

# Auditor's opinion on the audit of annual financial statements

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**Grant Thornton Polska P.S.A.**  
ul. Abpa Antoniego Baraniaka 88 E  
61-131 Poznań  
Poland

T +48 61 62 51 100  
F +48 61 62 51 101  
[www.GrantThornton.pl](http://www.GrantThornton.pl)

For the Shareholders of PKP Cargo Spółka Akcyjna under restructuring

## Report on the audit of the annual financial statements

### *Grounds for the opinion*

We have been engaged to audit the annual financial statements of PKP CARGO Spółka Akcyjna under restructuring (Company) with its registered office in Warsaw at ul. Grójecka 17, which comprise the statement of financial position prepared as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the financial year ended on that date, and notes to the financial statements containing information on significant accounting policies and other explanatory information.

We are not expressing an opinion on the accompanying annual financial statements. Due to the significance of the matters described in the "Grounds for the refusal to issue an opinion" section, we have been unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the annual financial statements in question.

Our refusal to issue an opinion is consistent with the additional report for the Audit Committee issued on the date of this audit report.

### *Grounds for the refusal to issue an opinion*

In note 1.3 "Going concern assumption, restructuring measures," the Company's management (i.e. the Restructuring Administrator) presented selected information explaining the following circumstances and the resulting significant uncertainty regarding:

- recording of negative financial results, chiefly due to a decrease in revenues from contracts with customers (as a result of a lower freight volume),
- consequences of the ongoing war in Ukraine and the energy crisis in Europe (along with higher energy prices), exerting a significant impact on businesses and resulting in relatively low freight volumes,
- activities of the Company in 2022-2023 focused on moving coal from seaports to energy industry customers, which limited its ability to compete in the most profitable freight categories and resulted in the loss of some customers,
- high inflation that persisted in 2023, causing an increase in prices for purchased commodities, materials and services, while putting strong upward pressure on raising employee wages,
- pursuit of an expansionary investment policy resulting from large capital expenditures, predominantly in the rolling stock area,
- significant decline in demand for the services provided by the Company, which exerted into a negative impact on its financial and liquidity standing and its ability to settle its current liabilities, including in the form of failure to meet the conditions specified in the loan agreements entered into by the Company as at 31 December 2024.

At the same time, on 27 June 2024, the Company filed a petition for the opening of remedial proceedings, following which, on 25 July 2024, it received a decision on the opening of restructuring proceedings. As at the date of preparation of the financial statements, the Company is in the process of preparing a Restructuring Plan. On 28 February 2025, the Restructuring Administrator obtained approval from the Judge-Commissioner to extend the deadline for submitting the Restructuring Plan until 30 June 2025.

During the conduct of our audit procedures, we failed to obtain sufficient and appropriate evidence to provide a basis for stating whether the going concern assumption adopted by the Company when preparing the financial statements is valid and whether the accounting estimates regarding, among others, liabilities and impairment losses are correct. Most importantly:

- We have not received sufficient and appropriate audit evidence to confirm the stance adopted by the Company's management that the remedial proceedings will be accepted by the court and the Company's creditors.
- We were unable to obtain what we would consider sufficient and appropriate audit evidence in relation to the information presented in the financial statements that current cash flow projections indicate that the Company will have sufficient funds generated from current operations to cover the its current liabilities maturing within the upcoming 12 months. As at the date of the audit report, we have not received a restructuring plan or, in particular, long-term financial forecasts from the Company, because according to the statement by the Company's management, work on these documents is in progress. The deadline for submitting the aforementioned document to the court had already been postponed in the past. The lack of documentation related to these areas prevents us from assessing the likelihood that the restructuring plan will be completed within the next two months and that liquidity will be maintained. The liquidity models that have been presented contain assumptions for which we have not obtained sufficient and appropriate audit evidence. This situation also prevents us from assessing whether the assumptions and plans envisaged by the Company will be implemented in accordance with its expectations.

In connection with these matters, which exert a material and extensive impact on the financial statements, we have been unable to verify the going concern assumption adopted by the Company's management and whether any adjustments might be considered necessary in relation to recognized and unrecognized liabilities, provisions and impairment losses as well as other components of the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows.

#### *Key audit matters*

Other than the matters described in the "Grounds for the refusal to issue an opinion" section, there are no other key audit matters, including the most significant assessed risks of material misstatement, that are required to be reported in our audit report.

#### *Responsibility of the Entity's management and Supervisory Board for the annual financial statements*

The Company's management is responsible for the preparation, based on properly kept accounting ledgers, of the annual financial statements which gives a true and fair view, in all material respects, of the Company's financial standing, financial performance and cash flows in compliance with International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of European Commission regulations, adopted accounting principles (policies) and applicable laws as well as the Company's 'Articles of Association. The Company's management is responsible for internal control as it determines is necessary to enable the preparation of the annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Company's management is responsible for assessing the Company's ability to continue as a going concern, disclosing, where applicable, matters related to going concern and for adopting the going concern basis of accounting, except where the Company's management either intends to

liquidate the Company or discontinue its operations, or there is no realistic alternative to the liquidation or discontinuation of operations.

Pursuant to the Accounting Act of 29 September 1994 (Accounting Act), the Company's management and Members of the Company's Supervisory Board are required to ensure that the annual financial statements comply with the requirements of the Accounting Act. Members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

#### *Auditor's responsibility for the audit of the annual financial statements*

We are responsible for auditing the annual financial statements in accordance with:

- Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Act on Statutory Auditors),
- National Auditing Standards as adopted by resolutions of the National Council of Auditors and the Polish Agency for Audit Oversight (NAS), and
- Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (Regulation 537/2014).

However, due to the matters described in the "Grounds for the refusal to issue an opinion" section of our report, we have been unable to express an opinion on the annual financial statements in question.

The scope of our audit has not included an assurance on the Company's future viability or the efficiency or effectiveness of the management of the Company's affairs now or in the future.

We are independent of the Company within the meaning of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), adopted by resolution of the National Council of Auditors as the professional ethics rules for certified auditors and with other ethical requirements applicable to the audit of financial statements in Poland. In particular, during the audit, the key auditor and the audit firm remained independent of the Company in compliance with the independence requirements set out in the Act on Statutory Auditors and Regulation 537/2014. Moreover, we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

## **Report on other requirements of the law and regulations**

### *Activity report, corporate governance statement*

#### *Responsibility of the Entity's management and Supervisory Board*

The Company's management is responsible for preparing the activity report and the corporate governance statement, which is a separate part of the report, in compliance with the Accounting Act and other applicable laws. Moreover, the Company's management and Members of the Company's Supervisory Board are required to ensure that the activity report fulfills the requirements of the Accounting Act.

#### *Responsibilities of the auditor*

We are not expressing any form of assurance under National Auditing Standards regarding the activity report or the corporate governance statement, which is a separate part thereof. Our responsibility in accordance with the requirements of the Act on Statutory Auditors is to express an opinion on whether the activity report, to the extent unrelated to sustainability reporting, has been prepared in accordance with the regulations and whether it is consistent with the information contained in the annual financial statements, and to make a statement as to whether, in the light of our knowledge of the Company and its environment obtained during our audit, we have identified any

material misstatements in the activity report with an indication of the nature of each such material misstatement. Moreover, we are required to express an opinion on whether the Company has included the required information in its corporate governance statement.

#### *Opinion on the activity report*

In our opinion, the activity report has been prepared in compliance with the applicable regulations, specifically in compliance with the provisions of Article 49 of the Accounting Act and §70 of the Regulation of the Minister of Finance of 29 March 2018 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent (Regulation on Current and Periodic Information) and is consistent with the information contained in the attached annual financial statements. Furthermore, we declare that, based on our knowledge of the Company and its environment obtained during our audit of the annual financial statements, we have not identified any material misstatements in the activity report, except for the possible consequences of the issues described in the "Grounds for the refusal to issue an opinion" section.

#### *Opinion on the corporate governance statement*

In our opinion, the Company's corporate governance statement contains the information specified in §70(6)(5) of the Regulation on Current and Periodic Information. The information specified in §70(6)(5)(c)–(f), (h) and (i) of the Regulation on Current and Periodic Information contained in the corporate governance statement is consistent with the applicable regulations and the information contained in the annual financial statements.

#### *Information on sustainability reporting and its assurance*

The Group's sustainability reporting, presented as a separate part of the Group's activity report and presented in section 10 of this report, is subject to a separate assurance engagement carried out by our audit firm and a different key auditor than the one who has audited the financial statements.

#### *Statement on non-audit services*

To the best of our knowledge and belief, we declare that we have not provided any non-audit services that are prohibited by Article 136 of the Act on Statutory Auditors and Article 5(1) of Regulation 537/2014.

#### *Fee charged by the audit firm and its network companies*

The fee charged by the audit firm and Grant Thornton network companies paid and due from the Company and its subsidiaries for the audited financial year was:

Type of services	Network fee*	including that of the audit firm Grant Thornton Polska P.S.A.*
Audit of the Parent Company's annual financial statements	149,026.44	149,026.44
<i>including:</i>		
<i>Audit of the Parent Company's standalone annual financial statements</i>	112,934.10	112,934.10
<i>Audit of the Parent Company's annual consolidated financial statements</i>	36,092.34	36,092.34
Audit of the annual financial statements of related parties	349,677.22	85,050.33

Review of the financial statements of the Parent Company and related parties	176,091.82	107,296.52
Other assurance services	300,649.90	231,000.00
Related services	9,702.24	9,702.24
<b>Total</b>	<b>985,147.62</b>	<b>582,075.53</b>

\* The fee for services is provided in consideration of the applicable indexation provisions and at the exchange rate published by the National Bank of Poland on 31 December 2024

#### *Selection of an audit firm*

We were selected to audit the Company's annual financial statements for 2021–2025 by the 28 June 2021 Resolution of the Company's Ordinary Shareholder Meeting. We have been auditing the Company's financial statements continuously since the financial year ended 31 December 2021.

Marcin Diakonowicz

Statutory Auditor No. 10524  
Key auditor conducting the audit on behalf of  
Grant Thornton Polska Prosta Spółka Akcyjna,  
Poznań, ul. Abpa Antoniego Baraniaka 88 E, audit firm no. 4055

Warsaw, 28 April 2025