years,
- after the detailed projection period, the growth of future cash flows was assumed at 2.5% in nominal terms.

As a result of the test carried out as at 31 December 2024, the Company recognized an additional impairment loss allowance for shares in PKP CARGOTABOR Sp. z o.o. under restructuring in the amount of PLN 85.8 million, thus increasing the total value of impairment loss allowances recognized during 2024 resulting from the completed tests up to PLN 131.2 million. The sensitivity analysis was conducted for key assumptions of the impairment test model such as WACC and unit price. A WACC change by +/- 0.3 p.p. and a +/- 0.3 p.p. change in unit price does not cause an increase or decrease of the impairment loss allowance for shares in PKP CARGOTABOR Sp. z o.o. under restructuring.

CARGOTOR Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- discounted cash flows were developed on the basis of detailed financial projections for the period from 1 January 2025 to 31 December 2030; the adoption of financial projections with a time horizon longer than five years is justified to ensure that the impairment test model better reflects the consequences of the remedial proceedings against the Company,
- The Company assumes a significant increase in revenues in 2025 and 2026 (35.4% and 16.9% y/y, respectively). The key driver of the projected improvement in results is the assumption made by the Company that the armed conflict in Ukraine will end,
- in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of net revenue will be at 10.7% in nominal terms,
- in the whole period covered by the detailed projection, CAPEX will reach the level of 6.9% of annual net revenue in nominal terms.

As a result of the testing, the recoverable amount exceeded the carrying amount of shares in CARGOTOR Sp. z o.o., and accordingly as at 31 December 2024 the Company did not recognize an impairment allowance for the investment in CARGOTOR Sp. z o.o. The sensitivity analysis was conducted for key assumptions of the impairment test model such as WACC and unit price. A WACC change by +/- 0.3 p.p. and a unit price change by +/- 0.3 p.p. does not cause the need to recognize an impairment loss allowance for the investment in PKP CARGOTOR Sp. z o.o.

PKP CARGO TERMINALE Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- discounted cash flows were developed on the basis of detailed financial projections for the period from 1 January 2025 to 31 December 2030; the adoption of financial projections with a time horizon longer than five years is justified to ensure that the impairment test model better reflects the consequences of the remedial proceedings against the Company,
- in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of net revenue will be at 15.32% in nominal terms,
- in the whole period covered by the detailed projection, CAPEX will reach the level of 7.9% of annual operating revenue in nominal terms,
- after the detailed projection period, the growth of future cash flows was assumed at 2.5% in nominal terms.

As a result of the testing, the recoverable amount exceeded the carrying amount of shares in PKP CARGO TERMINALE Sp. z o.o., and accordingly as at 31 December 2024 the Company did not recognize an impairment allowance for the investment in PKP CARGO TERMINALE Sp. z o.o. The sensitivity analysis was conducted for key assumptions of the impairment test model such as WACC and unit price. A WACC change by +/- 0.3 p.p. and a unit price change by +/- 0.3 p.p. does not cause the need to recognize an impairment loss allowance for the investment in PKP CARGO Terminale Sp. z o.o.

5.3 Investments in related parties (cont'd)

PKP CARGO INTERNATIONAL GROUP

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- the cash-generating unit was considered to be all owned by the PKP CARGO INTERNATIONAL Group, used mainly to service customers on the Czech rail market,
- discounted cash flows were developed on the basis of detailed financial projections for the period from 1 January 2025 to 2034; in the opinion of the subsidiary's Management Board, it is reasonable to adopt financial projections for more than five years because the property, plant and equipment used by PKP CARGO INTERNATIONAL a.s. have a considerably longer period of economic life.
- in the detailed projection period of 2025-2034, the compound annual growth rate (CAGR) of net revenue will be at 4.2% in nominal terms,
- in the whole period covered by the detailed projection, CAPEX will reach the level of 5.8% of annual operating revenue in nominal terms,
- after the detailed projection period, the growth of future cash flows was assumed at 2.0% in nominal terms.

As a result of the testing, the recoverable amount exceeded the carrying amount of shares in PKP CARGO INTERNATIONAL a.s., and accordingly as at 31 December 2024 the Company did not recognize an impairment allowance for the investment in PKP CARGO INTERNATIONAL a.s. The sensitivity analysis was conducted for key assumptions of the impairment test model such as WACC and unit price. A WACC change by +/- 0.3 p.p. and a unit price change by +/- 0.3 p.p. does not cause the need to recognize an impairment loss allowance for the investment in PKP CARGO INTERNATIONAL a.s.

PKP CARGO CONNECT Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- discounted cash flows were developed on the basis of detailed financial projections for the period from 1 January 2025 to 31 December 2030; the adoption of financial projections with a time horizon longer than five years is justified to ensure that the impairment test model better reflects the consequences of the remedial proceedings against the Company,
- in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of net revenue will be at 3.5% in nominal terms,
- in the whole period covered by the detailed projection, CAPEX will reach the level of 3.5% of annual net revenue in nominal terms.

As a result of the testing, the recoverable amount exceeded the carrying amount of shares in PKP CARGO CONNECT Sp. z o.o., and accordingly as at 31 December 2024 the Company did not recognize an impairment allowance for the investment in PKP CARGO CONNECT Sp. z o.o.

The sensitivity analysis was conducted for key assumptions of the impairment test model such as WACC and unit price. A WACC change by +/- 0.3 p.p. and a unit price change by +/- 0.3 p.p. does not cause the need to recognize an impairment loss allowance for the investment in PKP CARGO CONNECT Sp. z o.o.

PKP CARGO SERVICE Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- discounted cash flows were developed on the basis of detailed financial projections for the period from 1 January 2025 to 31 December 2030; the adoption of financial projections with a time horizon longer than five years is justified to ensure that the impairment test model better reflects the consequences of the remedial proceedings against the Company,
- in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of net revenue will be negative at (0.5)% in nominal terms, The key drivers of the steeper downward trend of revenues in 2025-2026 include: the gradual reduction of work on sidings in coal mines, and the expected decrease in coal transports between coal mines and power plants and cogeneration plants.
- in the whole period covered by the detailed projection, CAPEX will reach the level of 10.8% of annual net revenue in nominal terms.

As a result of the testing, the recoverable amount exceeded the carrying amount of shares in PKP CARGO SERVICE Sp. z o.o., and accordingly as at 31 December 2024 the Company did not recognize an impairment allowance for the investment in PKP CARGO SERVICE Sp. z o.o.
The sensitivity analysis was conducted for key assumptions of the impairment test model such as WACC and unit price. A WACC change by +/- 0.3 p.p. and a unit price change by +/- 0.3 p.p. does not cause the need to recognize an impairment loss allowance for the investment in PKP CARGO SERVICE Sp. z o.o.

according to EU IFRS (in millions of PLN)

5.3 Investments in related parties (cont'd)

PKP CARGOTABOR USŁUGI Sp. z o.o. in liquidation

In the case of PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji, the value of adjusted net assets was estimated for the date of the impairment test. As at 31 December 2024, the Company had no non-current assets and did not conduct any operating activities. As at 31 December 2024, following an impairment test, the Company recognized an impairment loss for shares in PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji in the amount of PLN 34.2 million.

Additionally, as at 31 December 2024, the Company recognized an impairment loss for shares in Centralny Terminal Multimodalny Sp. z o.o. in the amount of PLN 1.0 million.

Detailed information about members of the Group as at 31 December 2024 and 31 December 2023 is as follows:

Name	Type	Registered office	% of shares held		Value of shares held	
			31 December 2024	31 December 2023	31 December 2024	31 December 2023
Centralny Terminal Multimodalny Sp. z o.o.	subsidiary	Warsaw	100%	100%	0.5	1.5
PKP CARGO SERVICE Sp. z o.o.	subsidiary	Katowice	100%	100%	15.4	15.4
PKP CARGO TERMINALE Sp. z o.o.	subsidiary	Żurawica	100%	100%	73.1	69.1
PKP CARGOTABOR Sp. z o.o. under restructuring	subsidiary	Warsaw	100%	100%	-	131.2
CARGOTOR Sp. z o.o.	subsidiary	Warsaw	100%	100%	20.2	20.2
PKP CARGOTABOR USŁUGI Sp. z o.o. in liquidation	subsidiary	Warsaw	100%	100%	1.4	35.6
PKP Linia Chełmska Szerokotorowa Sp. z o.o.	subsidiary	Warsaw	100%	100%	0.1	0.1
ONECARGO CONNECT Sp. z o.o.	subsidiary	Warsaw	100%	100%	-	-
COSCO Shipping Lines (POLAND) Sp. z o.o.	associate	Gdynia	20%	20%	1.1	1.1
PKP CARGO CONNECT Sp. z o.o.	subsidiary	Warsaw	100%	100%	123.2	123.2
Transgaz S.A.	indirect subsidiary	Zalesie near Małaszewicze	64%	64%		
Cargosped Terminal Braniewo Sp. z o.o.	indirect subsidiary	Braniewo	100%	100%		
PKP CARGO CONNECT GmbH	indirect subsidiary	Hamburg	100%	100%		
Terminale Przeładunkowe Sławków Medyka Sp. z o.o.	interests in joint ventures	Sławków	50%	50%		
PKP CARGO INTERNATIONAL a.s.	subsidiary	Ostrava	100%	100%	499.7	499.7
PKP CARGO INTERNATIONAL HU Zrt.	indirect subsidiary	Budapest	100%	100%		
AWT ROSCO a.s.	indirect subsidiary	Ostrava	100%	100%		
AWT CFT a.s.	indirect subsidiary	Ostrava	100%	100%		
AWT Rekultivace a.s.	indirect subsidiary	Petřvald	100%	100%		
DEPOS Horni Sucha a.s.	associate	Horní Suchá	20.6%	20.6%		
PKP CARGO INTERNATIONAL SK a.s.	indirect subsidiary	Bratislava	100%	100%		
AWT DLT s.r.o.	indirect subsidiary	Kladno	100%	100%		
PKP CARGO INTERNATIONAL SI d.o.o.	indirect subsidiary	Grčarevec	80%	80%		
TOTAL					**734.7**	**897.1**

according to EU IFRS (in millions of PLN)

5.3 Investments in related parties (cont'd)

Movement in investments in related parties

Investments in:	subsidiaries	associates and joint ventures	Total
1 January 2024	**896.0**	**1.1**	**897.1**
Increase	4.0	-	**4.0**
Impairment loss	(166.4)	-	**(166.4)**
31 December 2024	**733.6**	**1.1**	**734.7**
incl. impairment loss	*(175.4)*	*(1.0)*	*(176.4)*

Investments in:	subsidiaries	associates and joint ventures	Total
1 January 2023	**856.9**	**1.1**	**858.0**
Increase	39.1	-	**39.1**
31 December 2023	**896.0**	**1.1**	**897.1**
incl. impairment loss	*(8.9)*	*(1.0)*	*(9.9)*

5.4 Inventories

Accounting policy applied

Inventories are carried at their cost or net realizable value, whichever is lower. Inventories releases are made using the FIFO method. The realizable value is the estimated sale price of inventories less any costs necessary to effect the sale. The Company recognizes impairment loss allowances for inventories if useless or damaged inventories exist or when the net sales price of such inventories is lower than their carrying amount. The amount of the impairment loss allowance for inventories is determined on the basis of usefulness analysis carried out at least at the end of each financial year. Based on this analysis, impairment loss allowances for inventories are recognized for those inventories that are not useful from the Company's point of view.

Structure of inventories

	31 December 2024	31 December 2023
Strategic inventories	27.7	28.5
Rolling stock designated for spare parts	8.0	23.2
Other inventories	35.2	42.3
Impairment losses	(1.3)	(1.7)
Net inventories	**69.6**	**92.3**

List of changes in impairment loss allowances for inventories

	2024	2023
As at the beginning of the reporting period	**(1.7)**	**(1.7)**
Recognition	(0.1)	(0.7)
Utilization	0.5	0.7
As at the end of the reporting period	**(1.3)**	**(1.7)**

according to EU IFRS (in millions of PLN)

5.5 Trade receivables

Accounting policy applied

Trade receivables are treated as financial instruments and measured at amortized cost in accordance with the business model applied by the Company, the purpose of which is to obtain contractual cash flows constituting the sole repayment of the nominal value and interest on specific dates.
The Company applies a simplified approach, as permitted by IFRS 9, and measures its impairment loss allowances in the amount equal to credit losses expected throughout the lifetime of trade receivables.
The probability of incurred credit losses was estimated on the basis of the historical analysis of recoverability of the balances of trade receivables in specific aging ranges.
For this purpose, the indicators of default by counterparties for each aging range were estimated, in accordance with the table breaking down the aging structure of trade receivables.
Impairment allowances are calculated by taking into account the rates of default and the amount of unpaid receivables as at the balance sheet date for each interval in the aging structure.
Moreover, the Company recognizes impairment loss allowances for an individual basis in cases where an objective proof exists that the Company will be unable to recover the amounts due.

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

The calculation and measurement of impairment loss allowances for trade receivables and assets arising from contracts with customers is an area that requires estimation. Expected credit losses are calculated on the basis of an individual assessment of the recoverability of a given receivable and taking into account the model applied by the Company to estimate its counterparty default ratio. Impairment loss allowances determined on a case by case basis require judgment of whether the receivable in question will be repaid by the counterparty, taking into account the established security and settlements made, if any. Such judgment is made by the Company's debt collection unit. The model of estimation of the counterparty default ratio applied by the Company is based on a simplified impairment loss allowance matrix for each aging range based on the expected credit losses throughout the lifetime of the receivables. The estimation of the expected credit losses is based on a method that makes use of expected counterparty default ratios calculated on the basis of historical data for the years 2021-2024 obtained from financial and accounting systems. The reconciliation of impairment loss allowances for receivables is presented in the tables below.

Structure of trade receivables

	31 December 2024	31 December 2023
Trade receivables	440.4	501.4
Impairment losses for receivables	(46.9)	(33.4)
Total	**393.5**	**468.0**
Current assets	393.5	468.0
Total	**393.5**	**468.0**

Reconciliation of impairment loss allowances for trade receivables

	Lifetime expected credit losses					
	2024			2023		
	Without impairment	With impairment	Total	Without impairment	With impairment	Total
As at the beginning of the reporting period	**(0.7)**	**(32.7)**	**(33.4)**	**(0.9)**	**(27.2)**	**(28.1)**
Recognition	(3.4)	(12.0)	**(15.4)**	-	(8.2)	**(8.2)**
Reversal	-	1.1	**1.1**	0.2	1.5	**1.7**
Utilization	-	0.6	**0.6**	-	0.4	**0.4**
FX differences	-	0.2	**0.2**	-	0.8	**0.8**
As at the end of the reporting period	**(4.1)**	**(42.8)**	**(46.9)**	**(0.7)**	**(32.7)**	**(33.4)**

according to EU IFRS (in millions of PLN)

5.5 Trade receivables (cont'd)

Movement in the carrying amount of gross trade receivables

	2024			2023		
	Without impairment	With impairment	Total	Without impairment	With impairment	Total
As at the beginning of the reporting period	**468.7**	**32.7**	**501.4**	**533.6**	**27.2**	**560.8**
Added	4,001.8	-	**4,001.8**	5,051.7	-	**5,051.7**
Interest accrued	3.6	0.1	**3.7**	3.4	0.3	**3.7**
Written off	-	(0.6)	**(0.6)**	(0.1)	(0.4)	**(0.5)**
Repaid	(4,064.5)	(1.0)	**(4,065.5)**	(5,111.1)	(1.5)	**(5,112.6)**
Transferred	(19.5)	19.5	-	(7.9)	7.9	-
FX differences	(0.2)	(0.2)	**(0.4)**	(0.9)	(0.8)	**(1.7)**
As at the end of the reporting period	**389.9**	**50.5**	**440.4**	**468.7**	**32.7**	**501.4**

5.6 Lease receivables

Accounting policy applied

Assets held under a finance lease are recognized in the statement of financial position as lease receivables at an amount equal to the net investment in the lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned financial revenue. Financial revenue from finance leases is recognized in subsequent periods at a fixed rate of return on the net investment in the lease.

Assets subject to operating leases are recognized in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognized in the profit or loss of the current period on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Reconciliation of lease receivables

	2024	2023
As at the beginning of the reporting period	**32.5**	**23.6**
Modifications of existing agreements	3.1	11.9
Accrual of interest	1.4	1.1
Repayment of receivables, including:		
Principal received	(1.6)	(3.3)
Interest received	(0.9)	(0.9)
Other changes	(0.6)	0.1
As at the end of the reporting period	**33.9**	**32.5**

Lease receivables

31 December 2024	Undiscounted lease payments	Unearned finance income	Present value of minimum payments
Up to 1 year	6.3	(1.4)	4.9
From 1 year to 5 years	16.2	(4.1)	12.1
Over 5 years	18.7	(1.8)	16.9
Total	**41.2**	**(7.3)**	**33.9**
Non-current receivables	34.9	(5.9)	29.0
Current receivables	6.3	(1.4)	4.9
Total	**41.2**	**(7.3)**	**33.9**

according to EU IFRS (in millions of PLN)

5.6 Lease receivables (cont'd)

31 December 2023	Undiscounted lease payments	Unearned finance income	Present value of minimum payments
Up to 1 year	4.2	(1.3)	2.9
From 1 year to 5 years	15.1	(4.2)	10.9
Over 5 years	21.1	(2.4)	18.7
Total	**40.4**	**(7.9)**	**32.5**
Non-current receivables	36.2	(6.6)	29.6
Current receivables	4.2	(1.3)	2.9
Total	**40.4**	**(7.9)**	**32.5**

5.7 Financial assets

Accounting policy applied

The accounting policy pertaining to financial instruments is described in **Note 6** to these Standalone Financial Statements.

Structure of financial assets

	31 December 2024	31 December 2023
Shares in unlisted companies	8.7	8.7
Cash pooling receivables	3.0	-
Loans granted to related parties (PKP CARGO under restructuring Group)	17.7	19.3
Total	**29.4**	**28.0**
Non-current assets	18.8	23.4
Current assets	10.6	4.6
Total	**29.4**	**28.0**

5.8 Other assets

Accounting policy applied

As other assets, the Company recognizes predominantly prepaid expenses which are captured in the amount of incurred expenses that relate to future periods and will generate future economic benefits for the Company. Prepaid expenses are written off in line with the passage of time.
Other receivables include predominantly public law receivables and are measured at the amount due.
Intangible assets are presented at purchase price or production cost less amortization and the total amount of impairment allowances. The Company uses straight-line depreciation. The period of useful life and the amortization method are verified at the end of each reporting period, and the results of estimate changes are settled prospectively.

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

As at the opening date of the remedial proceedings, the Company had outstanding liabilities for which the 90-day period from the due date stated in the invoice/contract or agreed between the parties had elapsed or would elapse. Pursuant to the Restructuring Law, a debtor may not settle liabilities existing on the day preceding the opening date of the remedial proceedings until a composition agreement with creditors is approved by the court. Due to the inability to pay liabilities existing on the day preceding the opening date of the remedial proceedings, the provisions of the VAT Act apply, according to which, if a liability arising from an invoice documenting the supply of goods or provision of services within the territory of Poland is not settled within 90 days after its due date, the debtor is required to adjust the amount of input VAT deducted on that invoice in the settlement for the period in which the 90th day following the due date has elapsed. Based on these provisions, the Company adjusted the amount of input VAT deducted on invoices that remained unpaid as at the day preceding the opening date of the remedial proceedings. Given the high likelihood that the input VAT will not be eligible for deduction again (due to the ongoing remedial proceedings), an impairment loss allowance was recognized for the input VAT receivables arising from unpaid invoices on the day preceding the opening date of the remedial proceedings, in the amount of PLN 203.1 million.

according to EU IFRS (in millions of PLN)

5.8 Other assets (cont'd)

Structure of other assets

	31 December 2024	31 December 2023
Non-financial assets		
Costs settled over time		
Prepayments for purchase of electricity	22.5	36.0
Insurance	5.8	5.8
IT services	5.6	6.5
Other costs settled over time	5.8	1.0
Other	2.4	2.7
Other receivables		
VAT settlements	36.2	48.3
Income tax receivables	5.3	6.8
Receivables on account of transfer of receivables	1.4	2.7
Other	13.7	7.5
Intangible assets		
Licenses	15.5	21.6
Intangible assets during adjustment	5.1	4.7
Total	**119.3**	**143.6**
Non-current assets	23.4	31.6
Current assets	95.9	112.0
Total	**119.3**	**143.6**

5.9 Trade payables

Accounting policy applied

Trade payables are initially measured at fair value adjusted for transaction costs and subsequently at amortized cost. Liabilities with a maturity of up to 1 year are measured in the amount payable, because they do not contain a significant financing component.

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

At each balance sheet date, the Company measures the amount of interest due from its counterparty related to late payment of its liabilities. In such cases, the Company assesses the probability of cash outflows and decides to recognize these liabilities on this basis.

Structure of trade payables

	31 December 2024	31 December 2023
Trade payables	1,019.8	607.8
Interest payable	94.9	53.8
Prepayments and accruals	17.0	25.5
Total	**1,131.7**	**687.1**
Current liabilities	1,131.7	687.1
Total	**1,131.7**	**687.1**

The increase in trade payables is driven mainly by the increase in past due liabilities, which will be covered by the composition as part of the pending restructuring proceedings.

according to EU IFRS (in millions of PLN)

5.10 Investment commitments

Accounting policy applied

Investment commitments include obligations related to the purchase of non-financial non-current assets. Initially, they are carried at fair value adjusted for transaction costs and subsequently at amortized cost. This applies to liabilities with maturity of over 1 year for which the liability value corresponds to the amount that would be paid in a single cash transaction. The difference between this amount and the total payments is recognized as interest expense over the period of commercial credit. Liabilities with a maturity of up to 1 year are measured in the amount payable, because they do not contain a significant financing component.

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

At each balance sheet date, the Company measures the amount of interest due from its counterparty related to late payment of its liabilities. In such cases, the Company assesses the probability of cash outflows and decides to recognize these liabilities on this basis.

Structure of investment commitments

	31 December 2024	31 December 2023
Investment commitments related to rolling stock	269.0	313.9
Investment commitments related to property	0.2	1.0
Investment commitments related to other assets	8.1	8.2
Interest payable	19.3	7.1
Total	**296.6**	**330.2**
Non-current liabilities	2.8	15.6
Current liabilities	293.8	314.6
Total	**296.6**	**330.2**

5.11 Provisions for employee benefits

Accounting policy applied

The Company provides its employees with long-term benefits during their employment (jubilee awards) as well as post-employment benefits (old-age and disability severance pays, transportation benefits and benefits from the Company Social Benefits Fund for old-age and disability pensioners, post-mortem benefits). Jubilee awards are paid out to the employees after working for specified number of years. Retirement and disability severance pays are paid out as lump sum when the employee retires or begins to collect disability benefits. The amount of retirement and disability severance pays and jubilee awards depends on the number of years of service and the employee's average remuneration. Post-mortem benefits are paid out after the employee's death. The Company is establishing provisions for future liabilities arising out of the foregoing virtues to assign the costs to the respective periods.
In its statement of financial position, the Company captures the foregoing benefits at the current value of the liability as at the date ending the reporting period.
The amount of long-term benefits during the employment period and post-employment benefits is calculated by an independent actuarial firm using the projected individual benefits method. The current value of liability on that account is determined through discounting the estimated future cash expenditures – using the interest rates based on market interest rates for government bonds. Current employment cost reflects the increase in the defined benefit obligation resulting from employee service in the current period and is captured in profit and loss as employee benefits, except when it is recognized as the cost of manufacturing an asset. The costs of past employment are captured directly in profit or loss. Net interest cost is calculated by applying a discount rate to the net value of the defined benefit obligation and presented in financial expenses. Actuarial gains and losses resulting from adjustments of actuarial assumptions ex post and changes to actuarial assumptions are referred to equity through other comprehensive income in the period in which they arose. In case of jubilee awards, they are referred to the costs of the period.

according to EU IFRS (in millions of PLN)

5.11 Provisions for employee benefits (cont'd)

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

As at 31 December 2024 and 31 December 2023, the actuarial valuation of provisions for employee benefits was based on the following main assumptions:

	Valuation as at [%]	
	31 December 2024	31 December 2023
Discount rate	5.8	5.3
Assumed average annual growth of the base for calculation of provisions for retirement and disability severance pays and jubilee awards:		
2024	-	9.6 - 12.7
2025	-	3.6
2026	2.7	3.2
2027	2.8	2.7
2028	2.9	2.1
2029	3.0	2.5
2030	3.0	2.5
from 2031	2.5	2.5
Assumed growth of the price of transportation benefits		
2024	-	11.6
2025	1.3	3.6
from 2026	2.5-3.0	2.1 - 3.2
Assumed average annual growth of the base for calculation of provisions on account of charge for the Company Social Benefits Fund	7.0	6.3
Weighted average employee mobility ratio	up to 4.3	up to 3.1

The value of provisions for employee benefits is materially impacted by the adopted assumptions for discount rate, the assumed salary growth and the change in average employment. The sensitivity analysis for changes in the foregoing assumptions may be found below. The analysis was conducted by changing only one variable while leaving the remaining assumptions unchanged.

Sensitivity analysis of provisions for employee benefits

	31 December 2024	Discount rate		Salary growth ratio		Employee mobility ratio	
		+0.30 pp.	-0.30 pp.	+0.25 pp.	-0.25 pp.	+0.25 pp.	-0.25 pp.
Jubilee awards	153.3	(2.1)	2.1	2.2	(2.2)	(1.7)	1.7
Retirement and disability severance pays	127.4	(1.6)	1.7	1.8	(1.7)	(1.0)	1.1
Post-mortem benefits	2.9	-	-	-	-	-	-
Company Social Benefits Fund	160.0	(5.8)	6.2	5.5	(5.2)	(0.5)	0.5
Transportation benefits	21.4	(0.6)	0.7	0.6	(0.6)	(0.1)	0.1
Total	**465.0**	**(10.1)**	**10.7**	**10.1**	**(9.7)**	**(3.3)**	**3.4**

according to EU IFRS (in millions of PLN)

5.11 Provisions for employee benefits (cont'd)

	31 December 2023	Discount rate		Salary growth ratio		Employee mobility ratio	
		+0.30 pp.	-0.30 pp.	+0.25 pp.	-0.25 pp.	+0.25 pp.	-0.25 pp.
Jubilee awards	225.6	(3.1)	3.2	3.3	(3.2)	(2.5)	2.6
Retirement and disability severance pays	209.9	(2.5)	2.6	2.7	(2.7)	(1.6)	1.6
Post-mortem benefits	4.7	(0.1)	0.1	0.1	(0.1)	(0.1)	0.1
Company Social Benefits Fund	135.7	(5.1)	5.4	4.8	(4.5)	(0.5)	0.5
Transportation benefits	24.6	(0.8)	0.8	0.8	(0.7)	(0.1)	0.1
Total	**600.5**	**(11.6)**	**12.1**	**11.7**	**(11.2)**	**(4.8)**	**4.9**

Movement in provisions for employee benefits

	Retirement and disability severance pays	Charges to ZFŚS for old-age and disability pensioners	Transportation benefits	Post-mortem benefits	Jubilee awards	Other employee benefits	Total provisions
1 January 2024	**209.9**	**135.7**	**24.6**	**4.7**	**225.6**	**28.6**	**629.1**
Current employment cost	5.8	2.4	0.4	0.2	9.3	-	**18.1**
Interest expense	8.6	8.0	1.2	0.3	10.7	-	**28.8**
Actuarial (gains) and losses recognized in comprehensive income	(7.3)	34.4	(1.4)	(1.0)	-	-	**24.7**
Actuarial (gains) and losses recognized in profit or loss	-	-	-	-	(9.6)	-	**(9.6)**
Cost of past employment	(41.5)	(12.8)	(2.1)	(0.7)	(34.6)	-	**(91.7)**
Provisions reversed	-	-	-	-	-	(3.4)	**(3.4)**
Benefits paid out or due	(48.1)	(7.7)	(1.3)	(0.6)	(48.1)	-	**(105.8)**
31 December 2024	**127.4**	**160.0**	**21.4**	**2.9**	**153.3**	**25.2**	**490.2**
Long-term provisions	103.3	152.0	20.0	2.4	126.6	-	**404.3**
Short-term provisions	24.1	8.0	1.4	0.5	26.7	25.2	**85.9**
Total	**127.4**	**160.0**	**21.4**	**2.9**	**153.3**	**25.2**	**490.2**

	Retirement and disability severance pays	Charges to ZFŚS for old-age and disability pensioners	Transportation benefits	Post-mortem benefits	Jubilee awards	Other employee benefits	Total provisions
1 January 2023	**189.8**	**84.1**	**19.1**	**5.2**	**214.8**	**32.2**	**545.2**
Current employment cost	5.7	1.4	0.3	0.2	9.0	-	**16.6**
Interest expense	10.2	6.0	1.3	0.3	12.7	-	**30.5**
Actuarial (gains) and losses recognized in comprehensive income	32.0	49.8	4.9	(0.1)	-	-	**86.6**
Actuarial (gains) and losses recognized in profit or loss	-	-	-	-	36.5	-	**36.5**
Provisions reversed	-	-	-	-	-	(3.6)	**(3.6)**
Benefits paid out	(27.8)	(5.6)	(1.0)	(0.9)	(47.4)	-	**(82.7)**
31 December 2023	**209.9**	**135.7**	**24.6**	**4.7**	**225.6**	**28.6**	**629.1**
Long-term provisions	155.0	129.5	23.3	3.9	181.3	-	**493.0**
Short-term provisions	54.9	6.2	1.3	0.8	44.3	28.6	**136.1**
Total	**209.9**	**135.7**	**24.6**	**4.7**	**225.6**	**28.6**	**629.1**

according to EU IFRS (in millions of PLN)

5.11 Provisions for employee benefits (cont'd)

Items captured in the result in reference to employee benefits programs

	31 December 2024	31 December 2023
Employee benefits	86.6	(49.5)
Financial expenses	(28.8)	(30.5)
Total captured in the result before tax	**57.8**	**(80.0)**

Actuarial (gains) / losses

2024	Change of demographic assumptions	Change of financial assumptions	Other changes	Total
Actuarial losses / (gains) – post-employment benefits				
Retirement and disability severance pays	(5.1)	(13.7)	11.5	**(7.3)**
Charges to ZFŚS for old-age and disability pensioners	6.7	(1.6)	29.3	**34.4**
Transportation benefits	0.6	(1.7)	(0.3)	**(1.4)**
Post-mortem benefits	(0.6)	(0.4)	-	**(1.0)**
Actuarial losses / (gains) – other long-term benefits				
Jubilee awards	(8.9)	(16.1)	15.4	**(9.6)**
Total	**(7.3)**	**(33.5)**	**55.9**	**15.1**

2023	Change of demographic assumptions	Change of financial assumptions	Other changes	Total
Actuarial losses / (gains) – post-employment benefits				
Retirement and disability severance pays	0.5	14.6	16.9	**32.0**
Charges to ZFŚS for old-age and disability pensioners	9.7	38.6	1.5	**49.8**
Transportation benefits	1.7	0.5	2.7	**4.9**
Post-mortem benefits	(0.7)	0.3	0.3	**(0.1)**
Actuarial losses / (gains) – other long-term benefits				
Jubilee awards	(0.5)	18.3	18.7	**36.5**
Total	**10.7**	**72.3**	**40.1**	**123.1**

Analysis of maturities of paid out employee benefits

31 December 2024	Retirement and disability severance pays	Charges to ZFŚS for old-age and disability pensioners	Transportation benefits	Post-mortem benefits	Jubilee awards	Other employee benefits	Total
up to 1 year	24.1	8.0	1.4	0.5	26.7	25.2	**85.9**
1 to 5 years	60.3	31.2	5.2	1.3	75.2	-	**173.2**
over 5 years	43.0	120.8	14.8	1.1	51.4	-	**231.1**
Total	**127.4**	**160.0**	**21.4**	**2.9**	**153.3**	**25.2**	**490.2**

31 December 2023	Retirement and disability severance pays	Charges to ZFŚS for old-age and disability pensioners	Transportation benefits	Post-mortem benefits	Jubilee awards	Other employee benefits	Total
up to 1 year	54.9	6.2	1.3	0.8	44.3	28.6	**136.1**
1 to 5 years	88.9	25.3	5.5	2.1	104.0	-	**225.8**
over 5 years	66.1	104.2	17.8	1.8	77.3	-	**267.2**
Total	**209.9**	**135.7**	**24.6**	**4.7**	**225.6**	**28.6**	**629.1**

according to EU IFRS (in millions of PLN)

5.12 Other provisions

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

Where the determination of whether a present obligation exists is unclear, for example in the case of a lawsuit, the Company recognizes provisions for such events if it concludes that, taking into account all available evidence, the existence of the obligation at the balance sheet date is more likely than not. If a present obligation is more likely not to exist at the balance sheet date then the Company discloses information about a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote. The decision on whether or not a claim should be recognized in the form of a provision or a contingent liability depends on an assessment of the probability of loss in the litigation carried out by internal legal services or external law firms. Assessment of the estimates may change in subsequent periods as a result of future events.

Structure of other provisions

2024	Restructuring provision	Other provisions	Total
As at the beginning of the reporting period	-	**8.9**	**8.9**
Recognition	133.9	0.2	**134.1**
Reversal	(10.3)	(1.1)	**(11.4)**
Utilization	(105.7)	(3.5)	**(109.2)**
As at the end of the reporting period	**17.9**	**4.5**	**22.4**
Long-term provisions	11.6	0.3	**11.9**
Short-term provisions	6.3	4.2	**10.5**
Total	**17.9**	**4.5**	**22.4**

2023	Other provisions	Total
As at the beginning of the reporting period	**7.7**	**7.7**
Recognition	3.7	3.7
Reversal	(2.4)	(2.4)
Utilization	(0.1)	(0.1)
As at the end of the reporting period	**8.9**	**8.9**
Long-term provisions	0.4	0.4
Short-term provisions	8.5	8.5
Total	**8.9**	**8.9**

Restructuring provision

The restructuring provision is described in **Note 1.3** to these Standalone Financial Statements.

Other provisions

This line item mostly includes the provisions established for disputed claims, litigation and contractual penalties, which are more likely than not to result in an outflow of cash in order to satisfy the claim.

According to the Company's Management Board, the amount of other provisions as at 31 December 2024, and as at 31 December 2023, represents the best estimate of the amount that will likely have to be paid. The estimate is based on the management's best knowledge, the experience to date and other factors which are considered to be the most reasonable in the given situation.

5.13 Other financial liabilities

Accounting policy applied

The accounting policy pertaining to financial instruments is described in **Note 6** to these Standalone Financial Statements.

Structure of other financial liabilities

	31 December 2024	31 December 2023
Cash pool	112.2	140.5
Total	**112.2**	**140.5**
Current liabilities	112.2	140.5
Total	**112.2**	**140.5**

according to EU IFRS (in millions of PLN)

5.14 Other liabilities

Accounting policy applied

Payables are the Company's present obligation resulting from future events, whose fulfillment will, according to expectations, cause the outflow from the entity of the means entailing economic benefits.
Other liabilities include predominantly public law settlements and payroll liabilities which are carried at the amount due.

Structure of other liabilities

	31 December 2024	31 December 2023
Liabilities arising out of collateral (security deposits, bid deposits, guarantees)	21.4	24.0
Public law liabilities	171.8	99.6
Settlements with employees	124.4	79.7
Other settlements	54.1	14.5
VAT settlements	206.2	-
Total	**577.9**	**217.8**
Current liabilities	577.9	217.8
Total	**577.9**	**217.8**

6. Financial instruments and principles of financial risk management

Accounting policy applied

The Company recognizes a financial asset or a financial liability in its statement of financial position when the Company becomes bound by the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. After initial recognition, financial assets of a debt nature are classified as measured:
a) at amortized cost,
b) at fair value through other comprehensive income,
c) at fair value through profit or loss.

Such classification is based on:
a) the entity's business model for managing financial assets,
b) the contractual cash flow characteristics of the financial asset, i.e. whether the contractual cash flows are 'solely payments of principal and interest' ("SPPI"). The nature and the purpose of financial assets are determined at the moment of initial recognition.

Financial assets carried at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:
a) the financial asset is held within a business model whose objective is achieved by holding financial assets in order to collect contractual cash flows;
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In this category, the Company classifies mainly:
a) trade receivables,
b) cash and cash equivalents.

As at 31 December 2024 and 31 December 2023, the Company did not have any financial assets of a debt nature measured at fair value through other comprehensive income or measured at fair value through profit or loss.

Investments in equity instruments

Investments in equity instruments are measured at fair value through other comprehensive income.

according to EU IFRS (in millions of PLN)

6. Financial instruments and principles of financial risk management (cont'd)

Accounting policy applied

Financial liabilities

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for:
a) financial liabilities at fair value through profit or loss;
b) liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies,
c) financial guarantee contracts,
d) commitments to provide a loan at a below-market interest rate;
e) contingent consideration recognized by the acquiring company in a business combination to which IFRS 3 applies.

The Company derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and all related risks and rewards of ownership of the financial asset to another entity.

6.1 Financial instruments

Categories and classes of financial instruments

Financial assets by categories and classes	Note	31 December 2024	31 December 2023
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	*Note 5.7*	8.7	8.7
Financial assets carried at amortized cost			
Trade receivables	*Note 5.5*	393.5	468.0
Loans granted	*Note 5.7*	17.7	19.3
Cash pool	*Note 5.7*	3.0	-
Cash and cash equivalents	*Note 4.3*	420.9	120.2
Receivables on account of transfer of receivables	*Note 5.8*	1.4	2.7
Financial assets excluded from the scope of IFRS 9	*Note 5.6*	33.9	32.5
Total		**879.1**	**651.4**

Financial liabilities by categories and classes	Note	31 December 2024	31 December 2023
Hedging financial instruments			
Bank loans	*Note 4.1*	420.7	473.6
Financial liabilities carried at amortized cost			
Bank loans	*Note 4.1*	902.9	933.8
Liabilities under funds received from FGŚP	*Note 4.1*	71.8	-
Trade payables	*Note 5.9*	1,131.7	687.1
Investment commitments	*Note 5.10*	296.6	330.2
Cash pool	*Note 5.13*	112.2	140.5
Financial liabilities excluded from the scope of IFRS 9	*Note 4.1*	1,175.0	1,210.1
Total		**4,110.9**	**3,775.3**

Impairment loss allowances for trade receivables are presented in **Note 1.4** to these Standalone Financial Statements.

according to EU IFRS (in millions of PLN)

6.1 Financial instruments (cont'd)

Hedge accounting

In the period from 1 January 2024 to 31 December 2024, the Company applied hedge accounting to its cash flows. The purpose of the hedging activity was to mitigate the impact of the FX risk within the EUR/PLN currency pair on the future cash flows. The hedged item is a highly likely cash flow denominated in EUR.

As at 31 December 2024, the following hedging instruments have been established:

- investment loans denominated in EUR. The hedged cash flows will be realized until January 2035. As at 31 December 2024, the nominal amount of the hedging instrument was EUR 98.5 million, which is an equivalent of PLN 420.7 million.

Fair value hierarchy

As at 31 December 2024 and 31 December 2023, financial instruments measured at fair value were investments in equity instruments.

	31 December 2024		31 December 2023	
	Level 2	Level 3	Level 2	Level 3
Assets				
Investments in equity instruments – shares in unlisted companies	-	8.7	-	8.7

Measurement methods for financial instruments carried at fair value

a) Investments in equity instruments

This line item includes predominantly an equity stake in Euroterminal Sławków Sp. z o.o. worth PLN 8.7 million, the value of which was measured by an independent adviser using the modified Swiss method. The Swiss method is a mixed measurement method as it combines the asset value aspect with the ability to generate future cash flows. According to the Swiss method, the value of the enterprise is calculated as the weighted average of the values determined by the asset-based approach and the income-based approach. This method attaches a greater weight (twice as large) to the value determined by the income-based approach. The adoption of the Swiss method is justified on the grounds that Euroterminal Sławków Sp. z o.o. has a moderate ability to generate profits in the future but owns material assets in the form of land plots and property.

b) Other financial instruments

For the category of financial instruments that are not carried at fair value as at the balance sheet date, the Company does not disclose fair value because as at 31 December 2024 and 31 December 2023 fair value was not materially different from the value presented in the statement of financial position.

In the financial year ended 31 December 2024 and 31 December 2023, there were no transfers between levels 2 and 3 of the fair value hierarchy.

according to EU IFRS (in millions of PLN)

6.1 Financial instruments (cont'd)

Revenues, costs, profits and losses in the standalone statement of comprehensive income by categories of financial instruments

2024	Hedging financial instruments	Financial assets carried at amortized cost	Financial assets excluded from the scope of IFRS 9	Financial liabilities carried at amortized cost	Total financial liabilities excluded from the scope of IFRS 9	Total
Interest income / (expense)	(16.8)	10.5	1.4	(113.0)	(70.9)	**(188.8)**
FX differences	-	(1.5)	-	0.5	0.3	**(0.7)**
Impairment losses / remeasurement	-	(14.3)	-	-	-	**(14.3)**
Transaction costs related to loans	-	-	-	(0.5)	-	**(0.5)**
Effect of settlement of cash flow hedge accounting	0.5	-	-	-	-	**0.5**
Pre-tax profit / (loss)	**(16.3)**	**(5.3)**	**1.4**	**(113.0)**	**(70.6)**	**(203.8)**
Revaluation	7.2	-	-	-	-	**7.2**
Other comprehensive income	**7.2**	**-**	**-**	**-**	**-**	**7.2**

In the financial year ended 31 December 2024, the effect of settling cash flow hedge accounting adjusted the value of revenues from contracts with customers in the amount of PLN 0.5 million. The change in the measurement of hedging financial instruments includes a change in the measurement of bank loans in the amount of PLN 7.2 million, recognized as part of the hedge accounting applied by the Company.

2023	Hedging financial instruments	Investments in equity instruments	Financial assets carried at amortized cost	Financial assets excluded from the scope of IFRS 9	Financial liabilities carried at amortized cost	Total financial liabilities excluded from the scope of IFRS 9	Total
Interest income / (expense)	(17.9)	-	5.2	1.1	(132.0)	(51.9)	**(195.5)**
FX differences	-	-	(6.9)	-	0.5	1.3	**(5.1)**
Impairment losses / remeasurement	-	-	(6.5)	-	-	-	**(6.5)**
Transaction costs related to loans	-	-	-	-	(0.5)	-	**(0.5)**
Effect of settlement of cash flow hedge accounting	(3.4)	-	-	-	-	-	**(3.4)**
Pre-tax profit / (loss)	**(21.3)**	**-**	**(8.2)**	**1.1**	**(132.0)**	**(50.6)**	**(211.0)**
Revaluation	44.0	3.8	-	-	-	-	**47.8**
Other comprehensive income	**44.0**	**3.8**	**-**	**-**	**-**	**-**	**47.8**

In the financial year ended 31 December 2023, the effect of settling cash flow hedge accounting adjusted the value of revenues from contracts with customers in the amount of PLN (3.4) million. The change in the measurement of hedging financial instruments includes a change in the measurement of bank loans in the amount of PLN 44.0 million, recognized as part of the hedge accounting applied by the Company.

according to EU IFRS (in millions of PLN)

6.1 Financial instruments (cont'd)

Set-off of financial assets and liabilities

The Company does not hold any material financial instruments eligible for set-off under the criteria of IAS 32.42, nor any material financial instruments covered by legally binding netting agreements.

6.2 Principles of financial risk management

Objectives and principles of financial risk management

In the years covered by these Standalone Financial Statements, the Company was exposed to the following types of financial risk:

- market risk, including:
  a) FX risk
  b) interest rate risk
- credit risk
- liquidity risk (described in **Note 1.4** to these Standalone Financial Statements).

Market risk

The Company is exposed to market risks associated with changes of the exchange rates and interest rates. The objective of the market risk management process is to limit undesirable impact of changes of market risk factors on the cash flows and results in the short and medium term. The Company manages market risks following from the aforementioned factors on the basis of internal procedures which define the rules of measurement of individual exposures, parameters and time horizon.
The principles of market risk management are implemented through assigned organizational units under the supervision of the Company's Management Board. Market risk management is executed based on developed strategies, with partial utilization of derivative instruments.

Foreign exchange risk management

As at 31 December 2024, the Company was exposed to foreign exchange risk concerning for the most part trade receivables and debt liabilities denominated in EUR.

As a result of valuation of receivables and liabilities denominated in foreign currencies conducted as at the balance sheet date, and also as a result of ongoing settlements in foreign currencies, there arise positive and negative foreign exchange differences. Their values fluctuate during the year, which is caused by changes in exchange rates.

In a long-term perspective, the valuation risk matches the risk of change of cash flows, therefore the Company's cash flows are subject to hedging operations. There is partial natural hedging for the EUR/PLN exchange rate. Proceeds from contracts with customers in EUR are partly hedged by expenditures in the same currency. The FX risk management transactions used by the Company are aimed at hedging the net free position exposed to change of the value in PLN.

Items in foreign currencies

31 December 2024	Total value of items in PLN	EUR/PLN	
		in a foreign currency	in PLN
ASSETS			
Current assets			
Trade receivables	38.6	9.0	38.6
Other assets	2.7	0.6	2.7
Cash and cash equivalents	54.6	12.8	54.6
Total	**95.9**	**22.4**	**95.9**
EQUITY AND LIABILITIES			
Non-current liabilities			
Debt liabilities	299.0	70.0	299.0
Current liabilities			
Debt liabilities	146.4	34.2	146.4
Trade payables	25.9	6.1	25.9
Investment commitments	4.1	0.9	4.1
Other liabilities	1.5	0.4	1.5
Total	**476.9**	**111.6**	**476.9**
Net currency item	**(381.0)**	**(89.2)**	**(381.0)**

according to EU IFRS (in millions of PLN)

6.2 Objectives and principles of financial risk management (cont'd)

31 December 2023	Total value of items in PLN	EUR/PLN	
		in a foreign currency	in PLN
ASSETS			
Current assets			
Trade receivables	37.2	8.5	37.2
Other assets	2.5	0.6	2.5
Cash and cash equivalents	15.6	3.6	15.6
Total	**55.3**	**12.7**	**55.3**
EQUITY AND LIABILITIES			
Non-current liabilities			
Debt liabilities	397.2	91.4	397.2
Current liabilities			
Debt liabilities	93.5	21.5	93.5
Trade payables	15.4	3.5	15.4
Other liabilities	0.5	0.1	0.5
Total	**506.6**	**116.5**	**506.6**
Net currency item	**(451.3)**	**(103.8)**	**(451.3)**

Sensitivity to FX risk

The Company is exposed to the foreign exchange risk regarding the currency pair EUR/PLN in connection with its operating and financing activities. Deviations in exchange rates were calculated based on the average daily volatility of exchange rates in the period under analysis. The sensitivity of financial instruments to foreign exchange risk has been calculated as the difference between the original carrying amount of the financial instruments and their potential value while assuming changes in foreign exchange rates.

The tables below present the Company's exposure to the foreign exchange risk in 2024 and 2023.

31 December 2024	value of the item in PLN	EUR/PLN					
		impact on the result		impact on other comprehensive income		impact on equity	
		+3%	-3%	+3%	-3%	+3%	-3%
ASSETS							
Current assets							
Trade receivables	38.6	1.1	(1.1)	-	-	1.1	(1.1)
Other assets	2.7	0.1	(0.1)	-	-	0.1	(0.1)
Cash and cash equivalents	54.6	1.6	(1.6)	-	-	1.6	(1.6)
EQUITY AND LIABILITIES							
Non-current liabilities							
Debt liabilities	299.0	(0.3)	0.3	(8.7)	8.7	(9.0)	9.0
Current liabilities							
Debt liabilities	146.4	(0.1)	0.1	(4.3)	4.3	(4.4)	4.4
Trade payables	25.9	(0.8)	0.8	-	-	(0.8)	0.8
Investment commitments	4.1	(0.1)	0.1	-	-	(0.1)	0.1
Other liabilities	1.5	-	-	-	-	-	-
Total gross effect		**1.5**	**(1.5)**	**(13.0)**	**13.0**	**(11.5)**	**11.5**

according to EU IFRS (in millions of PLN)

6.2 Objectives and principles of financial risk management (cont'd)

31 December 2023	value of the item in PLN	EUR/PLN					
		impact on the result		impact on other comprehensive income		impact on equity	
		+3%	-3%	+3%	-3%	+3%	-3%
ASSETS							
Current assets							
Trade receivables	37.2	1.1	(1.1)	-	-	1.1	(1.1)
Other assets	2.5	0.1	(0.1)	-	-	0.1	(0.1)
Cash and cash equivalents	15.6	0.4	(0.4)	-	-	0.4	(0.4)
EQUITY AND LIABILITIES							
Non-current liabilities							
Debt liabilities	397.2	(0.3)	0.3	(11.6)	11.6	(11.9)	11.9
Current liabilities							
Debt liabilities	93.5	-	-	(2.8)	2.8	(2.8)	2.8
Trade payables	15.4	(0.5)	0.5	-	-	(0.5)	0.5
Other liabilities	0.5	-	-	-	-	-	-
Total gross effect		**0.8**	**(0.8)**	**(14.4)**	**14.4**	**(13.6)**	**13.6**

Interest rate risk management

As at 31 December 2024, the Company was exposed to the risk of volatility of cash flows due to interest rate (floating rate) under bank loan agreements and lease agreements. Interest on lease agreements was accrued according to the reference rates increased by the financing party's margin. In 2024, the reference rate for lease contracts denominated in PLN was WIBOR 1M.
Interest on investment loan agreements accrued at the WIBOR 1M and 3M as well as EURIBOR 3M reference rates plus the banks' margins.
Interest rate risk in investment loan and leasing agreements is executed through revaluation of installments in monthly and quarterly periods, depending on the agreement.
The cash held by the Company as at 31 December 2024 was mainly in the form of short-term fixed rate bank deposits which were concluded with time horizons depending on the Group's liquidity needs. In future periods, if bank deposits are concluded, the cash position may be exposed to interest rate risk as a result of changes in interest rates on deposits.
In 2023-2024, the Company did not use derivative instruments to hedge the interest rate risk.

Financial instruments by interest rate type

Financial assets	31 December 2024			31 December 2023		
	Interest rate		Total	Interest rate		Total
	fixed interest rate	variable interest rate		fixed interest rate	variable interest rate	
Lease receivables	33.9	-	**33.9**	32.5	-	**32.5**
Receivables on account of transfer of receivables	1.4	-	**1.4**	2.7	-	**2.7**
Loans granted	-	17.7	**17.7**	-	19.3	**19.3**
Cash pool	3.0	-	**3.0**	-	-	**-**
Cash and cash equivalents	420.9	-	**420.9**	120.2	-	**120.2**
Total	**459.2**	**17.7**	**476.9**	**155.4**	**19.3**	**174.7**

Financial liabilities	31 December 2024			31 December 2023		
	Interest rate		Total	Interest rate		Total
	fixed interest rate	variable interest rate		fixed interest rate	variable interest rate	
Debt liabilities	754.0	1,816.4	**2,570.4**	761.8	1,855.7	**2,617.5**
Investment commitments	33.8	-	**33.8**	51.5	-	**51.5**
Cash pool	112.2	-	**112.2**	140.5	-	**140.5**
Total	**900.0**	**1,816.4**	**2,716.4**	**953.8**	**1,855.7**	**2,809.5**

according to EU IFRS (in millions of PLN)

6.2 Objectives and principles of financial risk management (cont'd)

Interest rate fluctuation sensitivity

The sensitivity analyses presented below are based on the level of exposure of financial instruments to interest rate risk as at the balance sheet date. In the case of assets and liabilities with variable interest rates, for the needs of the analysis it is assumed that the amount of outstanding assets and liabilities as at the balance sheet date will be unpaid for the whole year. In 2024 and 2023, the Company identified the exposure to interest rate risk mainly for WIBOR and EURIBOR. Interest rate deviations are calculated on the basis of observations of average interest rate fluctuations. The sensitivity analysis presented below does not comprise the interest accrued as at the balance sheet date. The analysis results are presented in gross terms (before tax).

31 December 2024	Value of the item in PLN	Interest rate risk			
		WIBOR		EURIBOR	
		impact on the result and equity		impact on the result and equity	
		+ 450 bps	- 450 bps	+ 250 bps	- 250 bps
ASSETS					
Loans granted	16.9	0.8	(0.8)	-	-
EQUITY AND LIABILITIES					
Non-current liabilities					
Debt liabilities	1,040.5	(35.2)	35.2	(6.5)	6.5
Current liabilities					
Debt liabilities	745.0	(28.7)	28.7	(2.7)	2.7
Total gross effect		**(63.1)**	**63.1**	**(9.2)**	**9.2**

31 December 2023	Value of the item in PLN	Interest rate risk			
		WIBOR		EURIBOR	
		impact on the result and equity		impact on the result and equity	
		+ 450 bps	- 450 bps	+ 250 bps	- 250 bps
ASSETS					
Loans granted	19.2	0.9	(0.9)	-	-
EQUITY AND LIABILITIES					
Non-current liabilities					
Debt liabilities	1,243.0	(40.8)	40.8	(8.4)	8.4
Current liabilities					
Debt liabilities	601.6	(14.4)	14.4	(1.8)	1.8
Total gross effect		**(54.3)**	**54.3**	**(10.2)**	**10.2**

Credit risk management

The table below presents the items of the statement of financial position exposed to credit risk by financial instrument class:

	31 December 2024	31 December 2023
Trade receivables	393.5	468.0
Loans granted	17.7	19.3
Lease receivables	33.9	32.5
Cash and cash equivalents	420.9	120.2
Receivables on account of transfer of receivables	1.4	2.7
Cash pool	3.0	-
Total	**870.4**	**642.7**

Conducting its commercial activity, the Company sells services to business entities with a deferred payment date, which may lead to the risk that receivables from counterparties for services provided may not be received. To minimize the credit risk, the Company manages the risk through a prevailing client creditworthiness assessment procedure. This assessment is carried out for all clients who use a deferred payment date. Concentration of risk associated with trade receivables is limited due to the large number of business partners with commercial credit dispersed among different sectors of economy.

according to EU IFRS (in millions of PLN)

6.2 Objectives and principles of financial risk management (cont'd)

Structure of trade receivables in terms of entity types

	31 December 2024	31 December 2023
PKP Group related parties	17.9%	14.7%
State Treasury related parties	32.9%	33.0%
Other entities	49.2%	52.3%
Total	**100.0%**	**100.0%**

In order to reduce the risk of problems with recovery of trade receivables, the Company accepts security interests from their customers in the form of, among others: bank/insurance guarantees, assignment of contracts and other. As at 31 December 2024, 5.9% of trade receivables were secured. The Company evaluates the creditworthiness of its clients on an ongoing basis.

The credit risk associated with cash and bank deposits is perceived as low. All entities in which the Company invests free cash operate in the financial sector. These include domestic banks, foreign banks and branches of foreign banks with a high creditworthiness. The concentration of risk involving cash held is presented in the table below.

Bank	Credit rating agency	Rating	31 December 2024
Bank A	Standard & Poor's	BBB	93.1%
Bank B	Moody's Investor Service Ltd	A2	5.0%
Bank C	Moody's Investor Service Ltd	A2	1.0%
Bank D	Moody's Investor Service Ltd	A2	0.9%
Total			**100.0%**

7. Other notes

7.1 Related party transactions

Transactions with the State Treasury and other parties related to the State Treasury

In the financial years ended 31 December 2024 and 31 December 2023, the State Treasury was the Company's upper level parent entity. Accordingly, all companies owned by the State Treasury (directly or indirectly) are the Company's related parties and are presented separately as PKP Group related parties and other State Treasury related parties. In these Standalone Financial Statements, the Management Board has disclosed transactions with material related parties identified as such according to the best knowledge of the Management Board.

In the financial year ended 31 December 2024 and 31 December 2023, no transactions were identified between the Company and other parties related to the State Treasury which would be material due to a non-standard scope or amount. In the periods covered by these Standalone Financial Statements, the Company's most important clients among other parties related to the State Treasury were members of the following groups: PGE, JSW, PKN Orlen, ENEA and the Azoty Group. PGE Group entities were the Company's most important suppliers related to the State Treasury.

Transactions with PKP Group related parties

In the period covered by these Standalone Financial Statements, the Company entered into the following commercial transactions with its related parties from the PKP Group:

	2024		31 December 2024	
	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Parent Company	0.5	81.4	1.4	512.8
Subsidiaries / co-subsidiaries	382.3	400.3	100.6	258.2
Associates	1.6	-	0.1	-
Other PKP Group related parties	27.9	407.8	1.9	427.1

according to EU IFRS (in millions of PLN)

7.1 Related party transactions (cont'd)

	2023		31 December 2023	
	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Parent Company	0.4	69.9	1.1	494.6
Subsidiaries / co-subsidiaries	436.0	770.3	95.2	264.1
Associates	4.0	-	0.4	-
Other PKP Group related parties	27.9	34.1	2.9	165.4

Purchase transactions with the Parent Company (PKP S.A.) pertained in particular to lease and rental agreements treated as leasing contracts, the supply of utilities, costs of fees for membership in international railway organizations and occupational medicine services.

Within the PKP CARGO under restructuring Group, sales transactions included freight transport services, lease of equipment and sub-lease of real estate. Purchase transactions comprised, among other maintenance and repair of rolling stock, freight forwarding services, transshipment services and intermodal transport.

Sales transactions with other PKP Group related parties comprised, among others, train traction services, lease and operation of locomotives, services related to financial settlements with foreign rail freight companies, rolling stock maintenance services and sub-lease of property. Purchase transactions comprised, among others, access to rail infrastructure, lease of property, supply of utilities, maintenance of rail traffic facilities, purchase of network maintenance services, operation of IT systems.

In addition to commercial transactions, the Company had cash pooling settlements and settlements under a loan granted to a subsidiary, as disclosed in **Note 5.7** and **5.13** of these Standalone Financial Statements.

Compensation of key management personnel

Compensation of key management personnel presented in this note include the amounts of benefits disbursed in the relevant period.

Compensation of Management Board Members	2024	2023
Short-term benefits	1.8	3.7
Post-employment benefits	0.4	-
Termination benefits	0.5	-
Total	**2.7**	**3.7**

Compensation of Supervisory Board Members	2024	2023
Short-term benefits	1.3	1.4
Total	**1.3**	**1.4**

Compensation of other members of key management personnel	2024	2023
Short-term benefits	7.3	6.7
Termination benefits	0.4	0.3
Total	**7.7**	**7.0**

In the financial year ended 31 December 2024 and 31 December 2023, the members of the key management personnel did not enter into any loan and guarantee transactions with the Company.

All related party transactions were effected on an arm's length basis.

according to EU IFRS (in millions of PLN)

7.2 Liabilities to incur expenditures for non-financial non-current assets

Structure of liabilities to incur expenditures for non-financial non-current assets

	31 December 2024	31 December 2023
Contractual liabilities relating to the purchase of non-financial non-current assets	43.7	698.6
Total	**43.7**	**698.6**

The values of contractual liabilities presented as at 31 December 2024 concern mainly periodic repairs of the rolling stock and represent the maximum levels possible under these agreements.

7.3 Contingent liabilities

Accounting policy applied

According to the Company's accounting policy, a contingent liability is:
a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
(b) a present obligation that arises from past events but is not recognized in the statement of financial position or in the statement of profit or loss and other comprehensive income, because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

MATERIAL VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

Contingent liability items subject to material estimations pertain to claims brought against the Company to court. The decision on whether or not a claim should be recognized in the form of a provision or a contingent liability depends on an assessment of the probability of loss in the litigation carried out by internal legal services or external law firms. Such assessment of the estimates may change in subsequent periods as a result of future events, thus it may be necessary to establish a provision that would have an unfavorable effect on the Company's financial result.

Structure of contingent liabilities

	31 December 2024	31 December 2023
Guarantees issued at the request of PKP CARGO S.A. under restructuring	44.4	64.3
Other contingent liabilities	167.4	104.5
Total	**211.8**	**168.8**

Guarantees issued at the request of PKP CARGO S.A. under restructuring

As at 31 December 2024 there were outstanding guarantees issued by banks on the Company's order for commercial business partners. The guarantees comprised mainly performance bonds (worth PLN 44.0 million).
As at 31 December 2023 there were outstanding guarantees issued by banks on the Company's order for commercial business partners. The guarantees comprised mainly performance bonds (worth PLN 58.2 million), payment guarantees (worth PLN 3.6 million) and tender bonds (worth PLN 1.2 million).

Other contingent liabilities

This line item comprises the claims made against the Company in court proceedings in the case of which the probability of outflow of cash is assessed as low, and claims in the case of which it is not possible to make a reliable estimate of the payment amount in the future by the Company. The amounts presented in this note correspond to the value of the full claims reported by external entities. Assessment of the estimates may change in subsequent periods as a result of future events.

As at 31 December 2024, the Company recognized, under other contingent liabilities, the amount of interest accrued on liabilities covered by the composition, for the period from the opening date of the remedial proceedings to 31 December 2024. The Company believes that, in connection with the opening of the restructuring proceedings, the likelihood of a cash outflow due to the need to pay these interest amounts is lower than the likelihood that no payment will be required.

7.4 Disclosures following from Article 36g Section 1 of the Rail Transport Act

In accordance with Article 36g Section 1 of the Rail Transport Act, PKP CARGO S.A. under restructuring, being at the same time a rail carrier and service infrastructure operator, is obligated to prepare regulatory financial information through disclosure in the notes to these Standalone Financial Statements appropriate balance sheet (statement of financial position) and statement of profit or loss (statement of profit or loss and other comprehensive income) items separately for the business involving management of service infrastructure facilities. As part of this note the Company presents the statements mentioned above with a breakdown into different types of activity.

Rules governing the allocation of items of the statement of profit or loss and other comprehensive income

The Company allocates the items of the statement of comprehensive income to respective activities on the basis of accounting records. The Company keeps a record of expenses by nature using the Cost Centers and controlling orders. The analytical records of controlling objects makes it possible to single out and properly allocate the sales revenue items and direct and indirect operating expenses to its respective activities. Administrative expenses are allocated to respective activities using an allocation key based on the structure of the technical cost of services.
The items of other operating revenues and operating expenses are subject to detailed identification on the basis of accounting records. Since the Company has not identified any material items related to service infrastructure activities, these items were allocated fully to the Company's other activities.
Financial revenue and expense items are excluded from the division, except for the costs of settlement of the discount on account of the provision for employee benefits and interest expense on leases, which are allocated to individual activities using an allocation key and interest related to lease liabilities, which are subject to a detailed identification. Items excluded from such allocation include income tax and other comprehensive income items, since they are related to the activity of the whole Company.

Detailed information about the rules of allocation of the items of the statement of comprehensive income is presented below:

Item designation	Allocation key
Revenues from contracts with customers	detailed identification method
Operating expenses	detailed identification method / proportional method
Other operating revenue (and expenses)	detailed identification method / proportional method
Costs of settlement of discount on provisions for employee benefits	detailed identification method / proportional method
Interest expenses related to lease liabilities	proportional method
Financial revenue (and expenses)	excluded from the allocation
Income tax recognized in profit or loss	excluded from the allocation
Other comprehensive income	excluded from the allocation

Items of revenue from contracts with customers presented in the service infrastructure activities include revenues earned from external entities. On the other hand, cost items presented in service infrastructure activities include all costs generated by the Company in this activity, regardless of whether they were generated for the purposes of services provided to external entities or for the Company's own needs.

Rules governing the allocation of items of the statement of financial position

The Company allocates items of the statement of financial position to specific types of activity based on:

a) detailed identification of individual items of the statement of financial position

Detailed identification applies primarily to the items of property, plant and equipment (rolling stock and other), right-of-use asset, intangible assets, inventories, other non-financial assets, trade receivables and trade payables, the purchase and sale of non-financial non-current assets, settlements with employees, other provisions and partially provisions for employee benefits.

In the case of the property, plant and equipment items and right-of-use assets the Company performed a detailed identification of individual components used in the service infrastructure activities. As at 31 December 2024, assets identified as used in several separate types of activity were allocated to the type of activity which they are involved in for the most part.

In the case of inventory items the Company performed a detailed identification of individual components which may be used in the service infrastructure activities. The identified components were fully allocated to service infrastructure activities. Due to the general use of individual components it is not out of the question that in the future some of them may be used in other activities of the Company.

Provisions for employee benefits concerning retirement and disability severance pays, post-mortem benefits, jubilee awards and provisions for the Company Social Benefits Fund and transportation benefits for the current employees are calculated by an independent actuarial company.

7.4 Disclosures following from Article 36g Section 1 of the Rail Transport Act (cont'd)

In the case of trade receivables and trade payables and settlements with the employees, the Company allocated them to individual items on the basis of accounting records. In the case of the remaining items listed above, the Company has not identified material items associated with the service infrastructure activities, so all of these items were allocated to the Company's other activities.

b) an allocation key
Provisions for the Company Social Benefits Fund and transportation benefits for the current retirees and disability recipients are allocated on the basis of an allocation key based on the number of employees assigned to the service infrastructure activity and other activities. On the other hand, lease liabilities are allocated using the allocation key based on the structure of right-of-use assets used in the service infrastructure activity as compared to the overall value of the right-of-use assets.

c) exclusion of certain items from allocation.
Some items of the statement of financial position are not allocated to specific types of activity and are excluded from the allocation because they pertain to the activities of the whole Company. The items excluded from the allocation include mainly financial items such as: shares, cash and cash equivalents, other financial assets, liabilities on account of loans and borrowings and other financial liabilities. Other excluded items are: equity, deferred tax assets and liabilities and income tax and VAT settlements.

Detailed information about the rules of allocation of the items of the statement of financial position is presented below:

Item designation	Allocation key
ASSETS	
Rolling stock	detailed identification method
Other property, plant and equipment	detailed identification method
Right-of-use assets	detailed identification method
Investments in related parties	excluded from the allocation
Trade receivables	detailed identification method
Financial assets	excluded from the allocation
Non-financial assets	detailed identification method
Receivables on account of sale of non-financial non-current assets	detailed identification method
Public law receivables	excluded from the allocation
Other receivables	excluded from the allocation
Intangible assets	detailed identification method
Inventories	detailed identification method
Cash and cash equivalents	excluded from the allocation
Deferred tax assets	excluded from the allocation
EQUITY AND LIABILITIES	
Equity	excluded from the allocation
Bank loans and borrowings	excluded from the allocation
Lease liabilities	detailed identification method / proportional method
Trade payables	detailed identification method
Investment commitments	detailed identification method
VAT liabilities	excluded from the allocation
Current tax liabilities	excluded from the allocation
Employee compensation, PIT and ZUS liabilities	detailed identification method
Other liabilities	excluded from the allocation
Provisions for employee benefits	detailed identification method / proportional method
Other provisions	detailed identification method
Deferred tax liability	excluded from the allocation

according to EU IFRS (in millions of PLN)

7.4 Disclosures following from Article 36g Section 1 of the Rail Transport Act (cont'd)

Breakdown of the statement of profit or loss and other comprehensive income and the statement of financial position for 2023-2024 by type of activity:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Service infrastructure activities	Elimination of capitalized expenses	Other activities	Excluded items	2024
Revenues from contracts with customers	5.6	-	3,381.2	-	**3,386.8**
Consumption of electricity and traction fuel	-	-	(569.2)	-	**(569.2)**
Infrastructure access services	-	-	(398.2)	-	**(398.2)**
Other services	(24.9)	5.1	(317.7)	-	**(337.5)**
Employee benefits	(231.3)	19.2	(1,101.2)	-	**(1,313.3)**
Other expenses	(92.9)	18.2	(109.1)	-	**(183.8)**
Other operating revenue (and expenses)	-	-	(398.0)	-	**(398.0)**
Operating profit / (loss) before depreciation and amortization (EBITDA)	**(343.5)**	**42.5**	**487.8**	**-**	**186.8**
Depreciation, amortization and impairment losses	(19.9)	-	(2,749.7)	-	**(2,769.6)**
Profit / (loss) on operating activities (EBIT)	**(363.4)**	**42.5**	**(2,261.9)**	**-**	**(2,582.8)**
Financial revenue (and expenses)	(7.8)	-	(22.0)	(251.6)	**(281.4)**
Profit / (loss) before tax	**(371.2)**	**42.5**	**(2,283.9)**	**(251.6)**	**(2,864.2)**
Income tax	-	-	451.5	-	**451.5**
NET PROFIT / (LOSS)	**(371.2)**	**42.5**	**(1,832.4)**	**(251.6)**	**(2,412.7)**

	Service infrastructure activities	Elimination of capitalized expenses	Other activities	Excluded items	2023
Revenues from contracts with customers	5.8	-	4,219.7	-	**4,225.5**
Consumption of electricity and traction fuel	-	-	(746.9)	-	**(746.9)**
Infrastructure access services	-	-	(462.6)	-	**(462.6)**
Other services	(38.4)	12.8	(347.9)	-	**(373.5)**
Employee benefits	(239.3)	35.4	(1,272.0)	-	**(1,475.9)**
Other expenses	(168.8)	56.9	(123.0)	-	**(234.9)**
Other operating revenue (and expenses)	-	-	(63.1)	-	**(63.1)**
Operating profit / (loss) before depreciation and amortization (EBITDA)	**(440.7)**	**105.1**	**1,204.2**	**-**	**868.6**
Depreciation, amortization and impairment losses	(24.3)	-	(652.1)	-	**(676.4)**
Profit / (loss) on operating activities (EBIT)	**(465.0)**	**105.1**	**552.1**	**-**	**192.2**
Financial revenue (and expenses)	(10.7)	-	(26.2)	(98.1)	**(135.0)**
Profit / (loss) before tax	**(475.7)**	**105.1**	**525.9**	**(98.1)**	**57.2**
Income tax	-	-	(12.0)	-	**(12.0)**
NET PROFIT / (LOSS)	**(475.7)**	**105.1**	**513.9**	**(98.1)**	**45.2**

As part of the service infrastructure activities, costs were incurred in connection with the services performed for the needs of the Company's core business in the amount of approx. PLN 366.3 million in 2024 and approx. PLN 470.2 million in 2023.

according to EU IFRS (in millions of PLN)

7.4 Disclosures following from Article 36g Section 1 of the Rail Transport Act (cont'd)

STATEMENT OF FINANCIAL POSITION

	Service infrastructure activities	Other activity	Excluded items	31 December 2024
ASSETS				
Rolling stock	-	1,785.5	-	**1,785.5**
Other property, plant and equipment	86.1	306.1	-	**392.2**
Right-of-use assets	89.1	1,053.1	-	**1,142.2**
Investments in related parties	-	-	734.7	**734.7**
Lease receivables	-	-	29.0	**29.0**
Financial assets	-	-	18.8	**18.8**
Other assets	-	23.4	-	**23.4**
Deferred tax assets	-	-	590.8	**590.8**
Total non-current assets	**175.2**	**3,168.1**	**1,373.3**	**4,716.6**
Inventories	60.2	9.4	-	**69.6**
Trade receivables	0.7	392.8	-	**393.5**
Lease receivables	-	-	4.9	**4.9**
Financial assets	-	-	10.6	**10.6**
Other assets	-	39.2	56.7	**95.9**
Cash and cash equivalents	-	-	420.9	**420.9**
Total current assets	**60.9**	**441.4**	**493.1**	**995.4**
Non-current assets classified as held for sale	-	0.3	-	**0.3**
TOTAL ASSETS	**236.1**	**3,609.8**	**1,864.4**	**5,712.3**
EQUITY AND LIABILITIES				
Share capital	-	-	2,239.3	**2,239.3**
Supplementary capital	-	-	783.6	**783.6**
Other items of equity	-	-	(99.3)	**(99.3)**
Retained earnings / (Accumulated losses)	-	-	(2,412.7)	**(2,412.7)**
Total equity	**-**	**-**	**510.9**	**510.9**
Debt liabilities	113.1	842.7	671.2	**1,627.0**
Investment commitments	-	2.8	-	**2.8**
Provisions for employee benefits	41.8	362.5	-	**404.3**
Other provisions	-	11.9	-	**11.9**
Total non-current liabilities	**154.9**	**1,219.9**	**671.2**	**2,046.0**
Debt liabilities	29.5	189.7	724.2	**943.4**
Trade payables	23.2	1,108.5	-	**1,131.7**
Investment commitments	-	293.8	-	**293.8**
Provisions for employee benefits	8.3	77.6	-	**85.9**
Other provisions	-	10.5	-	**10.5**
Other financial liabilities	-	-	112.2	**112.2**
Other liabilities	40.0	84.3	453.6	**577.9**
Total current liabilities	**101.0**	**1,764.4**	**1,290.0**	**3,155.4**
Total liabilities	**255.9**	**2,984.3**	**1,961.2**	**5,201.4**
TOTAL EQUITY AND LIABILITIES	**255.9**	**2,984.3**	**2,472.1**	**5,712.3**

according to EU IFRS (in millions of PLN)

7.4 Disclosures following from Article 36g Section 1 of the Rail Transport Act (cont'd)

STATEMENT OF FINANCIAL POSITION

	Service infrastructure activities	Other activity	Excluded items	31 December 2023
ASSETS				
Rolling stock	-	4,078.1	-	**4,078.1**
Other property, plant and equipment	127.9	283.2	-	**411.1**
Right-of-use assets	127.8	1,034.6	-	**1,162.4**
Investments in related parties	-	-	897.1	**897.1**
Lease receivables	-	-	29.6	**29.6**
Financial assets	-	-	23.4	**23.4**
Other assets	-	31.6	-	**31.6**
Deferred tax assets	-	-	135.6	**135.6**
Total non-current assets	**255.7**	**5,427.5**	**1,085.7**	**6,768.9**
Inventories	65.0	27.3	-	**92.3**
Trade receivables	0.9	467.1	-	**468.0**
Lease receivables	-	-	2.9	**2.9**
Financial assets	-	-	4.6	**4.6**
Other assets	-	46.8	65.2	**112.0**
Cash and cash equivalents	-	-	120.2	**120.2**
Total current assets	**65.9**	**541.2**	**192.9**	**800.0**
Non-current assets classified as held for sale	-	-	-	**-**
TOTAL ASSETS	**321.6**	**5,968.7**	**1,278.6**	**7,568.9**
EQUITY AND LIABILITIES				
Share capital	-	-	2,239.3	**2,239.3**
Supplementary capital	-	-	738.4	**738.4**
Other items of equity	-	-	(85.1)	**(85.1)**
Retained earnings	-	-	45.2	**45.2**
Total equity	**-**	**-**	**2,937.8**	**2,937.8**
Debt liabilities	148.6	897.9	862.0	**1,908.5**
Investment commitments	-	15.6	-	**15.6**
Provisions for employee benefits	70.1	422.9	-	**493.0**
Other provisions	-	0.4	-	**0.4**
Total non-current liabilities	**218.7**	**1,336.8**	**862.0**	**2,417.5**
Debt liabilities	22.1	141.6	545.3	**709.0**
Trade payables	14.8	672.3	-	**687.1**
Investment commitments	-	314.6	-	**314.6**
Provisions for employee benefits	13.7	122.4	-	**136.1**
Other provisions	-	8.5	-	**8.5**
Other financial liabilities	-	-	140.5	**140.5**
Other liabilities	20.8	58.9	138.1	**217.8**
Total current liabilities	**71.4**	**1,318.3**	**823.9**	**2,213.6**
Total liabilities	**290.1**	**2,655.1**	**1,685.9**	**4,631.1**
TOTAL EQUITY AND LIABILITIES	**290.1**	**2,655.1**	**4,623.7**	**7,568.9**

7.5 Impact of climate change on the Company's activities

Protection of the natural environment is one of the three pillars of sustainable development. The guidance in this respect is to protect it, take care of the resources, reduce consumption of natural resources and generation of waste. The Company is aware of both the risks and opportunities associated with climate change, the urgent need to advance the circular economy, and the potential of rail transport to help mitigate these challenges. Low carbon intensity of rail transport makes it an excellent solution for reducing emissions across the transportation sector.

One of the key initiatives of the European Commission is a modal shift to rail transport so that it can gradually serve a growing flow of people and goods. As a leading rail freight operator in Poland and the European Union, the PKP CARGO under restructuring Group has the opportunity to be part of this solution.

The actions taken by the Company, i.e. the purchase of new rolling stock or the modernization of its existing rolling stock are aimed, among other things, at reducing electricity consumption in the freight transport process, as well as reducing the noise level of freight wagons by replacing cast iron brake blocks with composite ones.

The Company is exposed to the risk of climate change primarily due to the potential impact of climatic factors on the geographic and economic environment in which the Company operates.

As at 31 December 2024, climate risk has not had a material direct impact on the various areas in which estimations are carried out, including the impairment testing of selected assets, or on the Company's going concern issues for the period of 12 months after the date of approval of these financial statements.

7.6 Events after the balance sheet date

On 20 December 2024, the Supervisory Board of the Company adopted resolutions appointing the following persons to the Management Board of the 9th term of office:

- Ms. Agnieszka Wasilewska-Semail, entrusting her the function of the President of the Management Board effective as of 1 February 2025,
- Mr. Artur Warsocki, entrusting him the function of being the Management Board Member in charge of Commerce, effective as of 1 February 2025,
- Mr. Sebastian Miller, entrusting him the function of being the Management Board Member in charge of Operations, effective as of 1 January 2025,
- Mr. Paweł Miłek, entrusting him the function of being the Management Board Member in charge of Restructuring, effective as of 1 February 2025.

At the same time, the Company's Supervisory Board adopted a resolution to entrust the position of President of the Management Board to Mr. Paweł Miłek in the period from 1 January to 31 January 2025 and, by way of a resolution, ended the secondment of Mr. Marcin Wojewódka to periodically act as President of the Company's Management Board effective on 31 December 2024.

On 13 January 2025, the Company's Supervisory Board adopted:

- a resolution amending the date of appointing Ms. Agnieszka Wasilewska-Semail as President of the Company's Management Board to 20 January 2025,
- a resolution reducing the period of entrusting the position of President of the Management Board to Mr. Paweł Miłek to 19 January 2025, and a resolution to entrust the position of Vice-President of the Management Board to Mr. Paweł Miłek – the Management Board Member in charge of Restructuring.

On 14 February 2025, following a recruitment procedure, the Company's Supervisory Board adopted a resolution to appoint Mr. Michał Łotoszyński to the PKP CARGO S.A. Management Board as Management Board Member in charge of Finance, effective from 17 February 2025, for the 9th joint term of office.

On 14 March 2025, the subsidiary PKP CARGOTABOR Sp. z o.o. under restructuring filed with the District Court for the City of Warsaw a restructuring plan drawn up for the needs of the pending remedial proceedings.

On 19 April 2025, the Commissioner Judge issued a Decision pursuant to Article 298 sec. 1, 2 and 3 of the Restructuring Law Act, accepting fully the Administrator's petition and granting consent for the Administrator to withdraw from the mutual agreement, i.e. the Agreement on mutual obligations of the Parties to Company Collective Bargaining Agreement for Employees of PKP CARGO S.A. under restructuring Units of 14 February 2005 (the "Valentine's Day Agreement"), with subsequent annexes to the Agreement. In accordance with the above Decision, the Commissioner Judge granted his consent for the Administrator to withdraw from the Valentine's Day Agreement effective from the opening date of the Company's remedial proceedings, i.e. from 27 July 2024. The Decision is not legally binding.

Other events occurring after the balance sheet date are described in **Note 1.3** to these Standalone Financial Statements.

7.7 Approval of the financial statements

These Standalone Financial Statements were approved for publication by the Administrator of PKP CARGO S.A. under restructuring on 28 April 2025.

The Administrator of PKP CARGO S.A. under restructuring

Izabela Skonieczna-Powałka
The Administrator of PKP CARGO S.A. under restructuring
(license no. 772)

Warsaw, 28 April 2025