

PKP CARGO Group financial and operational results

for 2024



Warsaw, April, 29 2025





> Agenda

- **Introduction**
- Summary of results
- Operating results
- Financial results
- Development plans

> Introduction

- The loss in 2024 is mainly the result of a decrease in revenue (19%) without and even more pronounced decrease in operating costs (8%), as a result of the restructuring measures taken last year and the amount of write-downs, which are mainly the aftermath of a mismatch between rolling stock and freight work.
- The decrease in sales revenue is the result of both a general reduction in the weight of goods on the market, including coal, which is still the dominant category among good transported by PKP CARGO and the highest percentage share in the freight market (40% in relation to 20%).
- The Company struggled with an imbalance in costs (especially fixed costs) in relations to the structure of operations, which led to their significant overspending in a situation of falling sales. The redundancy processes carried out in the Company and its subsidiaries have partially addressed this problem and should yield tangible results in the following periods. However, further operational and non-operational assets and operational support processes.
- The Company, being in a court-ordered reorganization process (sanctioning proceedings), is required to submit a comprehensive restructuring plan, covering not only corrective measures within the Company itself, but also the Company's and the Group's long-term development strategy. This plan will be filed with the court by 30 June 2025.

Despite negative results and significant Staff reductions, the Company is fully operational, fulfilling its contracts and acquiring new ones. It is solvent and pays its current liabilities on time.



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> PKP CARGO Group results for 2024

REVENUE FROM CONTRACTS
WITH CUSTOMERS

PLN 4 460,4 m

-18,8% y/y

NET RESULTS

PLN -2 412,6 m

-2 494,7 m y/y

EBITDA

PLN 299,7 m

-72,3% y/y
profitability 20%

GOOD MASS

70,8 m tons

-14,3% y/y

CAPITAL
EXPENDITURE
(CAPEX)

PLN 590,4 m

-65,7% y/y

COST AT EBITDA LEVEL

PLN 4 219,6 m

-5,6% y/y

TRANSPORT
WORK

17 981 m tkm

-19,3 % y/y





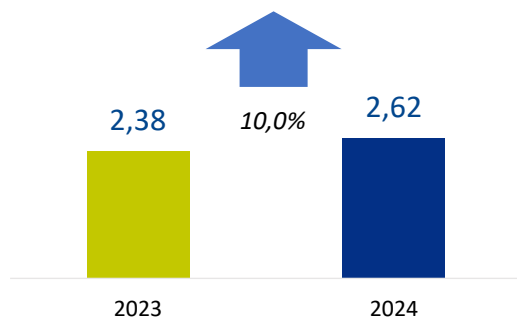
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> PKP CARGO Group's transport work in 2024

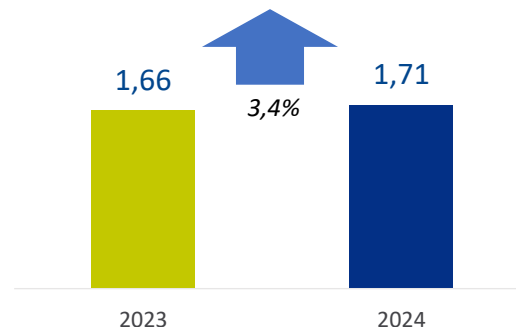
Intermodal transport

Transport work, billion tkm



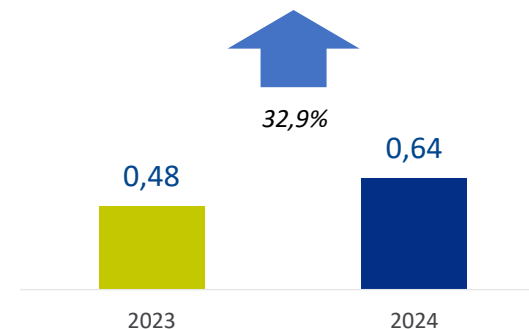
Chemical products

Transport work, billion tkm



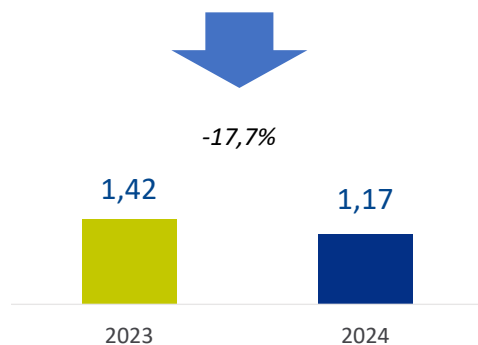
Liquid fuels

Transport work, billion tkm



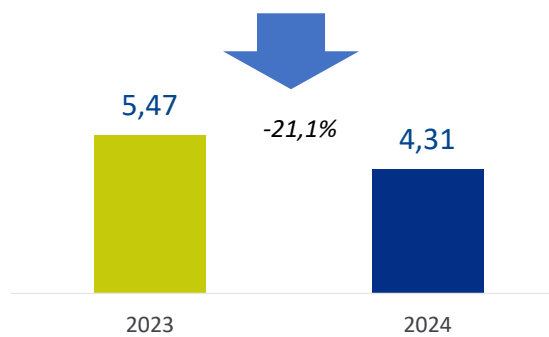
Metals and ores

Transport work, billion tkm



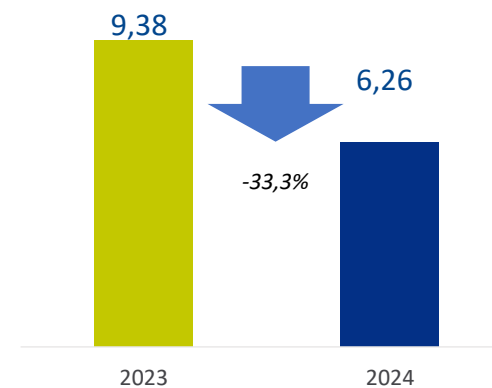
Aggregates and building materials

Transport work, billion tkm



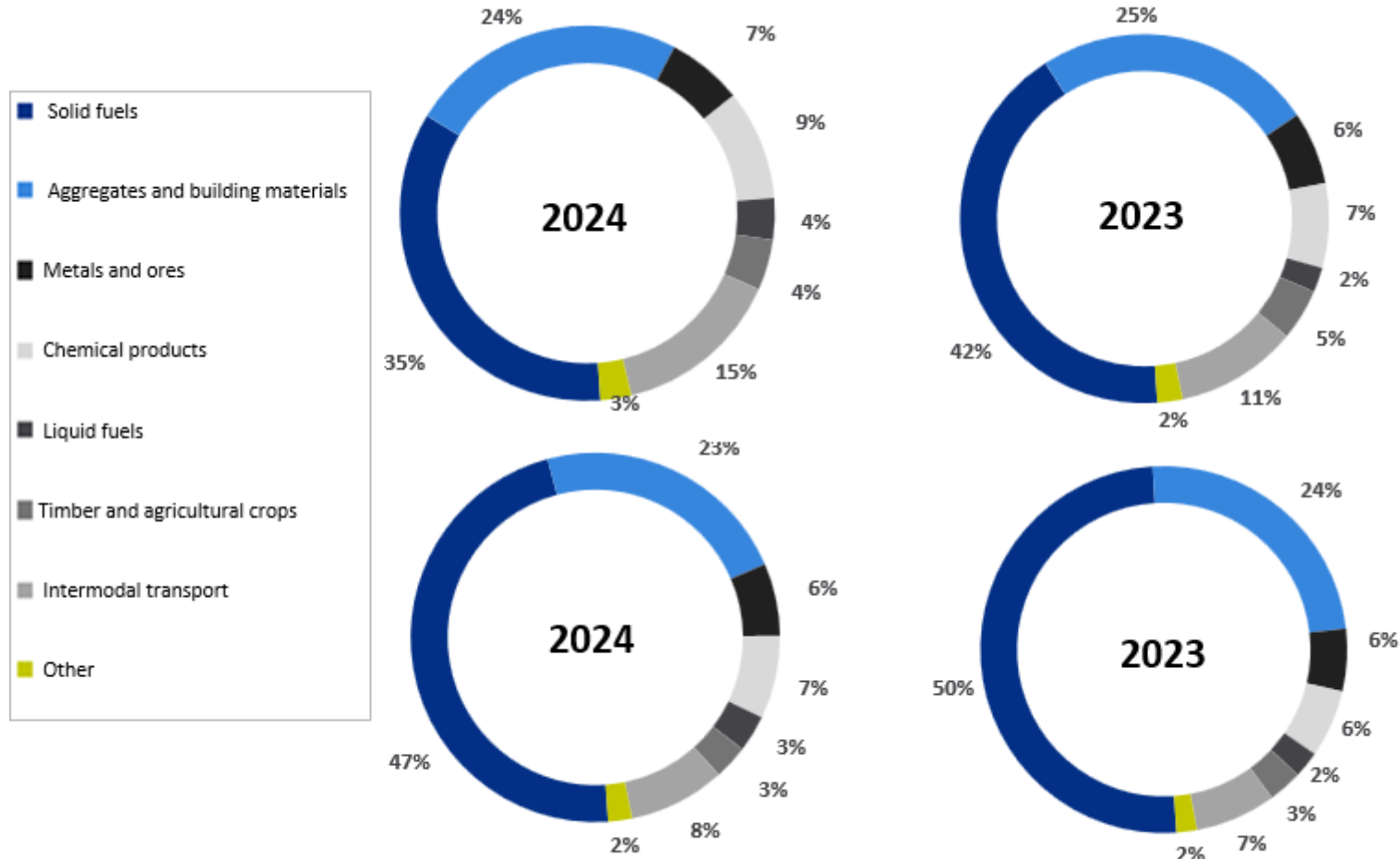
Solid fuels*

Transport work, billion tkm



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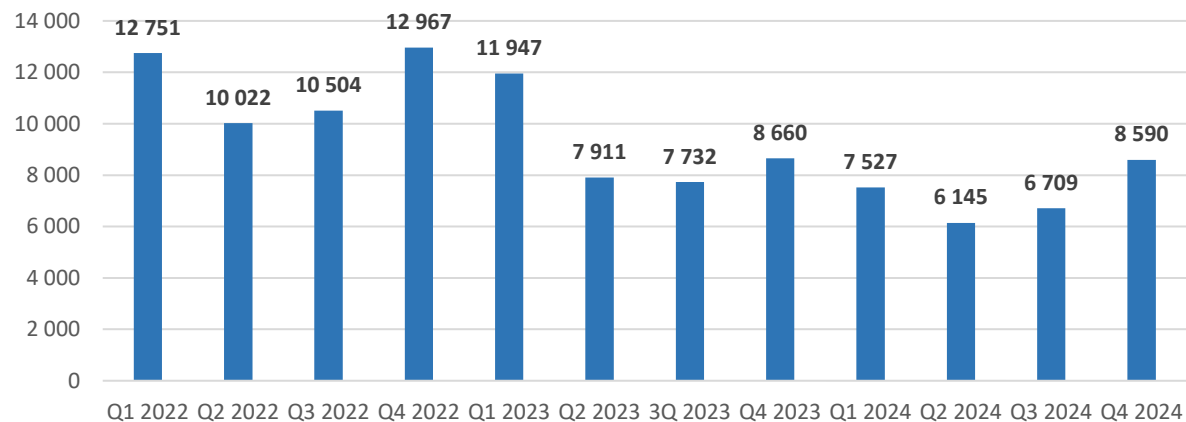
> PKP CARGO Group freight work and weight in 2024



> Transport of coal

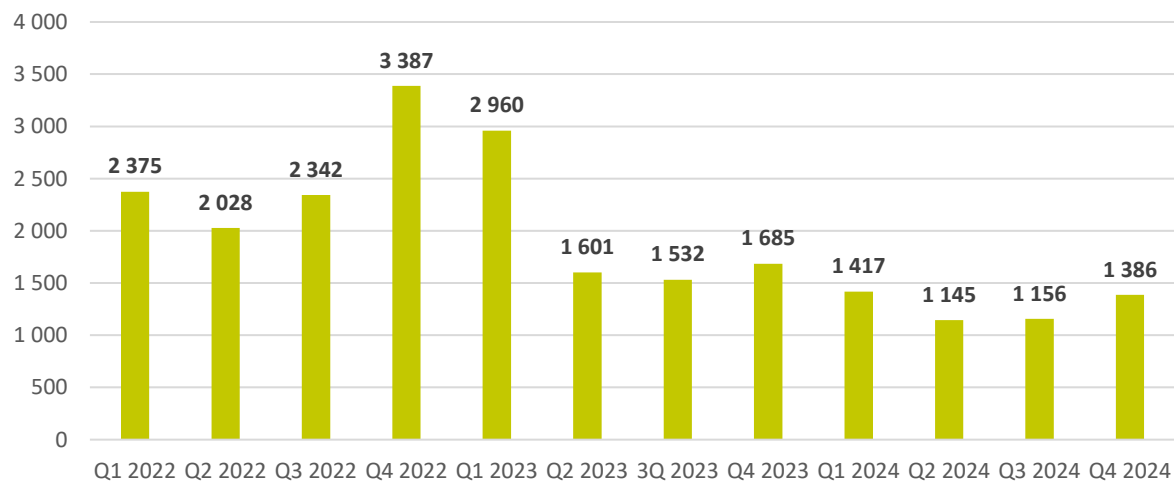
Transport: hard coal

Cargo weight (thousands of tons)



Transport: hard coal

Transport work (tkm m)



- A gradual reduction on the share of hard coal as a fuel as companies adapt their operations to the requirements of climate policy.
- Increasing competitiveness of other fuels, development of electricity generation from RES, implementation of transition policies resulting in lower demand for this raw material,

> Investment expenditure – PKP CARGO Group

Expansion and investment in modern rolling stock

Structure of rolling stock used by
PKP CARGO Group



Wagons

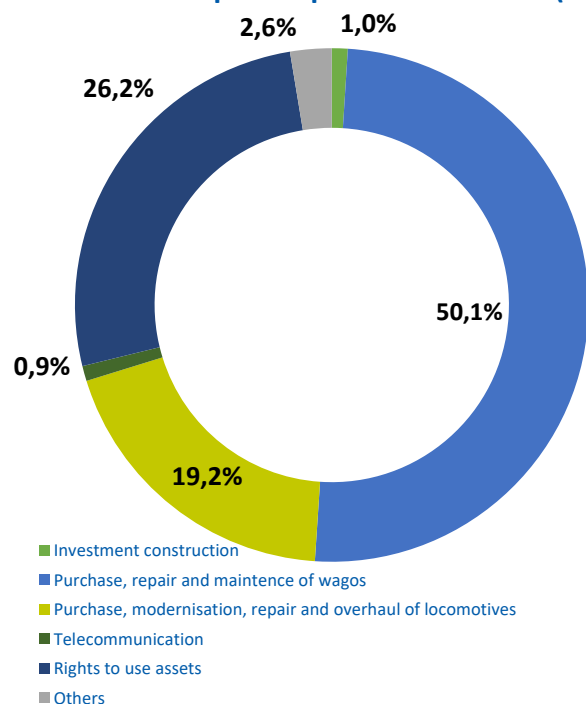
52 039 (52 358 – 2024)



Locomotives

1 562 (1 549 - 2024)

Structure of capital expenditure in 2024 (PLN m)



	2023	2024	Change y/y	Change % y/y
Investment construction	92,9	5,9	-87	-93,6%
Purchase, repair and maintenance of wagons	771,2	295,5	-475,7	-61,7%
Purchase, modernization, repair and overhaul of locomotives	403,6	113,2	-290,4	-72,0%
Teleinformation	25,5	5,6	-19,9	-78,0%
Asset use rights ¹⁾	393,5	154,8	-238,7	-60,7%
Others	34,7	15,4	-19,3	-55,6%
Total	1 721,4	590,4	-1 131,0	-65,7%

1) Expenditure on right of use of assets does not include increases resulting from the leaseback of rolling stock and technical equipment for 2024 in the amounting of PLN 6.2 million, for 2023 in the amount of PLN 260.4 million.

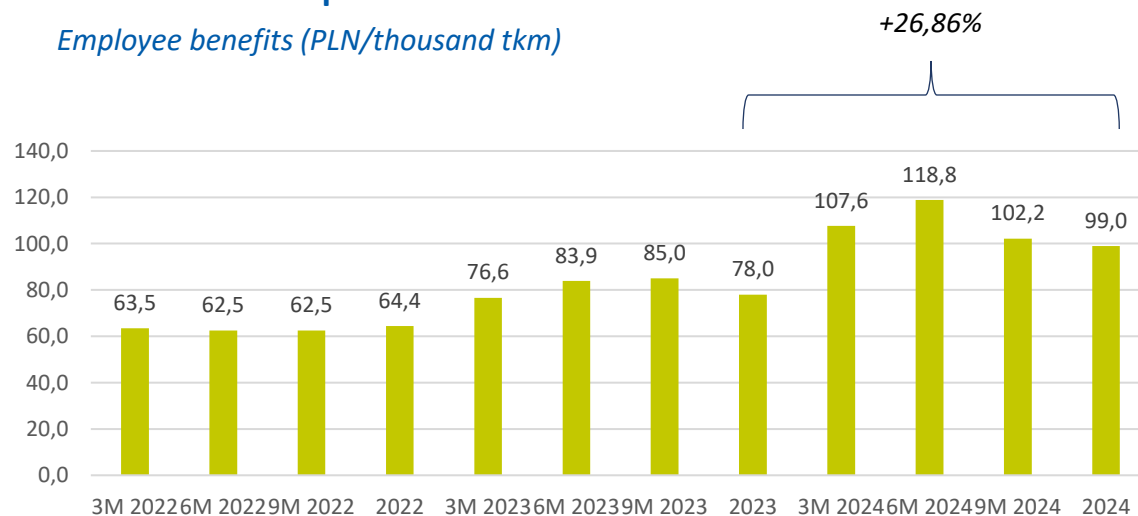
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> Employment in PKP CARGO Group

EMPLOYMENT IN THE GROUP (PERSONS) AS AT:	EMPLOYMENT IN THE COMPANY (PERSONS) AS AT:	AVERAGE EMPLOYMENT IN THE GROUP (FTES) DURING THE PERIOD:	AVERAGE EMPLOYMENT IN THE COMPANY (FTES) DURING THE PERIOD:
31/12/2024 14 734	31/12/2024 9 786	12 MONTHS 2024 17 519	12 MONTHS 2024 12 178
31/12/2023 19 933	31/12/2023 14 062	12 MONTHS 2023 19 854	12 MONTHS 2023 14 071
LABOUR POSITIONS IN GROUP (PERSONS) AS AT:	STAFF POSITIONS IN THE COMPANY (PERSONS) AS AT:	NON-MANUAL POSITIONS IN GROUP (PERSONS) AS AT:	NON-MANUAL POSITIONS IN THE COMPANY (PERSONS) AS AT:
31/12/2024 10 997	31/12/2024 7 369	31/12/2024 3 737	31/12/2024 2 417
31/12/2023 15 108	31/12/2023 10 657	31/12/2023 4 825	31/12/2023 3 405

PKP CARGO Group unit costs

Employee benefits (PLN/thousand tkm)



■ In the course of 2024, the Management Board of PKP CARGO undertook measures to optimize the Company's cost area, which were aimed at ensuring financial stability and improving its profitability.

■ These decisions concerned cost reductions, including Staff costs and reorganizations, introduces as part of the improvement of the financial performance of PKP CARGO S.A in restructuring. These actions were aimed at ensuring financial stability, further development of the Company and regaining its strong market position.

■ Group redundancies at PKP CARGO covered 2515 employees, and the cost of the restructuring provision created in 2024 related to severance payments and compensation for the redundant employees amounted to approximately 113.25 PLN m. In addition, the Company's employment decreased by an additional 1150 employees who terminated employment for other reasons (e.g. retirement or termination by the employee). Ultimately, the headcount was reduced by 27%. The number of employees made redundant as at 31.12.2024 was 26, representing 0.26% of the Company's workforce.

■ 475 employees of the Subsidiary were made redundant in PKP CARGOTABOR. The cost of conducting the process of group layoffs amounted to 10.2 PLN m.



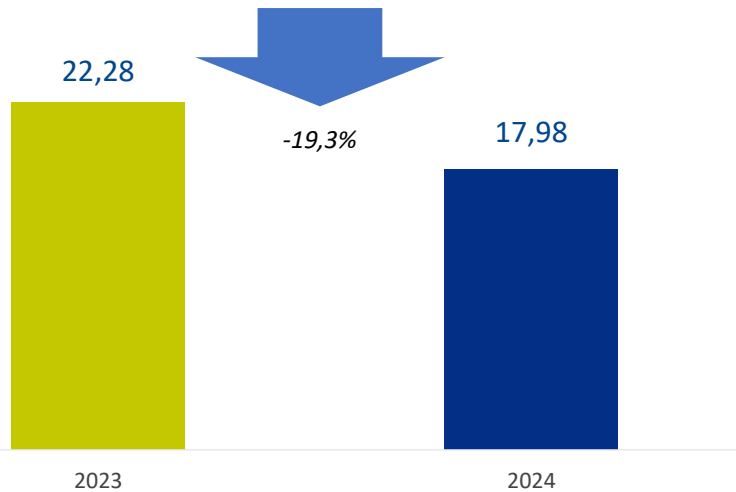
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> Freight work and total weight of PKP CARGO Group in annual comparison

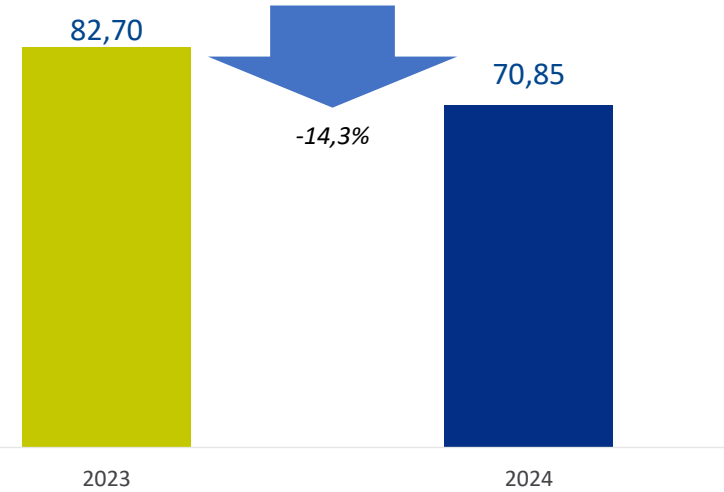
Transport work

billion tkm



Weight of goods

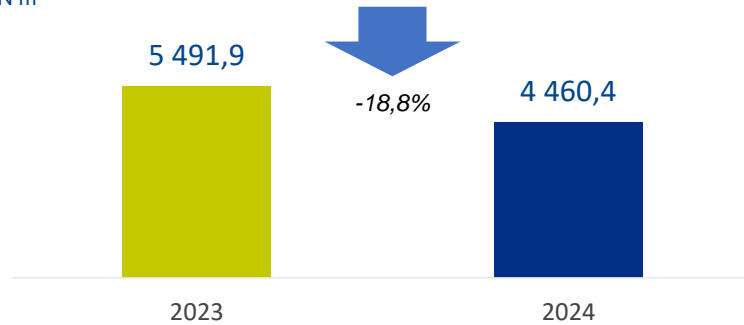
m tons



> Key financial results

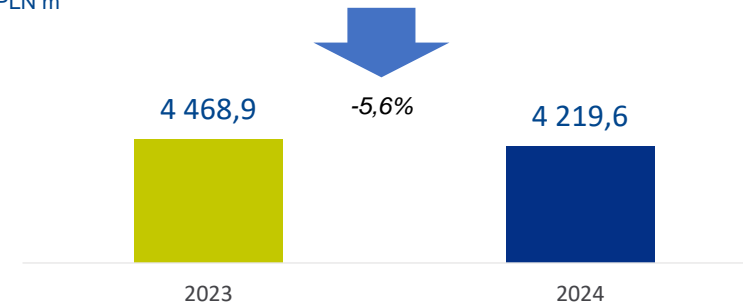
Revenue from contracts with customers

PLN m



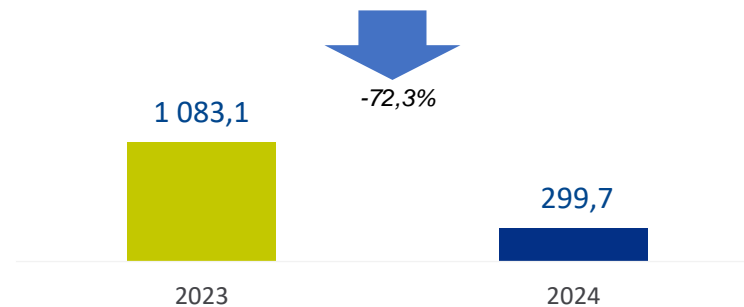
Costs at EBITDA level

PLN m



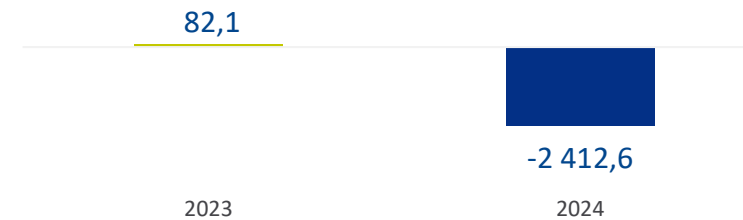
EBITDA

PLN m



Net result

PLN m

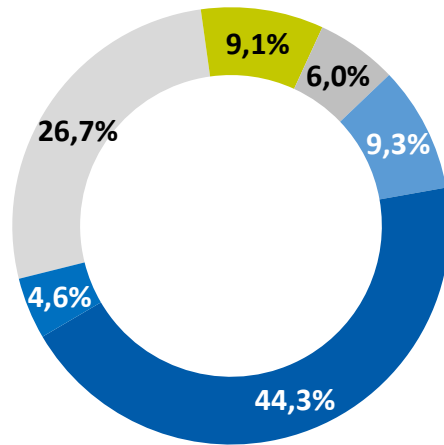


> Operating costs in a challenging market environment

Structure and change of operating costs for 2024

PLN m

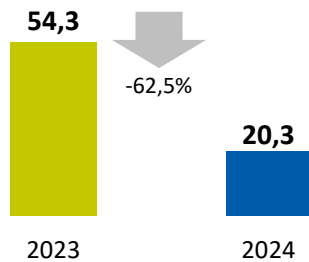
- Employee benefits costs
- Energy and traction fuel consumption
- Infrastructure access services
- Transport and other services
- Depreciation and impairment losses
- Other costs



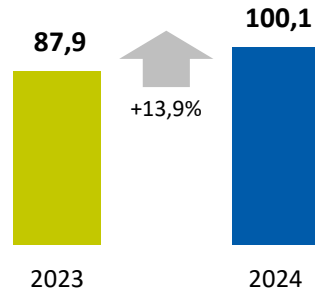
	2023	2024	Change y/y	Change % y/y
Employee benefits	1 958,4	1 799,6	-158,8	-8,1%
Energy and traction fuel	796,3	611,9	-184,4	-23,2%
Access to infrastructure	473,9	409,1	-64,8	-13,7%
Transport and other services*	762,9	628,9	-134,0	-17,6%
Depreciation and write-offs	791,7	2 991,1	2 199,4	277,8%
Other costs**	372,4	308,2	-64,2	-17,2%
Total	5 155,6	6 748,8	1 593,2	30,9%

Unit costs per transport operation

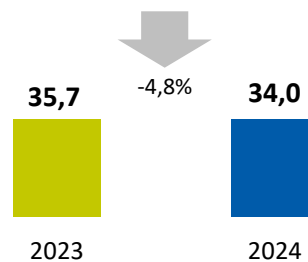
EBITDA per employee (PLN thousand/employee)



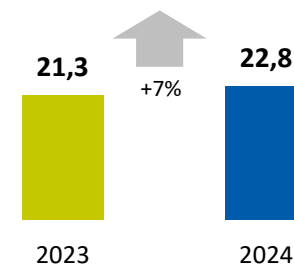
Employee benefits (PLN thousand tkm)



Energy and traction fuel (PLN thousand tkm)



Access to infrastructure (PLN thousand tkm)

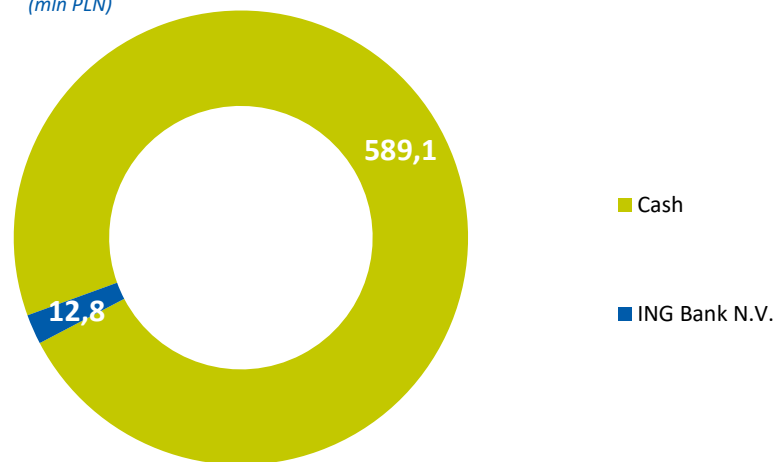


> Cash flow, liabilities and financing sources

Improvement of financial structure

Available funding sources as 31.12.2024

(mln PLN)



Structure of liabilities

(PLN m)

Commitments	31.12.2023	31.12.2024
Long-term	2 784,2	2 378,7
Short-term	2 333,3	3 314,7
Total liabilities	5 117,5	5 693,4
<i>Included in the list of receivables PKP CARGO S.A and PKP CARGOTABOR*</i>	0,0	2 800,3

Indicator	2023	2024
EBITDA margin	19,5%	6,6%
ROA	1,0%	-37,5%
ROE	2,6%	-323,3%
ROS	1,5%	-53,4%

Cash flow

(PLN m)

Cash flow	2023	2024	Change
Operational	1 211,0	1 031,9	-179,1
Investment	-987,1	-420,7	566,4
Financial	-133,4	-281,5	-148,1

➤ Independent auditor's report on the financial statements of the Company and the Group

- On 28 April 2025, the Company received the Independent Auditor's Report on the annual separate and annual consolidated financial statements containing a disclaimer of opinion. At the same time, the auditor concluded that the Directors' Report had been prepared in accordance with the applicable regulations. Group sustainability reporting, presented as a separate part of the Group management report and presented in chapter 10 of this report, subject to separate attestation – a positive unmodified opinion was issued. Grant Thornton Polska P.S.A was appointed to audit the separate and consolidated financial statement of the Group for the years 2021-2025 by a resolution of the Ordinary General Meeting of Shareholders for the Parent Company dated 28 June 2021.

➤ Independent auditor's report on the financial statements of the Company and the Group

- The Manager's position on the refusal of the audit firm to express an opinion

The administrator of the Company states that, in his opinion, the continuation of the Company's and the Group's operations is not at risk, due to the fact that restructuring proceedings have been opened. The Company is very advanced in its work, with the support of a reputable financial advisor, on the preparation of the Restructuring Plan and the deadline for its submission is not at risk. The key issue underlying at the auditor's position, i.e. the lack of a complete Restructuring Plan to authenticate and substantiate the going concern principle, has been disclosed in the Company's accounts in the form of an additional impairment charge. The Company and the Group are operating on an ongoing basis and will therefore have sufficient funds to cover current liabilities maturing over the next 12 months. It will therefore be possible for it to maintain liquidity without the need for additional external sources of funding. Thus, in the opinion of the Company's Resolution Administrator, all estimates and forecasts adopted remain reasonable in the current economic environment for the Company and the Capital Group.

- Opinion of the Supervisory Board on the refusal of the audit firm to express and opinion

The refusal to express an opinion should be regarded as significant, but neutral in relations to the continued viability of the Company and the Group, is due to the uncertainty regarding the approval of the restructuring plan and the payment of current liabilities by the Company and the Group, which, in the opinion of the Supervisory Board of the Company at the data of this opinion, does not constitute a significant risk.



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> Sanation

- On 27 June 2024, the Board decided to apply to the court to open sanation proceedings
- The application was made in order to improve the financial and liquidity position of the Company. The Board took this decision with the best interests of the Company and its shareholders in mind. The court-supervised restructuring process allows the Company to continue its operations to achieve the best possible outcome for creditors, employees and shareholders. It also allows the Company to come to an agreement with its creditors without the pressure of suddenly having multi-million dollar liabilities due. It allows the Company to maintain its liquidity and operational capacity.
- On 25 July 2024, the Company received an Order to open sanation proceedings. The debtor was allowed to exercise management over the entire company to an extent not exceeding the scope of ordinary management and an administrator was appointed, Ms. Izabela Skonieczna-Powałka (license number 772)
- On 2 September 2024, the subsidiary company PKP CARGOTABOR Sp. z o.o. received a decision on the opening of the sanation proceedings of PKP CARGOTABOR Sp. z o.o., the debtor's own management was left in place, and the administrator Geronim Lewandowski Restrukturyzacje Sp. z o.o. was appointed.
- On 28 February 2025, the Administrator of PKP CARGO S.A in restructuring submitted to the Court a list of the Company's creditors.
- Within the framework of the actions taken, the Company has implemented or is in the process of implementing: reduction of employment, termination of some of the lease agreements redundant for its operations, sale of some of its assets, reduction of investment outlays and their adjustment to transport needs, reorganization of the Company's organizational structure. All details of these actions and the strategy of changes of PKP CARGO S.A in the Restructuring Plan, which will be published in June 2025

➤ Restructuring plan and further development – assumptions

- Identify the exact role of PKP CARGO and the Group in the rail freight market, including mutual synergies and process bottlenecks.
- Optimizing cost optimization and improving operational efficiency (including minimizing financial risks) by implementing a new sales strategy and reorganizing and automating operational processes.
- Implementing a sales and operational excellence strategy to align customer terms and conditions with current market needs and competitive activities, enabling a flexible response to the changing business environment, improving customer satisfaction and maintain cost discipline.
- Concentrating resources and aligning processes for growth in promising market segments such as specialized haulage and intermodal, while reducing activity and divestment in deviling or low-margin areas.
- Introduce mechanisms to invest in rolling stock and technology and implement a remuneration/ bonus system based on contribution to company performance and value growth of the Company and Group.

Thank you for your attention

For further information, please contact
Management, Promotion and Investor Relations Office

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