Q1

2025

Additional Information to the

Consolidated Quarterly Report of the PKP CARGO under restructuring Group

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ADDITIONAL INFORMATION TO THE CONSOLIDATED QUARTERLY REPORT FOR Q1 2025

1. Organization of the PKP CARGO under restructuring Group

1.1 Highlights on the Company and the PKP CARGO under restructuring Group

The PKP CARGO S.A under restructuring Group (hereinafter also referred to as the "PKP CARGO Group" or the "Group") is a rail freight operator in Poland and the European Union ("EU") that has provided comprehensive logistics services for years. The Group's development is focused on enhancing and extending its operations in terms of its product range and geographic area. Apart from transport activity, the PKP CARGO Group provides complementary services supporting the Group in the area of rail freight, including siding and traction services, terminal services and forwarding services.
The PKP CARGO Group holds licenses for the provision of rail freight services in the following 9 EU countries: Lithuania, Slovakia, Hungary, Slovenia, Austria, the Czech Republic, Germany, the Netherlands and Poland.

As at 31 March 2025, the PKP CARGO under restructuring Group consisted of the following entities:

a) 20 subsidiaries of PKP CARGO S.A. under restructuring, controlled directly or indirectly (by entities controlled by PKP CARGO S.A. under restructuring ("PKP CARGO", "PKP CARGO S.A.")), including:
   - 10 subsidiaries controlled directly by PKP CARGO;
   - 10 subsidiaries controlled directly by companies directly controlled by PKP CARGO (and indirectly controlled by PKP CARGO), including 3 companies directly controlled by PKP CARGO CONNECT sp. z o.o. and 7 companies directly controlled by PKP CARGO INTERNATIONAL a.s.;

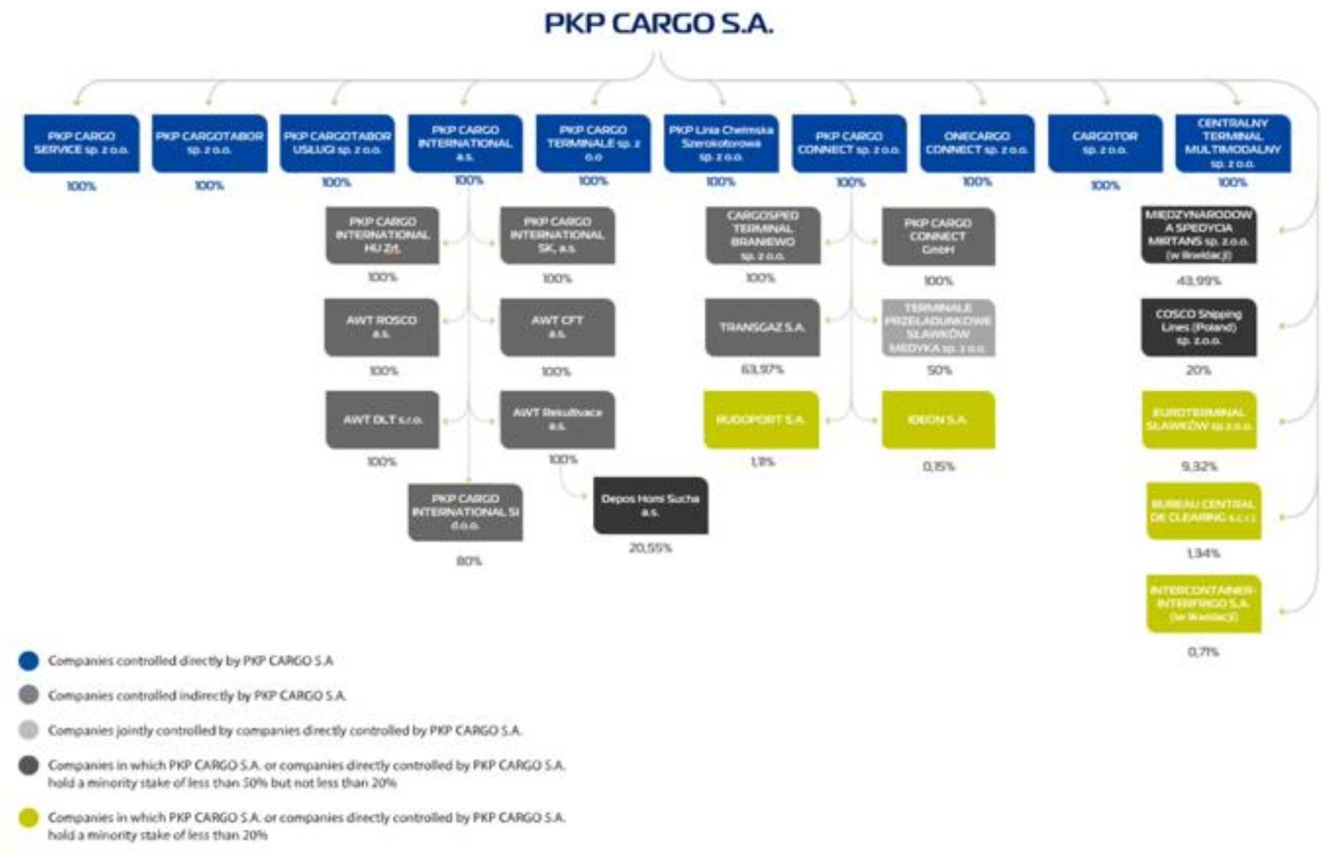
b) 1 jointly controlled company by PKP CARGO CONNECT sp. z o.o., with a 50% stake in its share capital (indirectly jointly controlled by PKP CARGO).

Moreover, as at 31 March 2025, PKP CARGO S.A. under restructuring or PKP CARGO's (direct or indirect) subsidiaries held shares in 8 companies that were not controlled or jointly controlled by PKP CARGO or PKP CARGO's subsidiaries, including:

- 5 companies in which PKP CARGO directly holds a minority stake,
- 2 companies in which PKP CARGO CONNECT sp. z o.o., a company directly controlled by PKP CARGO, holds a minority stake in the share capital in a manner that does not make it possible to exercise control or joint control,
- 1 company related to the PKP CARGO INTERNATIONAL Group in which a company indirectly controlled by PKP CARGO holds a minority stake in the share capital in a manner that does not make it possible to exercise control or joint control.

The chart below presents the structure of capital links with the companies in which PKP CARGO or its subsidiaries held shares as at 31 March 2025:

Figure 1 Structure of capital links with companies in which PKP CARGO S.A. under restructuring or its subsidiaries hold an equity stake – as at 31 March 2025



Source: Proprietary material.

In terms of the structure of capital links, no changes occurred during the first 3 months of 2025.

In Q1 2025, no other changes were made to the Group's organization resulting from a merger, obtaining or losing control over subsidiaries or long-term investments, or a demerger, restructuring or discontinuation of business.

After the end of Q1, on 5 April 2025, the legal form of PKP CARGO INTERNATIONAL SK a.s. with its registered office in Bratislava, Slovakia, a sole subsidiary of PKP CARGO INTERNATIONAL a.s. with its registered office in Ostrava, Czechia, as a result of which the Company, which had previously operated as a joint-stock company, has been operating since 5 April 2025 as a limited liability company under the business name of PKP CARGO INTERNATIONAL SK, s.r.o.

1.2 Consolidated entities

The Quarterly Condensed Consolidated Financial Statements of the PKP CARGO Group as at 31 March 2025 encompass PKP CARGO as the parent company and 12 subsidiaries consolidated by the full method and 7 subsidiaries consolidated by the equity method:

Table 1 Subsidiaries consolidated by the full method

Company name	Core business
PKP CARGO SERVICE Sp. z o. o. ("PKP CARGO SERVICE")	Comprehensive handling of rail sidings, rail freight and maintenance of rail infrastructure.
PKP CARGOTABOR Sp. z o. o. under restructuring ("PKP CARGOTABOR")	Repair and maintenance of rolling stock and physical liquidation of rail cars and locomotives, repairs of electrical machinery and wheel sets as well as weighing and adjustment of rolling stock.
PKP CARGOTABOR USŁUGI Sp. z o.o. in liquidation ("PKP CARGOTABOR USŁUGI w likwidacji")	As at the delivery date of this report, the company does not conduct any operating activity.
PKP CARGO TERMINALE Sp. z o.o. ("PKP CARGO TERMINALE")	Transshipment, storage, segregation, packaging, crushing and a variety of other border services. The company owns terminals that facilitate the transshipment of bulk and unit cargo, including containers. The company has the ability to offer rail gauge switching services and as the only company on the country's eastern border has a 6-chamber thaw room.
CARGOSPED TERMINAL BRANIEWO Sp. z o.o. ("CARGOSPED TERMINAL BRANIEWO")	Cargo handling, wholesale and retail sale of coal.
CARGOTOR Sp. z o.o. ("CARGOTOR")	Managing track and service infrastructure (rail sidings and track systems) along with the requisite plant and buildings, making infrastructure available to rail operators on commercial terms.
PKP CARGO CONNECT Sp. z o.o. ("PKP CARGO CONNECT")	Freight forwarding and logistics services in Poland and abroad. The company provides comprehensive logistics services using rail and vehicle, marine and inland water transportation by organizing transport, transshipment, storage, warehousing, packaging and distribution. Customs clearance services to customers of the PKP CARGO Group.
PKP CARGO INTERNATIONAL a.s. ("PKP CARGO INTERNATIONAL")	Comprehensive handling of rail freight (the Czech Republic, Slovakia and Poland), rail freight forwarder in the whole Central and Eastern European region, manages an intermodal terminal located in the community of Paskov. Comprehensive services related to deliveries and pick-ups by road transport ("last mile"). Rolling stock management in the PKP CARGO INTERNATIONAL Group.
AWT ROSCO a.s. ("AWT Rosco")	Cleaning of rail and automobile cisterns.
AWT CFT a.s. ("AWT CFT")	International freight forwarding services. As at the delivery date of this report, the company does not conduct any operating activity.
AWT Rekultivace a.s. ("AWT Rekultivace")	Construction engineering business, including management and revitalization of post-industrial areas (including mining areas), demolition works, management of waste treatment facilities, elimination of underground mining pits, decontamination of soil, etc.
PKP CARGO INTERNATIONAL HU Zrt. ("PKP CARGO INTERNATIONAL HU")	Rail transport services and rail siding handling services in Hungary on the basis of its own rail operator's license.

Moreover, the list of companies accounted for under the equity method is presented in **Note 5.3** to the Quarterly Condensed Consolidated Financial Statements of the PKP CARGO under restructuring Group for the 3 months ended 31 March 2025, prepared in accordance with EU IFRS.

Table 2 Entities accounted for under the equity method

Company name	Core business
Centralny Terminal Multimodalny Sp. z o.o.	As at the delivery date of this report, the company does not conduct any operating activity.
COSCO Shipping Lines (POLAND) Sp. z o.o.	Shipments carried out using the company's own fleet (container ships, bulk carriers, tankers, multi-purpose and specialized ships, including semi-submersible ships) and leased fleet, maintenance and sale of ships and spare parts, provision of warehouse and terminal services (also at Cosco's own terminals).
Terminale Przeładunkowe Sławków – Medyka Sp. z o.o.	Core lines of business: transshipment operations, storage in storage yards, railway transport, freight forwarding by road, freight forwarding services.
Transgaz S.A.	Transshipment of a broad range of liquefied gases, including propane, butane, propane-butane, propylene, isobutane, etc., and petrochemicals that require heating, including: paraffins, waxes, slack paraffins, certain oils.
PKP CARGO CONNECT GmbH	An international logistics company providing comprehensive transport, transshipment, warehousing and customs services. The company specializes in the transportation and handling of containers, especially in the port of Hamburg and at railway terminals in Germany.
PKP CARGO INTERNATIONAL SK a.s.	Comprehensive rail transport services in Slovakia.
PKP CARGO INTERNATIONAL Sl d.o.o.	Comprehensive rail transport services in Slovenia.

2. Information about the Parent Company

2.1 Composition of the Management Board and Supervisory Board of PKP CARGO S.A. under restructuring

MANAGEMENT BOARD

Table 3 Composition of the PKP CARGO S.A. under restructuring Management Board

Name	Position	Period in office	
		from	to
Agnieszka Wasilewska-Semail	President of the Management Board	20 January 2025	to date
Paweł Miłek	Vice-President of the Management Board, Management Board Member in charge of Restructuring	1 January 2025	to date
Sebastian Miller	Management Board Member in charge of Operations	1 January 2025	to date
Artur Warsocki	Management Board Member in charge of Commerce	1 February 2025	to date
Michał Łotoszyński	Management Board Member in charge of Finance	17 February 2025	to date

Source: Proprietary material as at the publication date of this report

In Q1 2025 and until the date of publication of this report, the following changes occurred in the Company's Management Board:

By decision of 20 December 2024, the Supervisory Board appointed the following members to the Management Board:

- Ms. Agnieszka Wasilewska-Semail, entrusting her with discharging the function of President of the Management Board as of 1 February 2025
- Mr. Artur Warsocki to the Management Board, entrusting him with discharging the function of Management Board Member in charge of Commerce as of 1 February 2025
- Mr. Sebastian Miller to the Management Board, entrusting him with discharging the function of Management Board Member in charge of Operations as of 1 January 2025
- Mr. Paweł Miłek to the Management Board, entrusting him with discharging the function of Management Board Member in charge of Restructuring as of 1 January 2025, at the same time entrusting Mr. Paweł Miłek with discharging the duties of President of the Management Board from 1 January to 31 January 2025

On 13 January 2025, the Supervisory Board adopted resolutions to:

- change the date of appointing Ms. Agnieszka Wasilewska-Semail as President of the Company's Management Board to 20 January 2025
- shorten the period for entrusting the duties of President of the Management Board to Mr. Paweł Miłek until 19 January 2025, at the same time entrusting Mr. Paweł Miłek, the Management Board Member in charge of Restructuring, to act in the capacity of Vice-President of the Management Board.

On 14 February 2025, the Company's Supervisory Board adopted a resolution to appoint to the Management Board:

- Mr. Michał Łotoszyński to perform the duties of Management Board Member in charge of Finance, effective as of 17 February 2025.

SUPERVISORY BOARD

Table 4 Composition of the PKP CARGO S.A. under restructuring Supervisory Board

Name	Position	Period in office	
		from	to
Władysław Szczepkowski	Supervisory Board Chairman	12 July 2022	31 January 2025
Bogusław Nadolnik	Supervisory Board Member Supervisory Board Chairman	13 May 2024 6 February 2025	to date
Marcin Wojewódka	Supervisory Board Member Supervisory Board Vice-Chairman	19 April 2024 13 January 2025	to date
Michał Wnorowski	Supervisory Board Member	29 June 2022	to date
Monika Starecka	Supervisory Board Member	19 April 2024	to date
Robert Stępień	Supervisory Board Member	13 May 2024	to date
Marzena Piszczek	Supervisory Board Member	21 November 2024	to date
Piotr Babski	Supervisory Board Member	3 February 2025	to date
Tomasz Pietrek	Supervisory Board Member – Employee Representative	7 May 2025	to date

Source: Proprietary material as at the publication date of this report

In Q1 2025 and until the date of publication of this report, the following changes occurred in the Company's Supervisory Board:

- on 13 January 2025, the Supervisory Board entrusted the function of Vice-Chairperson of the Supervisory Board to Mr. Marcin Wojewódka, the Company's Supervisory Board Member,
- on 30 January 2025, Mr. Władysław Szczepkowski, Supervisory Board Chairperson, tendered his resignation from the Supervisory Board as of 31 January 2025,
- on 31 January, PKP S.A., acting pursuant to § 19(2) and (6) of the Company's Articles of Association, appointed, as of 3 February 2025, Mr. Piotr Tomasz Babski to the Supervisory Board of the 8th term of office,
- on 6 February 2025, the Supervisory Board entrusted the function of the Supervisory Board Chairperson to Mr. Bogusław Edmund Nadolnik, the Company's Supervisory Board Member,
- on 7 May 2025, the Supervisory Board, acting pursuant to § 13(4) and (5) of the "Bylaws for appointing an employee representative to the Supervisory Board of PKP CARGO S.A. under restructuring and for the dismissing procedure", in connection with § 19(3) of the Company's Articles of Association, appointed Mr. Tomasz Pietrek to the Supervisory Board for the eighth term of office, effective as of 7 May 2025.

SUPERVISORY BOARD AUDIT COMMITTEE

Table 5 Composition of the Audit Committee of the PKP CARGO S.A. under restructuring Supervisory Board

Name	Position	Period in office	
		from	to
Michał Wnorowski	Committee Chairman	23 August 2022	to date
Marzena Piszczek	Committee Member	27 November 2024	to date
Monika Starecka	Committee Member	30 January 2025	to date

Source: Proprietary material as at the publication date of this report

In Q1 2025 and until the date of publication of this report, the following changes occurred in the Supervisory Board Audit Committee:

- on 30 January 2025, Mr. Władysław Szczepkowski, Supervisory Board Chairperson, tendered his resignation from the Supervisory Board as of 31 January 2025,
- on 30 January 2025, the Company's Supervisory Board appointed Ms. Monika Starecka to its Audit Committee

NOMINATION COMMITTEE

Table 6 Composition of the PKP CARGO S.A. under restructuring Supervisory Board Nomination Committee

Name	Position	Period in office	
		from	to
Marzena Piszczek	Committee Chairwoman	27 November 2024	to date
Robert Stępień	Committee Member	16 May 2024	to date
Monika Starecka	Committee Member	6 February 2025	to date

Source: Proprietary material as at the publication date of this report

In Q1 2025 and until the date of publication of this report, the following changes occurred in the Nomination Committee:

- on 30 January 2025, Mr. Władysław Szczepkowski, Supervisory Board Chairperson, tendered his resignation from the Supervisory Board as of 31 January 2025,
- on 6 February 2025, the Supervisory Board appointed Ms. Monika Starecka to the Nomination Committee.

STRATEGY, RESTRUCTURING AND SUSTAINABILITY COMMITTEE

On 27 February 2025, the Supervisory Board adopted Resolution No. 279/VIII/2025 on the adoption of “Bylaws of the PKP CARGO S.A. Supervisory Board”, whereby it changed the name of the Strategy and Sustainability Committee of the PKP CARGO S.A. Supervisory Board to the Strategy, Restructuring and Sustainability Committee of the PKP CARGO S.A. Supervisory Board. By Resolution No. 226/VIII/2024 of 27 November 2024, the Supervisory Board suspended the operation of the Strategy, Restructuring and Sustainability Committee until 31 January 2025, due to the ongoing remedial proceedings.

Table 7 The composition of the Strategy, Restructuring and Sustainability Committee of the PKP CARGO S.A. under restructuring Supervisory Board

Name	Position	Period in office	
		from	to
Michał Wnorowski	Committee Member	12 July 2022	to date
Bogusław Nadolnik	Committee Member	16 May 2024	to date
Marcin Wojewódka	Committee Member	6 February 2025	to date
Piotr Babski	Committee Member	28 April 2025	to date

Source: Proprietary material as at the publication date of this report

In Q1 2025 and until the date of publication of this report, the following changes occurred in the Strategy, Restructuring and Sustainability Committee:

- on 30 January 2025, Mr. Władysław Szczepkowski, Supervisory Board Chairperson, tendered his resignation from the Supervisory Board as of 31 January 2025,
- on 6 February 2025, the Supervisory Board appointed Mr. Marcin Wojewódka to the Strategy, Restructuring and Sustainability Committee,
- on 28 April 2025, the Supervisory Board appointed Mr. Piotr Babski to the Strategy, Restructuring and Sustainability Committee,

2.2 Structure of PKP CARGO S.A. under restructuring's share capital

The structure of PKP CARGO S.A. w under restructuring's share capital as at 31 March 2025 is presented in the table below:

Table 8 Structure of PKP CARGO S.A. w under restructuring's share capital

Shares	Issue date	Issue registration date	Number of shares
Series A	8 July 2013	2 October 2013	43,338,000
Series B	8 July 2013	2 October 2013	15
Series C	2 October 2013	25 April 2014	1,448,902
Total			**44,786,917**

Source: Proprietary material

Until the date of publication of this report, there have been no changes in the amount or structure of the Company's share capital.

2.3 Shareholders holding at least 5% of the total votes

In the period from the date of publication of the previous periodic report, that is 28 April 2025, to the delivery date of this report, no changes occurred regarding entities holding, directly or indirectly, significant equity stakes in PKP CARGO S.A.

Table 9 Structure of significant shareholders of PKP CARGO S.A. under restructuring as at 28 April and 30 May 2025

Shareholder	Number of shares	% of equity	Number of votes	% of the total number of votes at the Shareholder Meeting
PKP S.A.	14,784,194	33.01%	14,784,194	33.01%
Funds* managed by Nationale-Nederlanden PTE S.A.	5,409,513	12.08%	5,409,513	12.08%
Other shareholders	24,593,210	54.91%	24,593,210	54.91%
Total	**44,786,917**	**100.00%**	**44,786,917**	**100.00%**

** Nationale-Nederlanden Otwarty Fundusz Emerytalny, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2025, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2030, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2035, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro2040, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2045, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2050, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2055, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2060 and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2065*
Source: Proprietary material

2.4 Listing of shares held by management and supervisory board members

The holdings of shares in the Company or rights to such shares by members of the Company's Management Bard and Supervisory Board in the period from the date of publication of the previous periodic report, that is from 28 April 2025, to the delivery date of this report were as follows:

Table 10 PKP CARGO S.A. under restructuring shares held by Management Board members

Name	Number of PKP CARGO S.A. shares held by Management Board member
as at 30 May 2025	
Izabela Skonieczna-Powałka	0
Agnieszka Wasilewska-Semail	0
Paweł Miłek	11,492
Sebastian Miller	0
Artur Warsocki	0
Michał Łotoszyński	0
as at 28 April 2025	
Izabela Skonieczna-Powałka	0
Agnieszka Wasilewska-Semail	0
Paweł Miłek	10,492
Sebastian Miller	0
Artur Warsocki	0
Michał Łotoszyński	0

Source: Proprietary material

Table 11 PKP CARGO S.A. under restructuring shares held by Supervisory Board members

Name	Number of PKP CARGO S.A. shares held by the Supervisory Board member
as at 30 May 2025	
Bogusław Nadolnik	0
Marcin Wojewódka	65,336*
Monika Starecka	10,000**
Michał Wnorowski	0
Marzena Piszczek	0
Robert Stępień	0
Piotr Babski	0
Tomasz Pietrek	46
as at 28 April 2025	
Bogusław Nadolnik	0
Marcin Wojewódka	64,328*
Monika Starecka	10,000**
Michał Wnorowski	0
Marzena Piszczek	0
Robert Stępień	0
Piotr Babski	0

** including 3,300 shares held through Instytut Emerytalny Sp. z o.o.*
*** all shares held through Equinox Consulting Sp. z o.o.*
Source: Proprietary material

To the Company's knowledge, as at 28 April 2025 and as at the delivery date of this report, none of the members of the Issuer's Management Board or Supervisory Board holds any shares or ownership interests in PKP CARGO S.A.'s related parties.

3. Key areas of operation of the PKP CARGO under restructuring Group

3.1 Macroeconomic environment

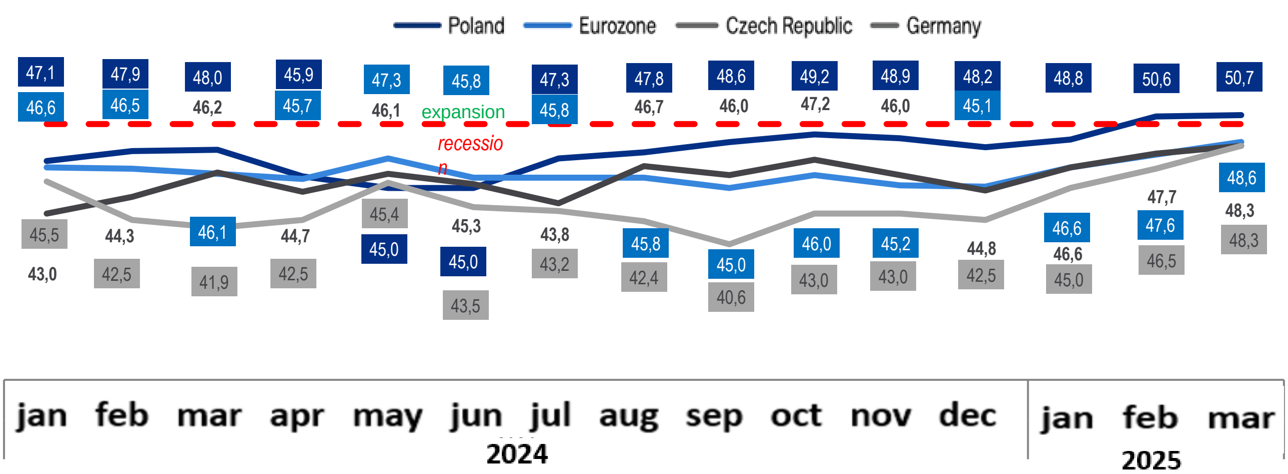
According to forecasts by the International Monetary Fund (IMF), global GDP growth in 2025 will be approx. +2.8% yoy (compared to +3.3% yoy in 2024). In developing Asian economies, GDP will also slow down – the growth rate will be lower than the year before (+4.5% yoy, of which +6.2% yoy in India and +4.0% yoy in China). In highly developed countries, GDP is expected to increase by +1.4% yoy (compared to +1.8% yoy in 2024). In the United States, GDP growth will be +1.8% yoy, while in the Eurozone, it will only be +0.8% yoy. In Germany, after the declines in previous years, GDP will remain at last year's level. In Poland, GDP is expected to grow by approximately +3.2% yoy in 2025 (after +2.9% yoy in 2024).[1]

In March 2025, consumer prices (HICP) in the European Union were +2.5% yoy higher (after an increase of +2.6% yoy in March 2024 and +2.7% yoy in February this year). Year-on-year price increases were recorded in all EU countries, with the highest rates in Romania (+5.1% yoy) and Hungary (+4.8% yoy). In Poland, the rate was +4.4% yoy, one of the highest in the EU. Among the largest EU economies, prices increased the fastest in Germany (+2.3% yoy).[2]

The high degree of uncertainty about the possibility of ending the war in Ukraine and the consequences of the various scenarios for ending the conflict continue to adversely affect the situation of industry in Europe. The United States continues to generate additional tensions in international relations by pursuing a policy strongly focused on achieving its own political objectives, applying methods that harm global trade.

However, the improvement in PMI readings in the European Union in recent months is a sign of a possible recovery in manufacturing. The HCOB Eurozone Manufacturing PMI, a barometer of economic activity in the Eurozone manufacturing sector, reached 48.6 points in March 2025, indicate a lingering deterioration in the Eurozone manufacturing industry (below 50 points for the 33rd month in a row). At the same time, the PMI for the German industrial sector stood at 48.3 points. However, it should be noted that compared to December of last year, both indices recorded a significant improvement (by +3.5 p.p. and +5.8 p.p., respectively).[3]

Figure 2 PMI for the manufacturing sector (Markit IHS)



Source: Proprietary material based on Markit IHS data

During the first 2 months of 2025, foreign trade turnover (expressed in EUR) was higher than the year before in the vast majority of European Union countries, with exports having improved in fifteen countries and imports in twenty-one EU countries.[4]

[1] Statistics Poland (ssgk.stat.gov.pl/Sytuacja_społeczno-gospodarcza_kraju_03.2025.pdf, str. 99)
[2] Statistics Poland (ssgk.stat.gov.pl/Sytuacja_społeczno-gospodarcza_kraju_03.2025.pdf, str. 106)
[3] IHS Markit (www.pmi.spglobal.com/Public/Release/PressReleases – reports for each month)
[4] Statistics Poland (ssgk.stat.gov.pl/Sytuacja_społeczno-gospodarcza_kraju_03.2025.pdf, p. 110)

Although the beginning of this year may be perceived as a return to more rapid growth owing to improved indicators in manufacturing and a noticeable increase in demand on global markets, disruptions in international trade are an effective barrier to faster growth in trade. The prevailing high degree of uncertainty keeps suppressing the scale of investment and delaying decision-making, which is also affecting consumer activity and demand.

Polish economy

Industrial output increased slightly in Q1 2025, by +0.9% yoy (compared to a decrease of -0.6% yoy in Q1 2024). The performance of industrial processing (which accounts for over 4/5 of the sector's revenue) improved by +1.1% yoy, which translated into a slight recovery in the sector. The electricity, gas, steam and hot water supply segment and the water supply, sewage and waste management and remediation segment also recorded an increase in output (by +0.5% yoy and +3.0% yoy, respectively). However, the negative trend in mining and quarrying continued (-7.7% yoy, with a similar decline in Q1 of last year).[5]

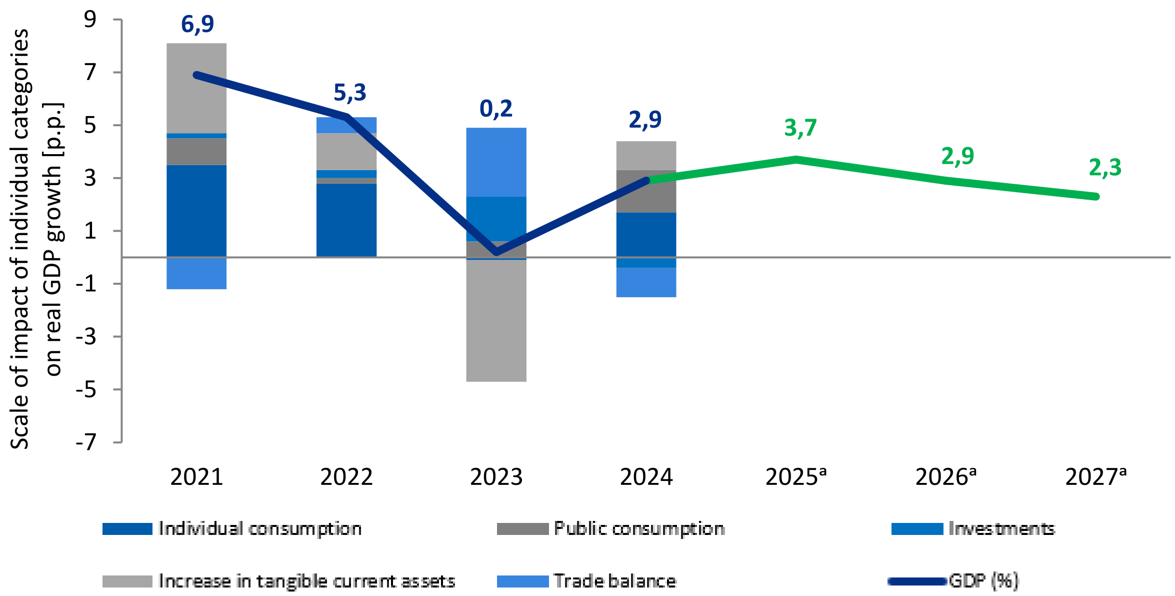
Yoy production growth in Q1 2025 in 19 out of 34 industrial sectors, including: metal production (+19.9%), other non-metallic mineral products (+8.5%), wood products (+6.9%), metal products (+4.6%), paper and paper products (+2.4%), furniture (+1.8%) and chemicals and chemical products (+1.2%). The production of rubber and plastic products remained at the level of Q1 of last year. A decrease was recorded in 14 industrial sectors, including those of key significance to the PKP CARGO Group's transport operations, such as hard coal and lignite mining (-3.3%) and motor vehicle manufacturing (-3.5%).[6]

According to preliminary estimates by Statistics Poland (GUS), **GDP growth in 2024 was +2.9% yoy** (up from +0.2% yoy in 2023 after adjustment). Last year's reading was the result of a large contribution from domestic demand (+4.0 p.p.) and the negative impact of the foreign trade balance (-1.1 p.p.). As for domestic demand, total consumption added as much as +3.3 p.p. to the annual performance, while accumulation increased GDP by only +0.7 p.p. (with investments reducing the annual result by -0.4 p.p. and the contribution of inventories noticeably improving the result, adding +1.1 p.p. to growth).[7]

Maintaining a good rate of GDP growth in yoy terms in the coming quarters – Poland's GDP in Q1 2025 (according to the flash estimate by Statistics Poland: real GDP, not seasonally adjusted) increased by +3.2% yoy (slightly worse than the +3.4% yoy growth in Q4 of last year and significantly better than the +2.2% yoy increase in Q1 2024).[8]

[5] Statistics Poland (ssgk.stat.gov.pl/Przemysl.html; w jednostkach o liczbie pracujących powyżej 9 osób)
[6] Statistics Poland (ssgk.stat.gov.pl/Przemysl.html; w jednostkach o liczbie pracujących powyżej 9 osób oraz Biuletyn Statystyczny Nr 03/2025 – table 46)
[7] Statistics Poland (stat.gov.pl/obszary-tematyczne/rachunki-narodowe/kwartalne-rachunki-narodowe/informacja-glownego-urzedu-statystycznego-w-sprawie-zaktualizowanego-szacunku-pkb-wedlug-kwartalow-za-lata-2023-2024,8,15.html)
[8] Statistics Poland (stat.gov.pl/obszary-tematyczne/rachunki-narodowe/kwartalne-rachunki-narodowe/szybki-szacunek-produktu-krajowego-brutto-za-1-kwartal-2025-r-,1,49.html)

Figure 3 Real GDP growth rate in Poland in 2021-2024, its decomposition and forecasts for 2025-2027 – seasonally unadjusted data



a – macroeconomic forecasts of the National Bank of Poland for 2025-2027 (March 2025)
Source: Proprietary material based on data published by Statistics Poland and the National Bank of Poland

Price changes in Q1 2025: consumer goods and services prices increased by +4.9% yoy (compared to +2.8% yoy in Q1 2024).[9] At the same time, industrial output prices dropped by -1.1% yoy (compared to a decline of -10.2% yoy in Q1 2024), with a noticeable increase in construction and assembly output prices of +3.7% yoy (compared to +7.5% yoy in Q1 2024).[10]

A noticeable improvement in the leading indicator for industrial manufacturing, PMI, in Q1 2025 – since February of this year, the PMI has been above the threshold of 50.0 points, which marks the technical boundary between recovery and recession in the industrial manufacturing sector. Although in January of this year the index reached 48.8 points, in February and March went up to 50.6 points and 50.7 points, respectively. The revival of demand in Western Europe is contributing to an increase in the number of new orders placed with Polish companies (the downward trend in export orders has been reversed), which is supported, among other factors, by domestic consumption. However, growing activity and increasing output are being tempered by ongoing deglobalization and economic conflicts.[11]

A noticeable improvement was recorded in the business climate index for manufacturing (GUS) in Q1 2025, with the index having increased from -13.0 in December of last year to -6.3 in March of this year (the best result since May of last year). The average value of the index for Q1 of this year (-8.0) is clearly higher than the figure for Q4 of last year (-11.6), but at the same time it is similar to the results for the first 3 quarters of last year. This means a noticeable (month-on-month) increase in the number of business professionals expecting the economic situation to improve in the coming months compared to those expecting conditions to deteriorate (mainly due to the recovery of demand in the Eurozone and the growing level of new orders).[12]

Forecasts: the current inflation and GDP projections by the National Bank of Poland from March of this year predict a low rate of economic growth in 2025-2027. According to the forecast, GDP growth is expected to be: +3.7% yoy in 2025, +2.9% yoy in 2026 and +2.3% in 2027. This year, inflation is forecast to be +4.9% yoy, while in 2026-2027 this rate will decline to +3.4% yoy and +2.5% yoy, respectively.[13]

[9] Statistics Poland (ssgk.stat.gov.pl/Ceny_towarow_i_uslug_konsumpcyjnych.html)
[10] Statistics Poland (ssgk.stat.gov.pl/Ceny_produkcji_sprzedanej_przemyslu_oraz_budowlano-montazowej.html)
[11] IHS Markit (www.pmi.spglobal.com/Public/Release/PressReleases – reports for each month)
[12] Statistics Poland, Statistical Bulletin, Table 62 (part 1), column C
[13] National Bank of Poland (nbp.pl/projekcja-inflacji-i-pkb-marzec-2025/)

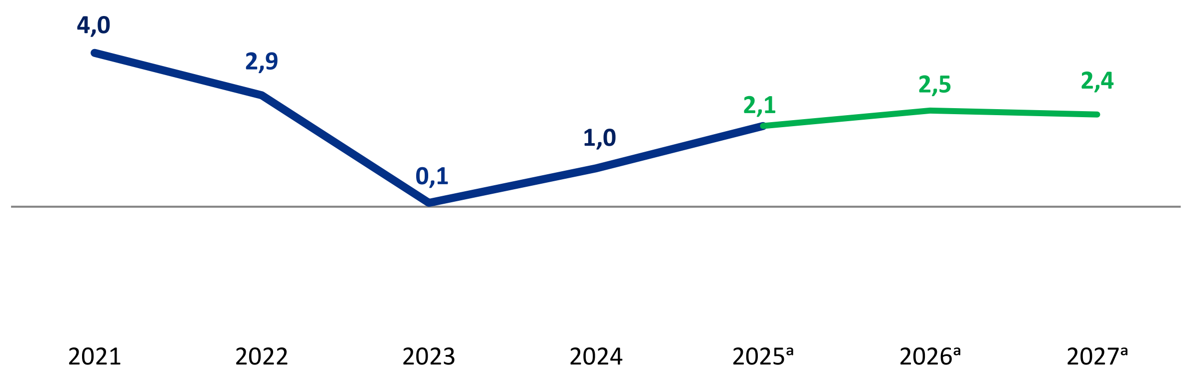
Czech economy

Industrial output in the Czech Republic increased by +0.3% yoy in Q1 2025 (current prices, unadjusted data), following an increase of +0.5% yoy in Q4 2024. In Q1 of this year, there was a slight increase in hard coal and lignite mining (+2.6% yoy), and increases in the production of rubber and plastic products (+1.4% yoy), metal products (+2.6% yoy), wood and wood products (+3.3% yoy), machinery and equipment (+4.3% yoy), and paper and paper products (+5.1% yoy). At the same time, decreases were recorded in the production of metals (-3.5% yoy) and motor vehicles, trailers and semi-trailers (-0.4% yoy).[14]

The value of new orders in Q1 2025 dwindled by -0.5% yoy, after an increase of +1.2% yoy in Q4 2024 (current prices, unadjusted data), which was due to a decline in the value of both domestic (-0.4% yoy) and foreign (-0.7% yoy) orders.[15] Although there are signs of a possible improvement in market conditions and an increase in demand from partners in Europe, the long-awaited recovery, so necessary for the Czech economy, which is largely export-driven, is still not clearly visible.

Seasonally adjusted GDP growth in Q1 2025: according to preliminary estimates by the CZSO, it stood at **+2.0% yoy** (compared to +0.2% yoy in Q1 2024). Year-on-year GDP growth was supported by domestic demand, including higher household consumption expenditure, with a negative contribution from the international trade balance. At the same time, GDP growth was +0.5% qoq.[16]

Figure 4 Real GDP growth rate in the Czech Republic in 2021-2024 and forecasts for 2025-2027 – data adjusted for seasonality and for the number of business days



a – macroeconomic forecasts of the Ministry of Finance of the Czech Republic (April 2025)
Source: Proprietary material based on data from the Czech Statistical Office and the Czech Ministry of Finance

Inflation in Q1 2025 reached +2.7% yoy (after an increase of +2.9% yoy in Q4 2024).[17]

Forecasts of the Czech Ministry of Finance (April 2025): forecasted increase in Gross Domestic Product (seasonally adjusted and business day-adjusted) from +2.1% yoy to +2.5% yoy in 2025-2027 and +2.7% yoy in 2028. Inflation should remain close to the inflation target (around 2% yoy, with a slight downward trend from +2.4% yoy in 2025 to +2.1% yoy in 2028) in the same years.[18]

A noticeable improvement in the PMI in Q1 2025, when the average value of the index reached 47.5 points, which was the best result since Q2 2022. After stabilization of results in the previous year (slight increases in qoq terms), with high volatility in monthly readings, Q1 of this year saw three consecutive increases from 44.8 points in December of last year to 48.3 points in March of this year (the best result since June 2022, when the index reached 49.0 points). At the same time, the PMI readings for the Czech Republic have been below the 50.0-point threshold, which marks the technical boundary between recovery and

[14] Czech Statistical Office / Sales from industrial activity: unadjusted data
[15] Czech Statistical Office / New industrial orders by selected CZ-NACE divisions: unadjusted data
[16] Czech Statistical Office (csu.gov.cz/rychle-informace/gdp-preliminary-estimate-1-quarter-of-2025)
[17] vdb.czso.cz / Statistics > Prices, Inflation (Consumer price index according to ECOICOP – year-on-year index)
[18] mfcr.cz/en/fiscal-policy/macroeconomic-analysis/macroeconomic-forecast/2025

recession in the industrial sector, for thirty-four months. The prospects for recovery in the economically closely linked countries of Western Europe, together with the expected increase in new export orders, are crucial for the sector, which is strongly export-oriented in Czechia.[19]

Impact of the war in Ukraine and the macroeconomic environment on the PKP CARGO Group's activities

The war in Ukraine keeps exerting a noticeable impact on the freight transport market in Poland due to the close proximity of the region affected by the conflict, a significant reduction in trade with Russia and Belarus and the strengthening of ties between the EU and Ukraine. The conflict affects both the scale and direction of transport operations as well as the establishment of new and the termination of existing relations with trading partners.

New sanctions imposed by the European Union and other international actors on the Russian Federation (and, to a lesser extent, on Belarus) are significant and significantly affect the functioning of the aggressor's economy. Numerous restrictions imposed on fuels and oil, ores, metal products and metals, cement and wood (which accounted for a significant part of the cargo transported before the aggression) are putting pressure on Russia with the intention to bring the belligerents closer to finding a political solution. Trade with Russia and Belarus remains significantly reduced, but products from these countries continue reach our market through intermediaries.

PKP CARGO Group companies are actively monitoring all organizational and legal changes related to the provision of transport services, the evolution of the ongoing conflict and its repercussions for the transport market. The changes are still most strongly experienced at terminals on Poland's north-eastern border and by entities specializing in transport and forwarding services in these regions, which are gradually but slowly reconfiguring their business models.

The macroeconomic environment in Poland and in the European Union countries remains difficult. The stable, albeit not very high, growth of the Polish economy (as expressed by year-on-year GDP growth) reflects the difficulties in the country's immediate environment, which are related, among other factors, to the conventional war on Poland's eastern border and its economic impact on the region, but also the difficult situation of the manufacturing industry in Europe, which is still under pressure from increased energy prices. Poland's performance looks good compared to other EU countries, but this growth clearly differs from the growth rate of, among others, Asian economies. Manufacturers in Poland and in the region are struggling with low demand from Western countries, which unfortunately translates into still relatively low capacity utilization. Interest rates, which were cut by 50 basis points in May of this year, remain relatively high compared to other European economies, which effectively increases production costs in the country (through high cost of capital). Unfortunately, this exerts a direct impact on the financing of investments and current operations of PKP CARGO S.A. and the whole PKP CARGO Group. Combined with lower production activity, this effectively worsens and lowers the results for Q1 2025.

PKP CARGO Group companies do not currently identify any material threats related to the ongoing war in Ukraine or any major impact of the macroeconomic environment that might spill particularly extensively into their operating activities. In parallel, due to the significant volatility of the international environment, constant monitoring and quick adaptation measures are necessary in view of emerging new threats and the rapid pace of change in global trade.

3.2 Freight activity

3.2.1 Rail transport market in Poland

3 members of the PKP CARGO Group, namely PKP CARGO S.A. under restructuring, PKP CARGO SERVICE Sp. z o.o. and PKP CARGO INTERNATIONAL a.s., render rail freight services on the Polish market. According to data from the Office of Rail Transport, at the end of March 2025, 133 entities held an active license for rail freight transport (compared to 130 carriers at the end of Q1 2024).[20]

Q1 2025 was another consecutive quarter of decline in rail freight transport in Poland. In this period, freight volume on the rail freight market decreased by nearly -2.0 million tons yoy (-3.6% yoy to 52.2 million tons), and freight turnover fell by nearly

[19] Markit PMI (www.pmi.spglobal.com/Public/Release/PressReleases)
[20] Office of Rail Transport (dane.utk.gov.pl/sts/rejestry/rejestr-licencjonowanyc/16733,Wykaz-przedsiebiorcow-posiadajacych-licencje-przewoznika-kolejowego-wydana-przez.html)

-0.7 billion tkm yoy (-4.7% yoy to 13.4 billion tkm).[21] The average haul remained high, although it decreased compared to Q1 of last year, reaching 256 km. This parameter is higher than in previous years (before Russia's aggression in 2022) due to changes in the structure of rail transport, i.e. a decrease in the share of bulk product transport operations and an increase in the importance of transport from Polish seaports to the south of the country, which to a large extent replaced east-west transport services.

The weakest month for rail transport in Q1 2025 was February, when rail operators transported only 16.7 million tons of cargo, and the rate of decline reached -6.3% yoy (-1.1 million tons compared to February 2024). The largest volume was transported by rail in March of this year (although the market volume did not exceed 18 million tons). All monthly figures for Q1 2025, both in terms of freight volume and freight turnover, were worse for the rail freight market than in the corresponding periods of 2024.[22]

The performance of the rail industry in Q1 2025 confirms the continuing lack of economic growth in the European Union, which translates significantly into the scale of rail freight operations. The war in Ukraine, limited demand in Europe, disruptions in global trade and relatively high energy prices continue to dampen demand for freight transport services.

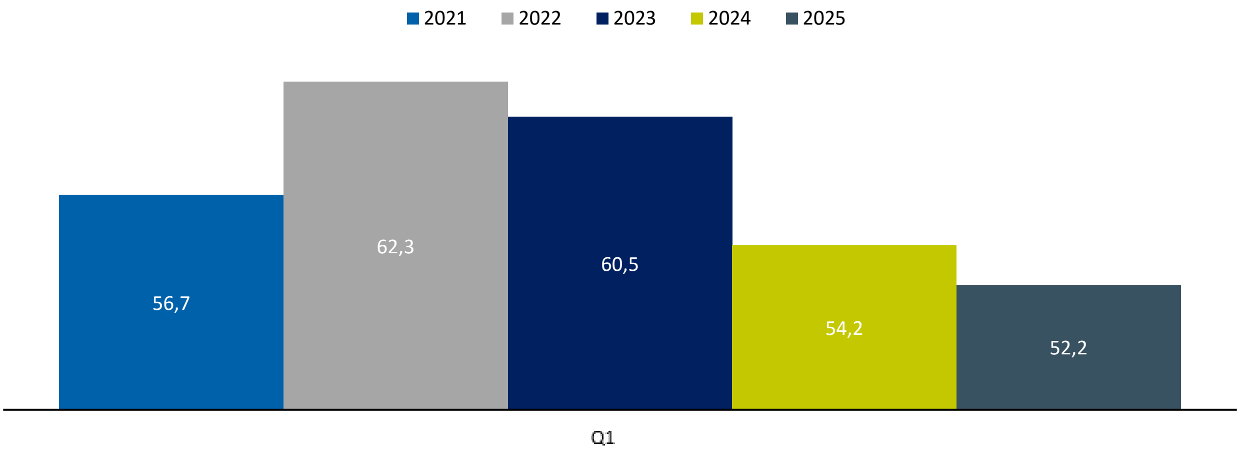
In analyzing the structure of cargo transported by rail in Poland during the first 2 months of 2025, it should be noted that hard coal remained the largest cargo category[23] (the volume of which shows a steady downward trend in the transport structure), still accounting for 32.1% of total rail freight traffic. The following changes in rail transport year-on-year performance were recorded over that period in the cargo categories defined by Statistics Poland:[24]

- hard coal (down -0.7% yoy to 10.9 million tons),
- aggregates, stone, sand and gravel (up +2.1% yoy to 7.1 million tons),
- refined petroleum products (down -12.8% yoy to 3.0 million tons),
- chemicals, chemical products (down -1.0% yoy to 1.7 million tons),
- metals and metal products (down -7.8% yoy to 1.6 million tons),
- coke, briquettes, gases (down -11.5% yoy to 1.4 million tons),
- iron ore (up +69.9% yoy to 1.1 million tons),
- agricultural products (down -34.2% yoy to 0.8 million tons).

A noticeable decrease in the volume of freight transported by rail compared to the figures for the same period in 2024 was recorded mainly in the categories of other cargo (-0.6 million tons), petroleum products (-0.4 million tons) and agricultural products (-0.4 million tons). Decreases in volume were also recorded in the transport of coke, briquettes, gases (-0.2 million tons), metals and metal products (-0.1 million tons) and hard coal (-0.1 million tons). At the same time, during the first 2 months of 2025, the market saw a year-on-year increase in rail transport of, among other categories, iron ore (+0.4 million tons) and aggregates, sand and gravel (+0.1 million tons).[25]

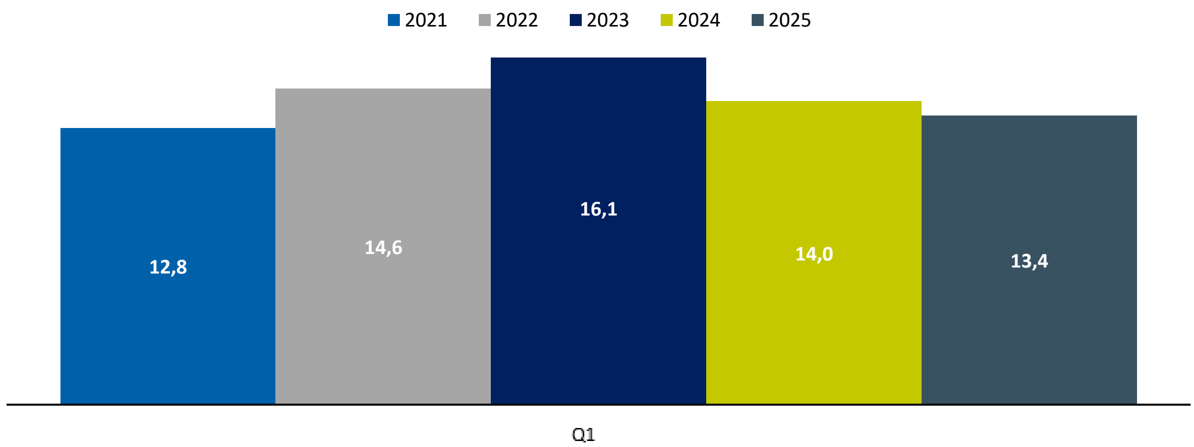
[21] Office of Rail Transport
[22] Office of Rail Transport
[23] Based on the NST classification
[24] Statistics Poland (data for the first 2 months of 2025)
[25] Statistics Poland (data for the first 2 months of 2025)

Figure 5 Rail freight volumes in Poland in Q1 of 2021-2025 (million tons)



Source: Proprietary material based on the Office of Rail Transport's data

Figure 6 Rail freight turnover in Poland in Q1 of 2021-2025 (billion tkm)



Source: Proprietary material based on the Office of Rail Transport's data

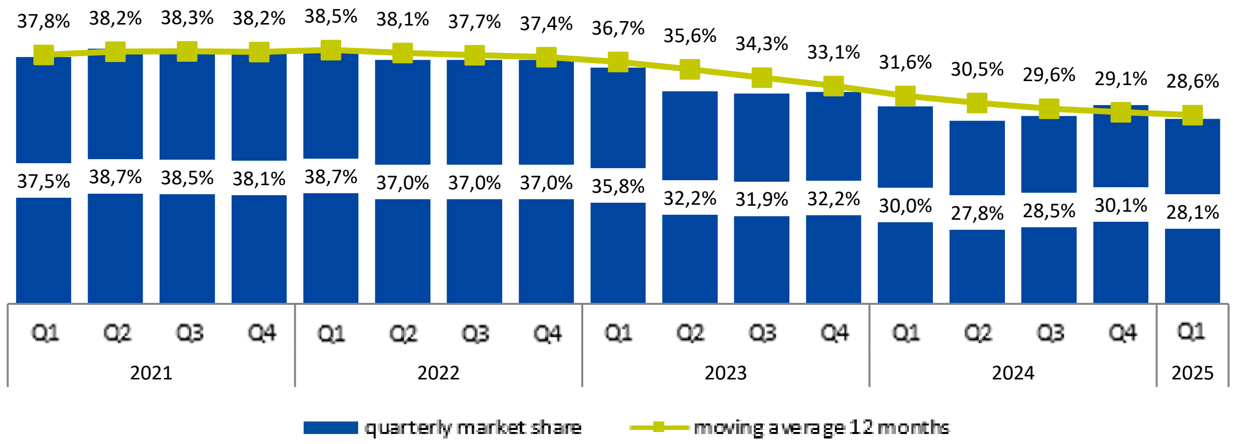
3.2.2 Position of the PKP CARGO Group in the rail freight market in Poland

According to Office of Rail Transport data, in Q1 2025, 33 rail carriers (compared to 32 in Q1 2024) conducted transport operations whose market share in terms of transported freight volume exceeded the 0.5% threshold. These included two member companies of the PKP CARGO Group: PKP CARGO S.A. under restructuring and PKP CARGO Service Sp. z o.o.[26]

The PKP CARGO Group[27] continues to be the leader in the rail freight market in Poland both in terms of share in the transported freight volume and generated freight turnover. The market shares of the PKP CARGO Group in Q1 2025 were 28.1% (-1.9 p.p. yoy) in terms of freight volume and 26.0% in terms of freight turnover (-3.6 p.p. yoy).[28] Concurrently, the respective market shares of the PKP CARGO Group's parent company, that is PKP CARGO S.A., were 26.9% (-1.8 p.p. yoy) in terms of freight volume and 25.8% (-3.6 p.p. yoy) in terms of freight turnover.[29]

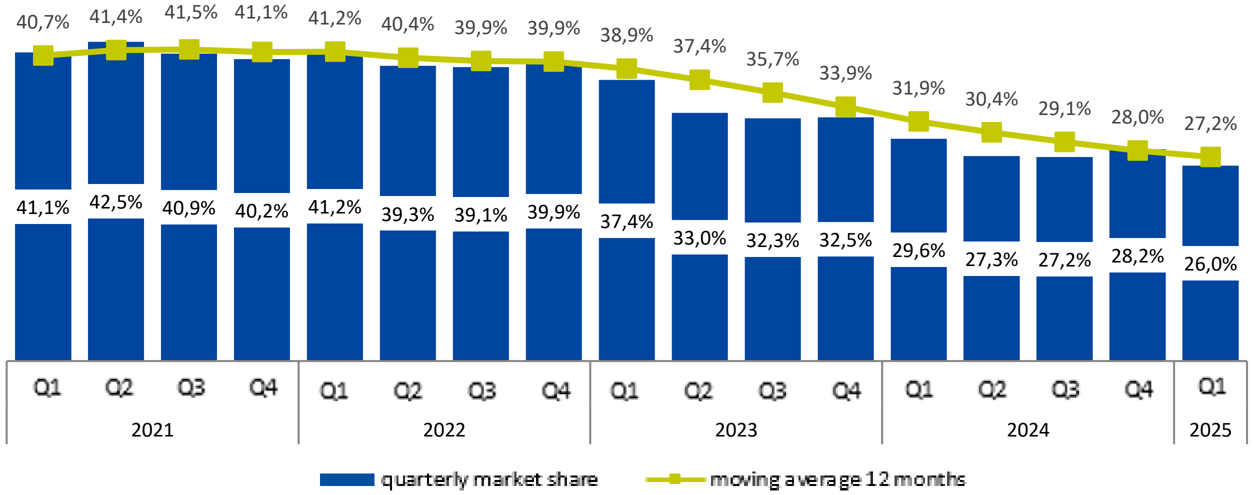
[26] Office of Rail Transport
[27] The PKP CARGO Group's freight volume takes into account cargo transported by PKP CARGO INTERNATIONAL a.s. in Poland.
[28] PKP CARGO Group and Office of Rail Transport data
[29] Office of Rail Transport

Figure 7 Quarterly shares of the PKP CARGO Group in freight volume in Poland in 2021-2025



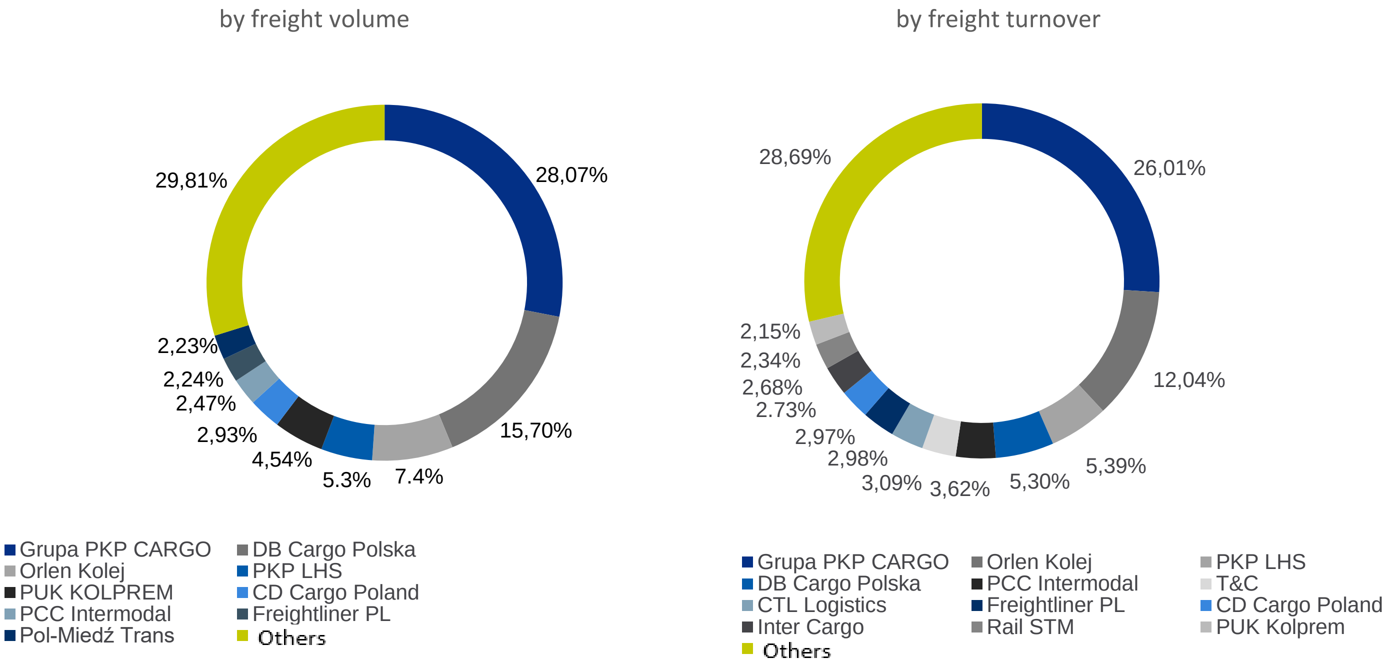
Source: Proprietary material based on the Office of Rail Transport's data

Figure 8 Quarterly shares of the PKP CARGO Group in total freight turnover in Poland in 2021-2025



Source: Proprietary material based on the Office of Rail Transport's data

Figure 9 Market shares of the largest freight rail operators in Poland in Q1 2025



Source: Proprietary material based on the Office of Rail Transport's data

The PKP CARGO Group's main competitors on the Polish rail freight market in Q1 2025 in terms of freight volume were the following: DB Cargo Polska, Orlen Kolej, PKP LHS, PUK Kolprem, CD Cargo Poland, PCC Intermodal, Freightliner PL and Pol-Miedź Trans. These operators have a market share of over 2%.[30]

In Q1 2025, competing rail carriers transported a total of 37.6 million tons of cargo (-1.0% yoy) on the Polish market. The largest competitor in terms of volume handled was DB Cargo Polska, with a 15.7% market share and 8.2 million tons (+0.4 million tons or +5.4% compared to the volume transported in the same period of 2024) in Q1 of this year. This carrier gained +1.3 p.p. yoy in market share in Q1 2025 (the largest increase in market share among the PKP CARGO Group's competitors). The largest declines in market share in Q1 2025 were recorded by PKP LHS (-0.7 p.p. yoy) with a volume decrease of -16.2% yoy and by T&C and Freightliner PL (both -0.5 p.p. yoy).[31]

At the same time, in the period under analysis, freight turnover of the PKP CARGO Group's competitors increased by +0.2% yoy to 9.9 billion tkm. In this respect, the largest year-on-year increases in market shares were recorded by FDM Rail and PCC Intermodal (both +0.7 p.p. yoy) as well as IGL and DB Cargo Polska (both +0.6 p.p. yoy). Other small carriers combined recorded a market share increase of +0.9 p.p. yoy. Significant declines in market shares among competitors were recorded by PKP LHS (-0.6 p.p. yoy), T&C and LTG Cargo Polska (both -0.5 p.p. yoy).[32]

3.2.4 PKP CARGO Group's rail transport business

The data on the transport activity conducted by the PKP CARGO Group in Q1 2025 and Q1 2024 are presented in the consolidated data of PKP CARGO S.A. under restructuring, PKP CARGO SERVICE Sp. z o.o. and the PKP CARGO INTERNATIONAL Group. Transport services within the Group are provided by the following 6 companies: PKP CARGO S.A. under restructuring, PKP CARGO SERVICE sp. z o.o., PKP CARGO INTERNATIONAL a.s., PKP CARGO INTERNATIONAL HU Zrt., PKP CARGO INTERNATIONAL SK a.s. and PKP CARGO INTERNATIONAL SI d.o.o.

[30] Office of Rail Transport
[31] proprietary material based on Office of Rail Transport data
[32] proprietary material based on Office of Rail Transport data

Table 12 Freight turnover of the PKP CARGO Group in Q1 2025 and Q1 2024

Item	Q1 2025	Q1 2024	Change 2025/2024		Q1 2025	Q1 2024
		(million tkm)		*%*	*percentage of total (%)*	
Solid fuels[1]	1,502	1,747	-246	-14.1%	39%	38%
of which hard coal	1,300	1,417	-116	-8.2%	33%	31%
Aggregates and construction materials[2]	730	907	-177	-19.5%	19%	20%
Metals and ores[3]	306	274	31	11.5%	8%	6%
Chemicals[4]	390	429	-39	-9.2%	10%	9%
Liquid fuels[5]	71	179	-108	-60.2%	2%	4%
Timber and agricultural produce[6]	136	248	-112	-45.1%	4%	5%
Intermodal transport	631	676	-46	-6.7%	16%	15%
Other[7]	121	108	12	11.3%	3%	2%
Total	**3,885**	**4,569**	**-683**	**-15.0%**	**100%**	**100%**

Source: Proprietary material; some figures have been rounded, which may result in minor discrepancies in the data presented

Table 13 Freight volume of the PKP CARGO Group in Q1 2025 and Q1 2024

Item	Q1 2025	Q1 2024	Change 2025/2024		Q1 2025	Q1 2024
		(million tons)		*%*	*percentage of total (%)*	
Solid fuels[1]	8.2	8.7	-0.5	-6.1%	51%	49%
of which hard coal	7.4	7.5	-0.1	-1.6%	46%	42%
Aggregates and construction materials[2]	2.7	3.6	-0.8	-23.4%	17%	20%
Metals and ores[3]	1.1	1.1	0.0	0.6%	7%	6%
Chemicals[4]	1.2	1.3	-0.2	-14.1%	7%	8%
Liquid fuels[5]	0.4	0.7	-0.3	-42.0%	2%	4%
Timber and agricultural produce[6]	0.5	0.6	-0.1	-17.9%	3%	3%
Intermodal transport	1.6	1.6	0.0	0.2%	10%	9%
Other[7]	0.4	0.3	0.1	34.7%	3%	2%
Total	**16.0**	**17.9**	**-1.9**	**-10.2%**	**100%**	**100%**

Source: Proprietary material; some figures have been rounded, which may result in minor discrepancies in the data presented

In Q1 2025, the PKP CARGO Group transported a total of 16 million tons of freight.

Table 14 Average haul of the PKP CARGO Group in Q1 2025 and Q1 2024

Item	Q1 2025	Q1 2024	Change 2025/2024	
		(km)		*%*
Solid fuels[1]	184	201	-17	-8.5%
of which hard coal	176	188	-13	-6.7%
Aggregates and construction materials[2]	266	253	13	5.1%
Metals and ores[3]	272	245	27	10.8%
Chemicals[4]	336	318	18	5.7%
Liquid fuels[5]	181	264	-83	-31.4%
Timber and agricultural produce[6]	297	444	-147	-33.1%
Intermodal transport	398	428	-30	-6.9%
Other[7]	287	347	-60	-17.4%
Total	**242**	**256**	**-14**	**-5.3%**

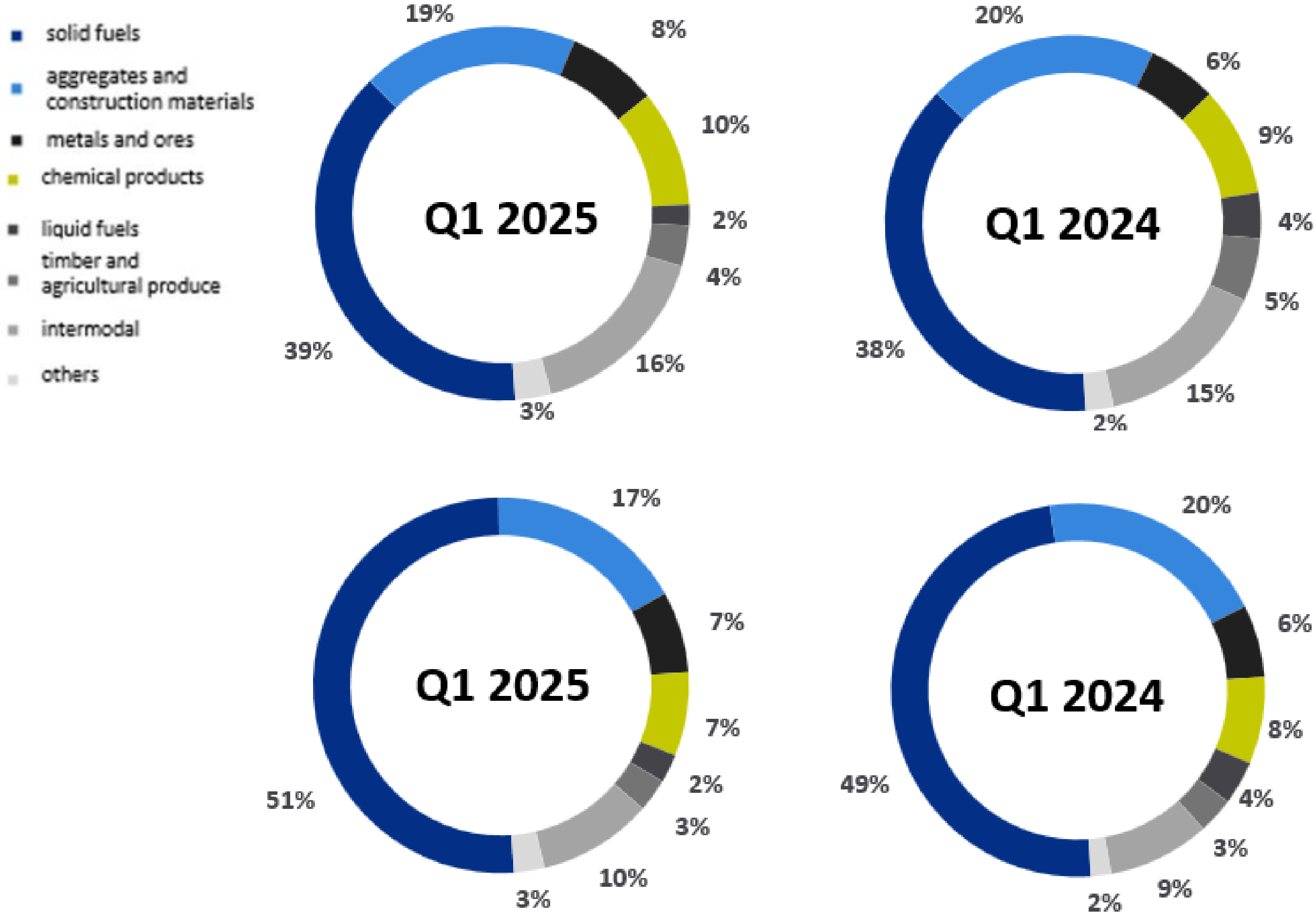
Source: Proprietary material; some figures have been rounded, which may result in minor discrepancies in the data presented

In Q1 2025, the PKP CARGO Group transported cargo by rail over an average haul of 242 km (a decrease of 14 km yoy).

[1] *Includes hard coal, coke and lignite.*
[2] *Includes all kinds of stone, sand, bricks and cement.*
[3] *Includes ores and pyrites, as well as metals and metal products.*
[4] *Includes fertilizers and other chemicals.*
[5] *Includes crude oil and petrochemical products.*

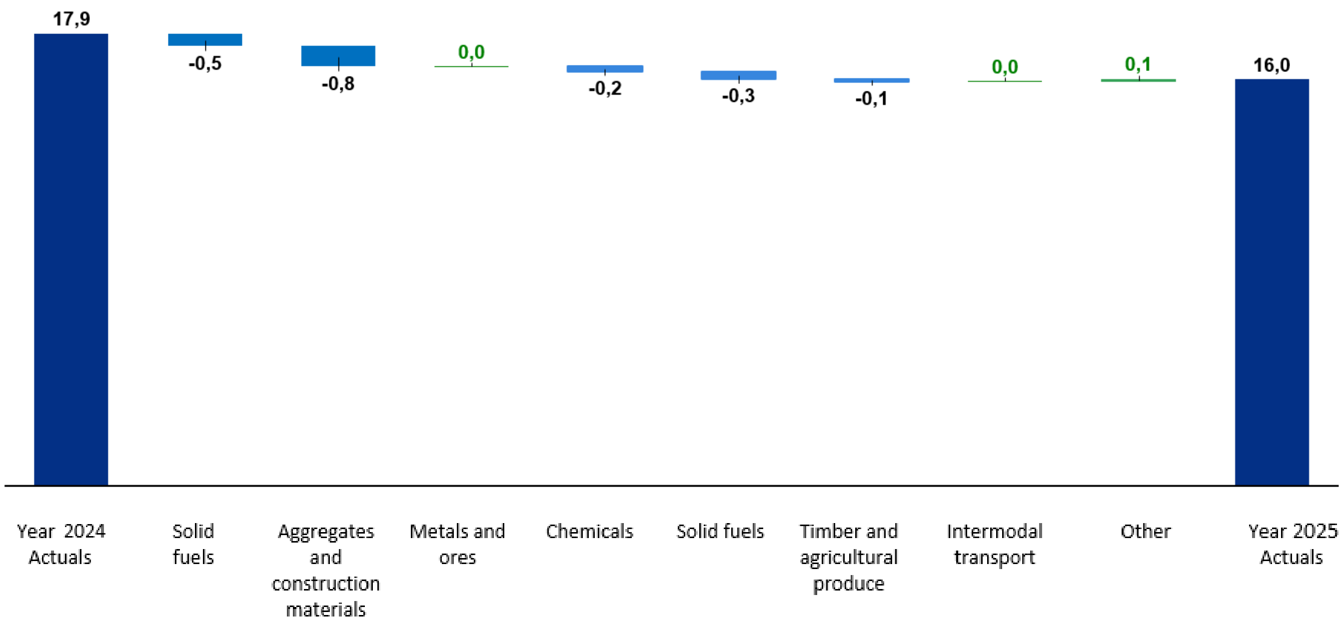
[6] Includes grain, potatoes, sugar beets, other produce, wood and wooden products.
[7] Includes other freight.

Figure 10 Structure of the PKP CARGO Group's freight turnover and freight volume in Q1 2025 and 2024



Source: Proprietary material

Figure 11 Freight volume of the PKP CARGO Group in Q1 2025 compared to the corresponding period in 2024



Source: Proprietary material; some figures have been rounded, which may result in minor discrepancies in the data presented

Explanation of key factors that affected freight volume in various cargo categories in Q1 2025:

Solid fuels

- Gradual decline in the share of hard coal as a fuel due to the adaptation of businesses to the requirements of climate policy,
- growing competitiveness of other fuels, development of electricity generation from renewable energy sources and implementation of transition policies resulting in lower demand for this commodity,
- reduced demand for coal to be used in the production of coke for the metallurgical sector due to the reduced steel output coupled with a decrease in demand from the heating industry due to weather conditions (prevalence of temperatures above the freezing point in winter, accumulation of inventories),
- competition from other rail and road carriers,
- PKP CARGO INTERNATIONAL – lower transport volumes for the energy and industrial production sectors,
- decrease in the average haul of hard coal by -13 km (-6.7%) in connection with the changed directions of deliveries – a drop in the share of freight in sea imports and a large volume of freight carried over a shorter haul under a newly acquired contract.

Aggregates and construction materials

- Reduced supplies of limestone used in flue gas desulfurization plants for the Polish and German power industry due to weather conditions favorable to RES power generation and a general decline in demand for electricity,
- technological and maintenance breaks at the beginning of the year in several aggregate mines in Lower Silesia; reduced output at the Radkowice mine due to the depletion of the deposit,
- competition from rail carriers with spare capacity due to a decline in demand for transport of coal (among other categories) and road carriers benefiting from greater availability of drivers and means of transport following restrictions on access to eastern markets,
- PKP CARGO INTERNATIONAL – lower demand for freight – decrease in the volume of production experienced by a customer,
- increase in the average haul by 13 km (+5.1%) due to a change in the structure/directions of deliveries for infrastructural investments in various parts of Poland

Materials and ores

- Acquisition of unplanned transport, increased demand for scrap metal,
- PKP CARGO INTERNATIONAL – higher freight volume for the Vítkovice steelworks,
- increase in the average haul by 27 km (+10.8%) – change in the structure of freight routes.

Chemicals

- Reduced hydrocarbon transport operations – limited delivery of shipments from the East due to the embargo in force,
- lower sulfur transport volume due to lower contracting by customers,
- increase in the average haul by 18 km (+5.7%) – decrease in the share of short-distance transport to Ukraine near the border.

intermodal

- Intermodal transport in Q1 2025 was at a slightly higher level compared to Q1 2024,
- increased customer demand for transport through Polish seaports, signing of new contracts,
- decrease in the average haul by 30 km (-6.9%) due to a change in the structure of transport operations.

Liquid fuels

- Lower volume of transport to Ukraine – reduction in mobile warfare,
- no fuel transport, reduced transport of petroleum coke to Ukraine due to damage to the recipient's cement plant as a result of warfare,
- PKP CARGO INTERNATIONAL – lower volume of transport from Germany,
- average haul down by 83 km (-31.4%).

Timber and agricultural produce

- Reduced transit transport of grain from Ukraine to Western European due to the redirection of grain exports from Ukraine to the port of Odessa and Romanian ports,
- ban on imports of grain and rapeseed from Ukraine,
- decrease in the average haul by 147 km (-33.1%) as a result of a decrease in the share of transit transport of grain, feed and timber.

Other

- Transport services in connection with a new contract for the export of mining waste,
- decline in average haul by 60 km (-17.4%).

3.3 Information on business segments

The PKP CARGO Group does not distinguish operating segments of its activity, since it has one main product, which incorporates all the material services provided by the Group. The Group conducts its business within one main segment – domestic and international cargo freight and provision of comprehensive logistics services related to rail freight. The Group additionally provides services related to rolling stock repairs, infrastructure maintenance and land reclamation services, but they are not material for the Group's business and therefore are not treated as separate operating segments.

3.4 Headcount

The table below presents data on changes in the employment status of the PKP CARGO under restructuring Group as at 31 March 2025 and at yearend 2024.

Figure 12 Structure of the PKP CARGO Group's headcount as at 31 March 2025 and 31 December 2024

EMPLOYMENT IN THE **GROUP** (PERSONS) STATE AT:	WORKING POSITIONS IN THE **GROUP** (PERSONS) STATE AT:	NON-MANUAL POSITIONS IN THE **GROUP** (PERSONS) STATE AT:
31/03/2025 **14 314**	31/03/2025 **10 639**	31/03/2025 **3 675**
31/12/2024 **14 734**	31/12/2024 **10 997**	31/12/2024 **3 737**

Source: Proprietary material

Since the beginning of 2025, the PKP CARGO Group recorded a decrease in headcount by 420 persons, of which PKP CARGO S.A. by 193 persons.

3.5 PKP CARGO Group's investments

In 3M 2025, the PKP CARGO Group incurred capital expenditures of PLN 102.0 million, down 68.5% compared to the corresponding period of 2024. These expenditures were spent on the acquisition of property, plant and equipment and intangible assets in the form of procurement, modernization and the overhaul component (periodic repairs of P4 and P5 rolling stock and periodic checkups of P3 rolling stock). Capital expenditures also include right-of-use assets (mainly lease of real estate) resulting from IFRS 16.

The majority of the Group's capital expenditures during the first 3 months of 2025 were earmarked for the execution of investment tasks associated with rolling stock, mainly for periodic repairs and periodic check-ups of rolling stock (the number of periodic repairs and periodic inspections performed in this period is derived from the cycles specified in the Maintenance System Documentation (DSU) of the rolling stock approved by the Office of Rail Transport), in the total amount of PLN 74.5 million (or 73.0% of total capital expenditures). Moreover, the Group incurred expenditures on investment construction activity in the amount of PLN 0.3 million, purchases of machinery, equipment, other workshop fittings for PLN 0.2 million, on ICT development, i.e. purchases of computer hardware and intangible assets (software) in the amount of PLN 0.4 million, and on right-of-use assets for PLN 26.6 million, including: PLN 22.1 million in real estate leases and PLN 4.5 million in other rights.

Table 15 Capital expenditures on property, plant and equipment, intangible assets and right-of-use assets in the PKP CARGO Group in Q1 2025 as compared to Q1 2024 (millions of PLN)

Item	Q1 2025	Q1 2024	Change 2025-2024	Change 2025-2024 %
Investment construction activity	0.3	2.8	-2.5	-89.3%
Locomotive upgrades	8.1	0.0	8.1	-
Workshop machinery and equipment	0.2	1.3	-1.1	-84.6%
ICT development	0.4	1.0	-0.6	-60.0%
Other	0.0	0.7	-0.7	-
Components in overhaul, including:	66.4	203.4	-137.0	-67.4%
Repairs and periodic inspections of locomotives	*28.3*	*40.4*	*-12.1*	*-30.0%*
Repairs and periodic inspections of wagons	*38.1*	*163.0*	*-124.9*	*-76.6%*
Right-of-use assets*, of which related to:	26.6	114.3	-87.7	-76.7%
Real properties	*22.1*	*60.5*	*-38.4*	*-63.5%*
Locomotives	*0.2*	*51.0*	*-50.8*	*-99.6%*
Other rights	*4.3*	*2.8*	*1.5*	*53.6%*
Total	**102.0**	**323.5**	**-221.5**	**-68.5%**

** Expenditures on right-of-use assets do not include increases resulting from the sale and leaseback of transport/transshipment equipment for 3M 2024 in the amount of PLN 6.2 million.*
Source: Proprietary material

3.6 Description of achievements and failures, including significant information and events in Q1 2025, until the date of publication of the report

- On 28 February 2025, the Restructuring Administrator filed a list of creditors at the District Court for the Capital City of Warsaw in Warsaw, 18th Commercial Division.
- On 28 February 2025, the Restructuring Administrator obtained the approval of the Judge-Commissioner to extend the deadline for submitting the Company's Restructuring Plan to the case file until 30 June 2025.
- On 10 March 2025, following an open tender for the "Provision of rail transport services for thermal coal from "Lubelski Węgiel Bogdanka S.A." between ENEA Elektrownia Połaniec Spółka Akcyjna and PKP CARGO S.A. under restructuring, agreements were entered into for the period from 1 April 2025 to 31 March 2027. The total volume covered by these agreements is 1,600,000 tons for the total gross value of PLN 48,552,640.00.
- On 14 March 2025, the subsidiary PKP CARGOTABOR Sp. z o.o. under restructuring filed a restructuring plan with the District Court for the Capital City of Warsaw.
- On 25 March 2025, the Company's Management Board decided to enter into commercial agreements with companies from the Azoty Group for the transport of goods in domestic traffic, export, import and on foreign routes, as well as agreements with Grupa Azoty Zakłady Azotowe Puławy S.A. and Grupa Azoty S.A. for the lease of the Company's wagons. The agreements will remain in force until 31 August 2027. The maximum estimated net total value of these agreements during their term will be PLN 233.45 million.
- On 3 April 2025, a meeting was held between the Management Board of the subsidiary PKP CARGOTABOR Sp. z o.o. and the Trade Unions, at which an agreement was signed together with the Rules for Awarding Bonuses to Employees of PKP CARGOTABOR sp. z o.o. under restructuring.
- On 17 April 2025, a notice was published on the National List of Debtors about the date of filing a list of debts and a list of disputed debts.
- On 19 April 2025, the Judge-Commissioner, pursuant to Article 298(1), (2) and (3) of the Restructuring Law, issued a decision granting the Administrator's request in its entirety, consenting to the Restructuring Administrator's withdrawal from the mutual agreement, i.e. the Agreement on Mutual Obligations of the Parties to the Collective Bargaining Agreement for Employees of PKP CARGO S.A. Units entered into on 14 February 2005 ("Valentine's Day Agreement") with effect from the date of commencement of the Company's remedial proceedings, that is from 27 July 2024. The decision is not legally binding.

- On 29 April 2025, the Management Board of the Parent Company approved the sale of 10,360 freight cars that were no longer in use. The sale of these assets requires separate approvals from the relevant corporate bodies of the Company, the Restructuring Administrator of PKP CARGO S.A. under restructuring, and the Judge-Commissioner.
- On 16 May 2025, in connection with the decision of PKP CARGO CONNECT Sp. z o.o. to sell its 21,407 shares in Terminale Przeładunkowe Sławków–Medyka Sp. z o.o. with its registered office in Sławków, with a total par value of PLN 21.4 million, representing 50% of the company's share capital, the Management Board agreed to take steps to prepare the sale of all shares held by PKP CARGO S.A. under restructuring, that is 340,000 shares in the subsidiary EUROTERMINAL SŁAWKÓW Sp. z o.o. with its registered office in Sławków, with a total par value of PLN 17 million, representing 9.316% of the company's share capital.

4. Analysis of the financial and asset standing of the PKP CARGO under restructuring Group

4.1 Economic and financial highlights of the PKP CARGO Group

4.1.1. Selected financial data of the PKP CARGO under restructuring Group and PKP CARGO S.A. under restructuring

Table 16 Financial highlights of the PKP CARGO under restructuring Group

PKP CARGO Group	in PLN million		in EUR million	
	3 months of 2025	3 months of 2024	3 months of 2025	3 months of 2024
Exchange rates (PLN/EUR)			**4.1848**	**4.3211**
Operating revenue	939.6	1,189.5	224.5	275.3
Operating profit / loss	-20.4	-96.8	-4.9	-22.4
Profit / loss before tax	-56.7	-142.8	-13.5	-33.0
Net profit/loss	-48.6	-118.1	-11.6	-27.3
Total comprehensive income attributable to the owners of the parent company	-49.3	-137.6	-11.8	-31.8
Weighted average number of shares	44,786,917	44,786,917	44,786,917	44,786,917
Weighted average number of shares taken into account to calculate diluted profit	44,786,917	44,786,917	44,786,917	44,786,917
Earnings / losses per share (PLN)	-1.09	-2.64	-0.26	-0.61
Diluted earnings / losses per share (PLN)	-1.09	-2.64	-0.26	-0.61
Net cash flow from operating activities	90.8	241.9	21.7	56.0
Net cash flow from investing activities	-56.6	-192.7	-13.5	-44.6
Net cash flow from financing activities	-63.7	-134.2	-15.2	-31.1
Movement in cash and cash equivalents	-29.5	-85.0	-7.0	-19.7
	31 Mar 2025	**31 Dec 2024**	**31 Mar 2025**	**31 Dec 2024**
Exchange rates (PLN/EUR)			**4.1839**	**4.2730**
Non-current assets	5,001.5	4,996.3	1,195.4	1,169.2
Current assets	1,333.0	1,443.0	318.6	337.7
Non-current assets classified as held for sale	-	0.3	-	0.1
Share capital	2,239.3	2,239.3	535.2	524.1
Equity attributable to the owners of the parent company	696.9	746.2	166.6	174.6
Non-current liabilities	2,288.2	2,378.7	546.9	556.7
Current liabilities	3,349.4	3,314.7	800.5	775.7

Source: Quarterly Condensed Consolidated Financial Statements of the PKP CARGO under restructuring Group for the 3-month period ended 31 March 2025, prepared in accordance with EU IFRS

Table 17 Financial highlights of PKP CARGO S.A. under restructuring

PKP CARGO S.A.	in PLN million		in EUR million	
	3 months of 2025	3 months of 2024	3 months of 2025	3 months of 2024
Exchange rates (PLN/EUR)			**4.1848**	**4.3211**
Operating revenue	677.2	912.9	161.8	211.3
Operating profit / loss	-20.0	-105.3	-4.8	-24.4
Profit / loss before tax	-52.4	-150.5	-12.5	-34.8
Net profit/loss	-44.2	-123.5	-10.6	-28.6
Total comprehensive income attributable to the owners of the parent company	-37.1	-119.6	-8.9	-27.7
Weighted average number of shares	44,786,917	44,786,917	44,786,917	44,786,917
Weighted average number of shares taken into account to calculate diluted profit	44,786,917	44,786,917	44,786,917	44,786,917
Earnings / losses per share (PLN)	-0.99	-2.76	-0.24	-0.6
Diluted earnings / losses per share (PLN)	-0.99	-2.76	-0.24	-0.6
Net cash flow from operating activities	47.2	210.4	11.3	48.7
Net cash flow from investing activities	-40.1	-185.5	-9.6	-42.9
Net cash flow from financing activities	-60.8	-102.2	-14.5	-23.7
Movement in cash and cash equivalents	-53.7	-77.3	-12.8	-17.9
	31 Mar 2025	**31 Dec 2024**	**31 Mar 2025**	**31 Dec 2024**
Exchange rates (PLN/EUR)			**4.1839**	**4.2730**
Non-current assets	4,728.6	4,716.6	1,130.2	1,103.8
Current assets	882.9	995.4	211.0	233.0
Non-current assets classified as held for sale	-	0.3	-	0.1
Share capital	2,239.3	2,239.3	535.2	524.1
Equity	473.8	510.9	113.2	119.6
Non-current liabilities	1,951.7	2,046.0	466.5	478.8
Current liabilities	3,186.0	3,155.4	761.5	738.5

Source: Quarterly Financial Information of PKP CARGO S.A. under restructuring for the 3-month period ended 31 March 2025, prepared in accordance with EU IFRS

In the periods covered by the Quarterly Condensed Consolidated Financial Statements of the PKP CARGO under restructuring Group and the Quarterly Financial Information of PKP CARGO S.A. under restructuring for the 3-month period ended 31 March 2025, the following average exchange rates of PLN against EUR, as established by the National Bank of Poland, were used to translate selected financial data:

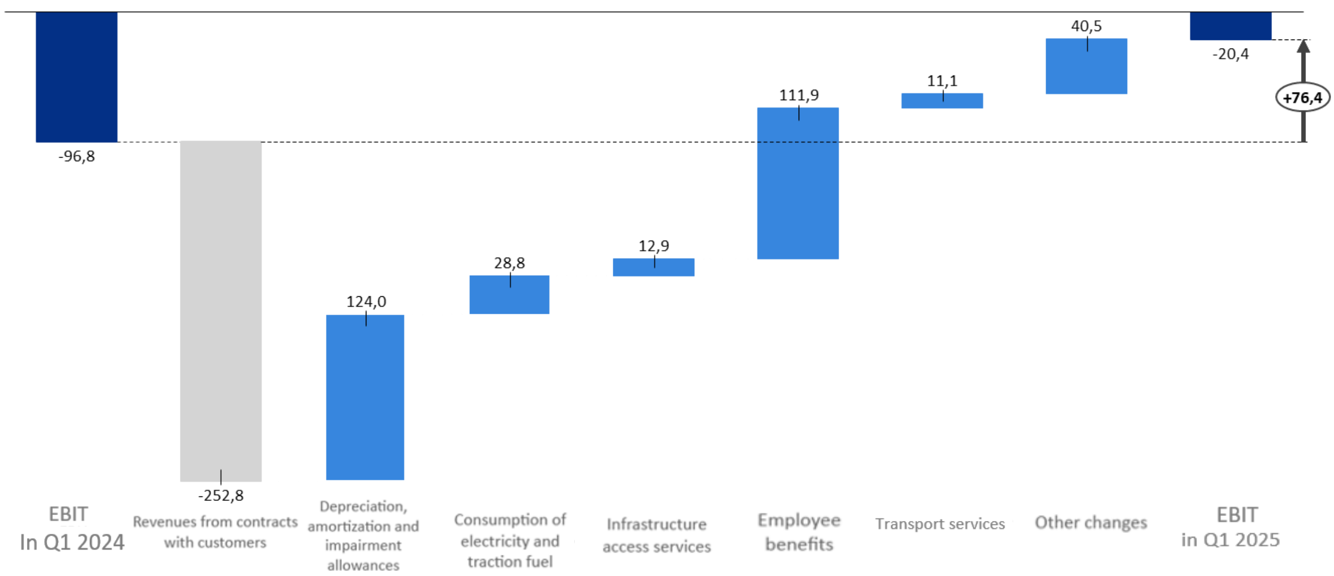
- exchange rate in effect on the last day of the reporting period: 31 March 2025: EUR 1 = PLN 4.1839, 31 December 2024: EUR 1 = PLN 4.2730;
- the average exchange rate in the period calculated as the arithmetic mean of the FX rates prevailing on the last day of each month in a given period: 1 January – 31 March 2025: EUR 1 = PLN 4.1848, 1 January – 31 March 2024: EUR 1 = PLN 4.3211.

4.1.2. Analysis of selected financial highlights of the PKP CARGO Group

Statement of profit or loss of the PKP CARGO Group

In 3M 2025, EBIT was PLN -20.4 million, up by PLN 76.4 million compared to the same period of 2024.[33]

Figure 13 EBIT in Q1 2025 as compared to the corresponding period in 2024 (PLN million)



Source: Proprietary material

The following is a description of the most significant deviations affecting EBIT in the first 3 months of 2025 as compared to the first 3 months of 2024:

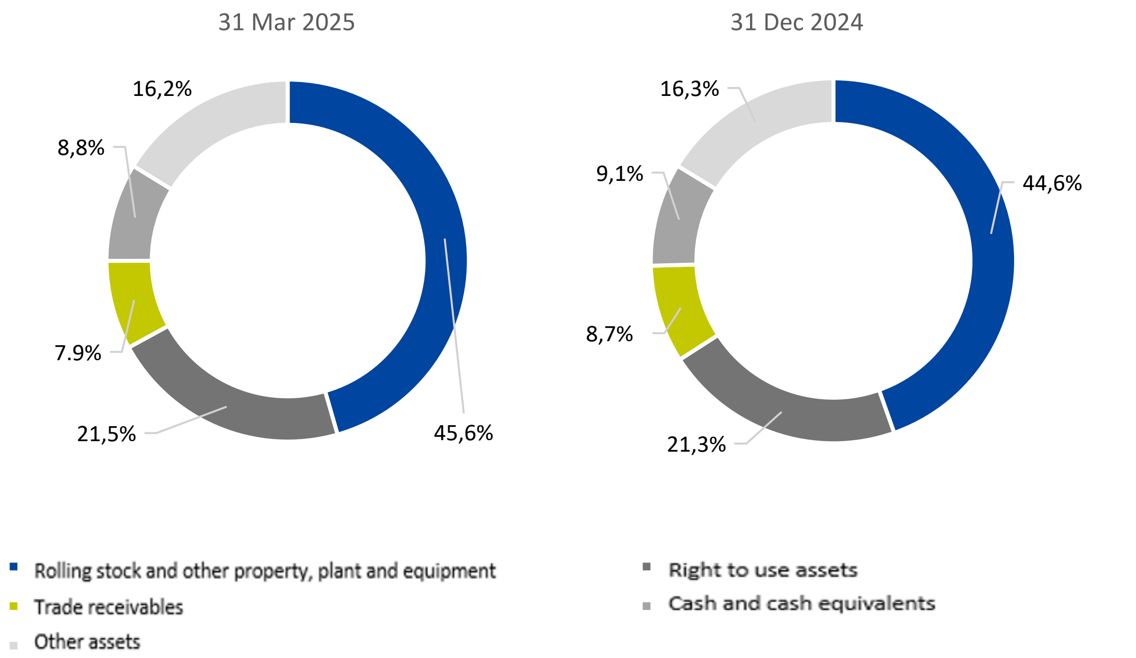
- decrease in revenues from contracts with customers (including predominantly revenues from transport and freight forwarding services) as a direct consequence of a decline in freight volume and unit freight rates. The details pertaining to the PKP CARGO Group's transport services are described in section **3.2.4 PKP CARGO Group's rail transport business**.
- decrease in depreciation and impairment losses, mainly as a result of impairment losses recognized in 2024, which resulted in a lower base of depreciable fixed assets;
- decrease in the costs of consumption of electricity and traction fuel correlated with the decline in freight turnover;
- decrease in the costs of access services to the infrastructure in connection with the decline in freight turnover;
- decrease in the costs of transport services (including, in particular, freight forwarding) correlated with the decline in freight turnover;
- decrease in employee benefit costs as a result of the Group's restructuring and the mass layoff program carried out in 2024. Detailed information on the changes in headcount is presented in section **3.4 Headcount**;
- decrease in costs in "other changes", mainly due to a decrease in interest expenses on trade payables and other liabilities, a decrease in the value of rents and fees for the use of real estate and rolling stock, and a decrease in the value of materials and goods sold.

Statement of financial position of the PKP CARGO Group

ASSETS

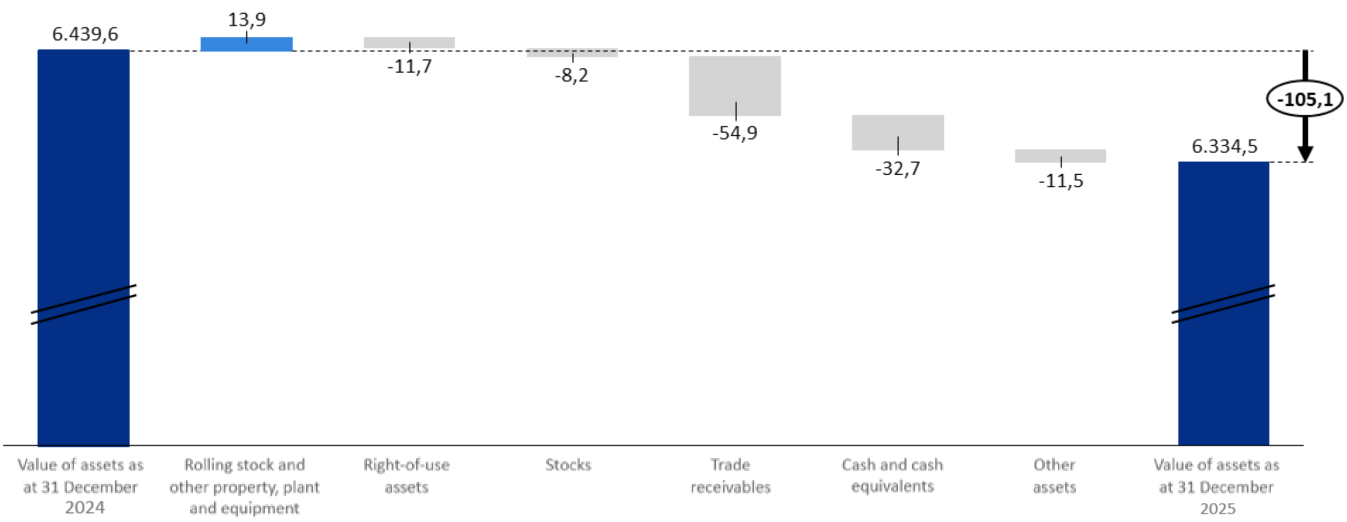
As at 31 March 2025, the largest share in the structure of PKP CARGO Group's assets was held by rolling stock and other property, plant and equipment, which together accounted for 45.6% of total assets, compared to 44.6% as at 31 December 2024. Among current assets, cash and cash equivalents had the largest share in total assets in this period, accounting for 8.8%, compared to 9.1% as at 31 December 2024.

Figure 14 Structure of assets – as at 31 March 2025 and 31 December 2024



Source: Proprietary material

Figure 15 Movement in the Group's assets in Q1 2025 (PLN million)



Source: Proprietary material

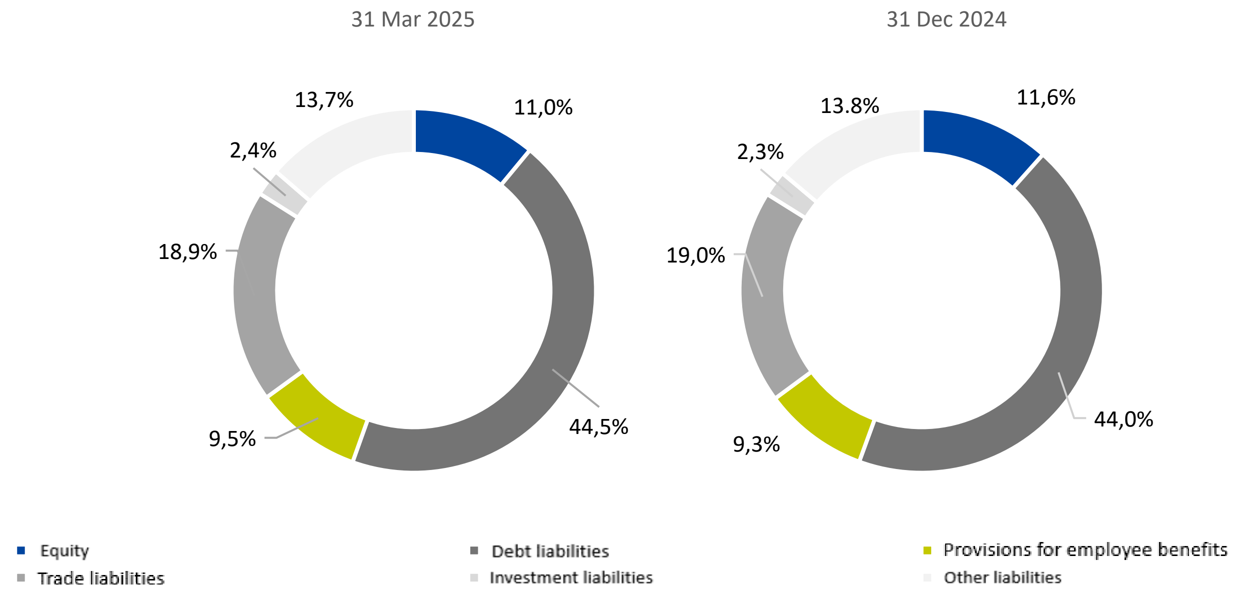
The most significant changes affecting the value of assets as at 31 March 2025 as compared to 31 December 2024 are discussed below:

- increase in the value of rolling stock and other property, plant and equipment, mainly as a result of repairs and periodic inspections of rolling stock required by the law, with lower depreciation costs as a result of impairment losses recognized in 2024, which reduce the depreciation base;
- decrease in the value of trade receivables related to the decrease in transport revenue;
- decrease in cash, mainly as a result of lower inflows from operating activities;
- decrease in the value of other changes, mainly as a result of a decrease in VAT receivables, with a simultaneous increase in deferred tax assets.

EQUITY AND LIABILITIES

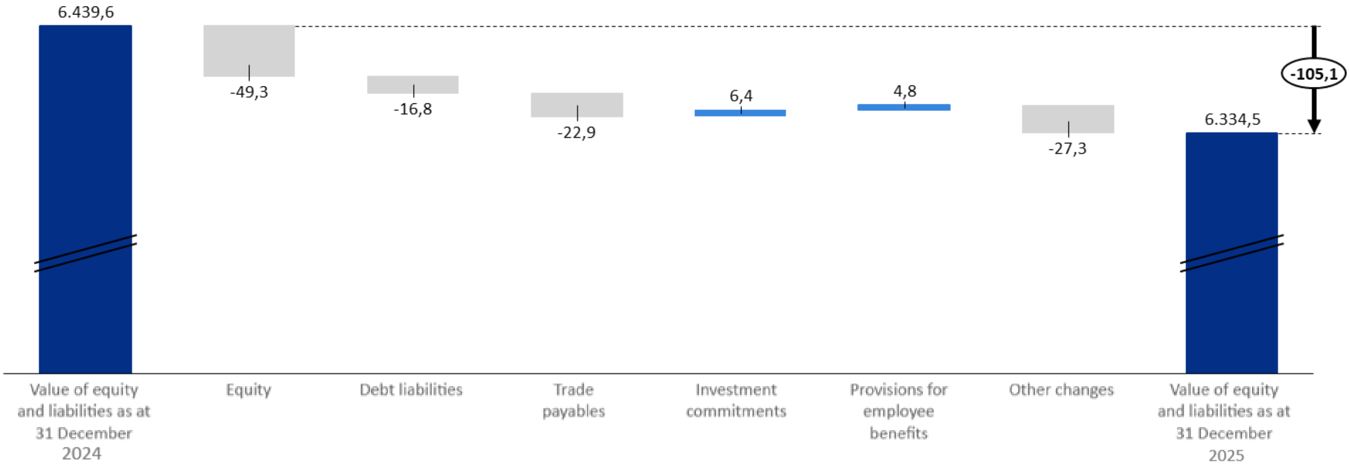
The largest share in the structure of the PKP CARGO Group's equity and liabilities was held by debt liabilities, which accounted for 44.5% of total equity and liabilities, compared to 44.0% as at 31 December 2024. In this period, equity accounted for 11.0% of total equity and liabilities, compared to 11.6% as at 31 December 2024.

Figure 16 Structure of the PKP CARGO Group's equity and liabilities as at 31 March 2025 and 31 December 2024



Source: Proprietary material

Figure 17 Movement in the PKP CARGO Group's equity and liabilities in Q1 2025 (PLN million)



Source: Proprietary material

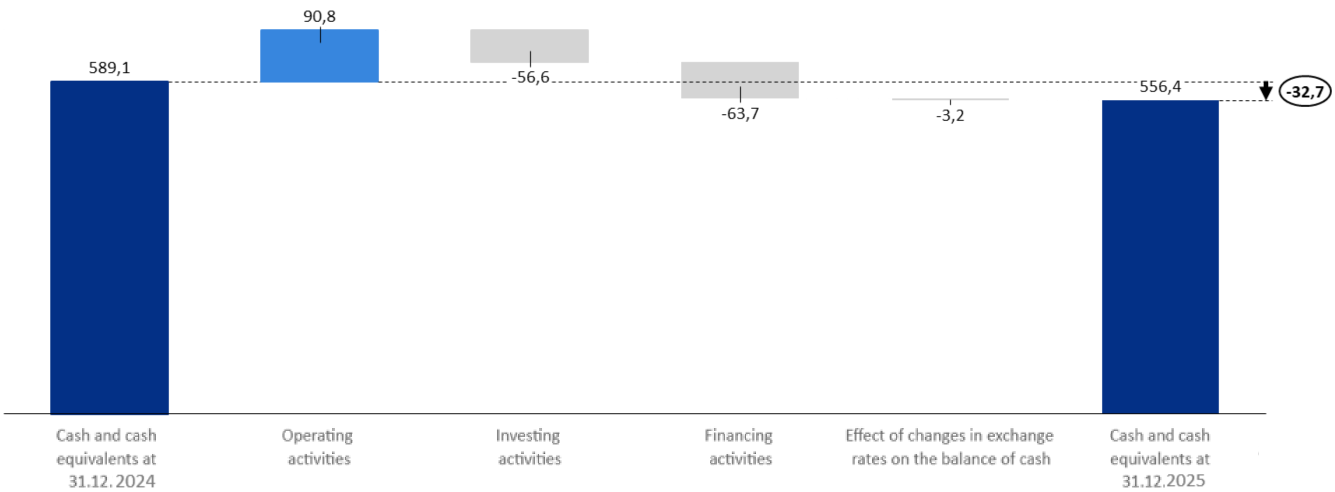
The most significant changes affecting the value of equity and liabilities as at 31 March 2025 compared to 31 December 2024 are explained below:

- decrease in equity, primarily due to the net loss reported by the PKP CARGO Group for the first 3 months of 2025 (item: retained earnings/uncovered losses);
- decrease in debt liabilities as a result of loan and lease repayments in 3M 2025;
- decrease in trade payables, mainly as a result of a decrease in trade and related service liabilities caused by a decrease in freight turnover and gradual repayment of liabilities;
- decrease in other liabilities mainly as a result of a decrease in public law liabilities and liabilities to employees.

4.1.3 Statement of cash flows of the PKP CARGO Group

The value of cash and cash equivalents as at 31 March 2025 decreased by PLN 32.7 million compared to 31 December 2024.

Figure 18 Cash flows in the PKP CARGO Group in Q1 2025 (PLN million)



Source: Proprietary material

The most significant factors affecting the value of cash and cash equivalents in 3M 2025 compared to 31 December 2024 were:

- positive cash flows from operating activities were achieved concurrently with, among others, loss before tax of PLN 56.7 million, depreciation and impairment allowances of PLN 95.2 million and positive cash flows from changes in working capital of PLN 28.4 million;
- negative cash flows from investing activities, primarily as a result of expenditures on the acquisition of non-financial non-current assets in the amount of PLN 64.6 million (mainly rolling stock investments);
- negative cash flows from financing activities, mainly as a result of the repayment of loans and leases with interest in the amount of PLN 73.8 million, with simultaneous inflows from the Guaranteed Employee Benefits Fund in the amount of PLN 10.2 million.

4.1.4 Selected financial and operating ratios of the PKP CARGO Group

The table below presents the PKP CARGO Group's key financial and operating ratios in the first 3 months of 2025 compared to the corresponding period of the previous year.

Table 18 Key financial and operating ratios of the PKP CARGO Group in Q1 2025 as compared to the corresponding period of 2024.

Item	3 months of 2025	3 months of 2024	Change	Rate of change
			2025 - 2024	2025 - 2024
EBITDA margin[1]	8.0%	10.3%	-2.3	-22.3
Net profit margin (ROS)[2]	-5.2%	-9.9%	4.7	-
ROA[3]	-37.0%	-1.7%	-35.3	-
ROE[4]	-336.2%	-4.6%	-331.6	-
Average distance covered per locomotive (km per day)[5]	187.3	180.7	6.6	3.7%
Average gross train tonnage per operating locomotive (tons)[6]	1,431.0	1,457.0	-26.0	-1.8%
Average running time of train locomotives (hours per day)[7]	11.4	11.4	0.0	-
Freight turnover per employee (thousands tkm/employee)[8]	269.9	231.8	38.1	16.4%

Source: Proprietary material

1. Calculated as the ratio of the operating result plus depreciation and amortization (EBITDA) to total operating revenue.
2. Calculated as the ratio of net result to total operating revenue.
3. Calculated as the ratio of net result for the last 12 months to total assets.
4. Calculated as the ratio of net profit for the last 12 months to equity.
5. Calculated as the ratio of vehicle-kilometers (i.e. the distance covered by the Group's vehicles in the given period) to vehicle-days (i.e. the product of the number of active vehicles and number of calendar days in the respective period).
6. Calculated as the quotient of gross ton-kilometers and train-kilometers in train work in relation to the locomotives driving the train (in dual traction or pushing the train in the given period).
7. Calculated as the quotient of vehicle-hours (i.e. the number of hours of work of the Group's vehicles in the given period) and vehicle-days (i.e. the product of the number of active vehicles and number of calendar days in the given period).
8. Calculated as the ratio of freight turnover to the average headcount (in FTEs) in the Group in the given period.

To assess the performance of the PKP CARGO Group, the following basic financial indicators may be applied: EBITDA margin, net profit margin, ROA, ROE, and the following basic operational indicators: average daily mileage, average daily running time of locomotives and average train weight per locomotive, which reflect the freight volume and the degree of utilization of traction vehicles.

The factors which had the highest impact on the above indicators in the first 3 months of 2025 compared to the first 3 months of 2024 were as follows:

- in 3M 2025, the EBITDA margin deteriorated, mainly due to a decrease in operating revenue. Detailed information on the reasons for movement in EBITDA and the net result is presented in section **4.1. Key economic and financial figures of the PKP CARGO Group;**
- in 3M 2025, ROA and ROE ratios decreased, mainly as a result of impairment losses on assets in 2024;
- increase in the average daily mileage of locomotives, as a result of better utilization of locomotives and optimization of the transport process.
- decrease in the average gross train tonnage per locomotive as a result of the transport process being carried out with a decrease in transport volumes;

- increase in the average daily mileage of locomotives by 6.6 km/day to 187.3 km/day, representing a 3.7% increase in average daily mileage compared to the same period in 2024 – this is the result of better utilization of locomotives and optimization of the transport process;
- decrease in the average gross train weight per locomotive by 26 tons, from 1,457.0 tons (Q1 2024) to 1,431.0 tons (Q1 2025), which translates into a decrease in the average weight of trains operated by 1.8%; this figure decreased due to a decline in freight volumes;
- increase in the freight turnover per employee ratio, mainly due to a 15.0% decrease in freight turnover accompanied by a 27.0% decrease in average employment expressed in full-time equivalents.

4.2 Factors that will affect financial performance in the next quarter

Liquidity risk

The opening of the restructuring proceedings has protected the Parent 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 Parent 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 arising after the date of commencement of the restructuring proceedings are settled on an ongoing basis by the Parent Company, with the exception of certain liabilities to employees, for which discussions are underway regarding the deferral of payment dates, and liabilities recognized by the Parent Company as disputed. Due to the difficult financial standing of PKP CARGO S.A. under restructuring, the Management Board decided that some employee benefits, such as retirement severance pay and jubilee awards, would not be paid when due.

Armed conflict in Ukraine

The armed conflict in Ukraine has directly affected global supply chains and rail cargo transport routes. PKP CARGO, as a national rail freight operator, has focused its attention on adapting to rapidly changing market challenges. The Group has become involved in handling the movement of products for which transport routes have been disrupted as a result of the conflict initiated by Russia and, exploiting the potential of the Group's rolling stock, actively participates in handling cargo between Poland and Ukraine.
The PKP CARGO Group is constantly monitoring and taking corrective actions in terms of the services it offers. Due to the uncertain date of the end of the war in Ukraine, the possibilities for planning operations in the eastern direction are limited. Currently, trade exchange between Poland and Ukraine will be conducted in the context the ongoing conflict. EU sanctions against Russia and Belarus have resulted in a decrease in freight volumes along the New Silk Road to the benefit of a greater activity in the Three Seas Initiative area. The emergence of North-South transportation routes linking the East with Western Europe through the Three Seas Initiative countries may reduce the economic distance between these regions.

FX risk

In Q1 2025, the Group was exposed to currency risk arising from receivables, liabilities and cash denominated in foreign currencies. The Group's receivables expressed in foreign currencies are short-term receivables with the maturity up to 1 month and payables expressed in foreign currencies are mostly short– and long-term liabilities on account of investment loan agreements with maturities over 5 years. For the EUR/PLN exchange rate, there is partial natural hedging due to the fact that proceeds in EUR are partly balanced out by expenditures in the same currency. In Q1 2025, the PKP CARGO Group applied hedge accounting for loan agreements denominated in EUR.

Interest rate risk

The Group is exposed to the risk of volatility of interest rate cash flows following from bank loans and leases partially based on variable interest rates.
In Q1 2025, interest on financial liabilities was calculated at fixed interest rates and variable reference rates plus the lender's margin, specifically at the following reference rates: WIBOR O/N, WIBOR 1M, WIBOR 3M, EURIBOR 3M.

Infrastructural investments

Infrastructural projects related to the modernization of rail infrastructure and maintenance and repair plans carried out in Q1 2025 in the PKP network were among the significant factors affecting the transport operations of PKP CARGO S.A. under restructuring. The greatest transport difficulties were related to the continuation of rail infrastructure modernization in Upper Silesia, on sections of access lines towards the border crossing in Zebrzydowice and on sections of the Zduńska Wola Karsznice – Tarnowskie Góry – Bytom coal trunk line, which consequently obstructed the handling of priority shipments. Moreover, transport difficulties were related to the continuation of the modernization of junctions and stations in Upper Silesia: Katowice, Zebrzydowice, Czechowice Dziedzice, Bytom, Chorzów, Rybnik, Pszczyna, Kobiór, Częstochowa Tow. and the modernization of the following areas and stations: Słupsk, Stargard Szczeciński, Białystok, Korsze, Muszyna, including further capacity restrictions on main routes and rail line nos. 3, 6, 61, 93, 96, 131, 133, 139, 273 and 276. Significant transport difficulties are also associated with the continuation of the modernization of the border stations in Zebrzydowice and Muszyna, track closures on the DB side limiting the capacity of the Kunowice/Frankfurt border crossing and the continuation of the modernization of the key Upper Silesian junction in Katowice.

In the next quarter of 2025, it is expected that the degree of capacity restrictions on lines and border crossings will remain unchanged or increase due to the execution of further stages of the National Railway Program (KPK) projects until 2030.

Hiring

With regard to changes in the regulatory environment, a significant event was the issuance, on 19 April 2025, of a decision by the Judge-Commissioner accepting in its entirety the request of the Company's Restructuring Administrator to withdraw from the mutual agreement, i.e. the Agreement on Mutual Obligations of the Parties to the Collective Bargaining Agreement for Employees of PKP CARGO S.A. Units entered into on 14 February 2005 ("Valentine's Day Agreement") together with subsequent annexes to that Agreement. The Judge-Commissioner consented to the withdrawal by the Company's Restructuring Administrator from the Agreement with effect from the date of commencement of the Company's remedial proceedings. As at the date of this report, the decision is not legally binding.

The payment of certain specific components of remuneration to the Company's current and former employees, including retirement severance pay and jubilee awards, continues to be delayed, depending on the Company's financial and liquidity capabilities. Monthly savings in the Company's personnel costs resulting from the mass layoffs enable the accumulation of funds necessary to pay the remaining, temporarily suspended employee bonuses. In the coming months, the Company's financial standing will be reviewed and, if possible, further payments will be made.

Restructuring proceedings

As part of the measures taken, the Company has implemented or is in the process of implementing: employment cuts, termination of some lease agreements that are unnecessary for its operations, sale of some assets, reduction of capital expenditure and its adjustment to transport needs, and rearrangement of the Company's organizational structure. All details of these measures and PKP CARGO S.A. under restructuring's strategy will be presented in the Restructuring Plan, which will be published in June 2025.

The effectiveness of the restructuring measures depends on the situation on the rail freight market and the global macroeconomic and political situation. Currently, the situation of European industries and the volume of production exert a direct impact on the demand for freight transport services. An improvement or deterioration in the performance of European economies will directly affect potential freight volumes available for rail transport operations.

Customs and trade wars

Another uncertainty factor is the economic policy currently pursued by the United States, specifically the intensification of trade and tariff wars, including with Europe. The actions taken by the United States administration and their possible impact on the Group's operations are evaluated on an ongoing basis. There is a high level of uncertainty on the market related to the dynamics of changes and the continued unpredictability of the direction of actions. Accordingly, it is difficult to clearly determine the impact of the customs and trade war on the PKP CARGO Group's future performance. After Q1 2025, international trade intensified briefly due to the risk of new customs barriers, followed by a decrease in trade after their introduction, and then noticeable fluctuations with subsequent suspensions and reinstatements. At the same time, the impact of these changes on rail transport in Poland is not clear, because Polish manufacturers are not strongly linked to the United States market, although some connection exists through third countries such as Germany and Czechia. Most of the bulk cargo that make up this market have reacted only slightly to changes in this area, and at present there are no clear data indicating significant movements on the part of manufacturers. Due to the specific nature of the sector and its limited impact on rail freight turnover, the impact of customs wars is negligible and may predominantly affect the intermodal transport segment.

4.3 Management Board's stance with respect to the possibility of realizing previously published result forecasts for the year

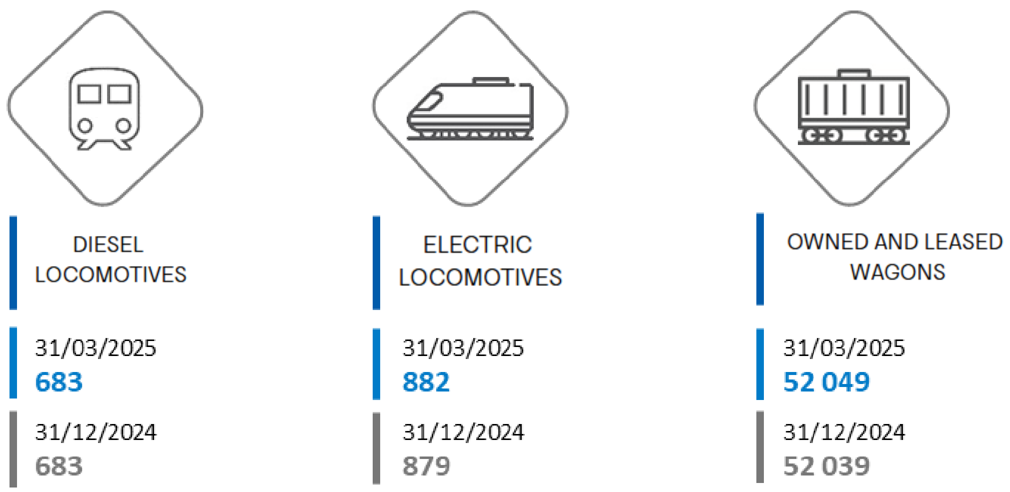
The PKP CARGO under restructuring Group has not published any financial forecasts for 2025.

4.4 Information about production assets

4.4.1 Rolling stock

The PKP CARGO Group's rolling stock is maintained by repair shops operating within the structures of PKP CARGO S.A. under restructuring Units and in subsidiaries. The PKP CARGO Group's rolling stock repair and maintenance organization is qualified to repair and maintain wagons, electric locomotives at all the maintenance levels from P1 to P5 and to repair diesel locomotives at maintenance levels from P1 to P4. The Group's establishments also repair rolling stock and sub-assemblies for other owners. On top of regularly-scheduled activities the points of repair functioning in the PKP CARGO Group's structures conduct ongoing repairs to the rolling stock to fix the defects that appear in the rolling stock during the course of its operation. The number of current repairs of the rolling stock depends on the freight turnover level.
The PKP CARGO Group production assets include wagons and traction rolling stock the quantity of which changes as a result of sales, purchases and scrapping of rolling stock components. Moreover, the quantity of rolling stock is affected by completed repairs of electric machines and wheel sets for refurbished wagons (periodic repairs combined with the replacement of rims or the replacement of monoblock wheels). Competences related to the repair of the most significant components of the circulation reserve – electric machines and wheel sets – are held by PKP CARGOTABOR, which carries out the full range of repairs of electric machines used in the locomotives operated by the PKP CARGO Group.

Figure 19 Structure of rolling stock used by the PKP CARGO under restructuring Group



Source: Proprietary material

4.4.2 Real estate

In the transport process, due to the necessity to guarantee appropriate maintenance and repair support, real estate plays an important role. The majority of real estate held by the Group is used on the basis of long-term lease and rental agreements. The table below presents changes in real estate owned and used by the PKP CARGO Group during the first 3 months of 2025.

Table 19 Real estate owned and used by PKP CARGO Group as at 31 March 2025 as compared to 31 March 2024.

Item	31 Mar 2025	31 Mar 2024	Change 2025-2024
Land – owned, in perpetual usufruct and leased from other entities [ha]	1,360	1,367	-7
Buildings – owned, leased and rented from other entities [m^2]	681,346	684,278	-2,932

Source: Proprietary material

The decrease in the area of the land and buildings used (owned, leased and rented from other entities) is a result of the ongoing verification of the quantum of assets required by the Company and its subsidiaries and its adaptation to the scale and profile of their business activities.

5. Other key information and events

5.1 Proceedings pending before courts, arbitration bodies or public administration authorities

In Q1 2025, neither PKP CARGO S.A. under restructuring nor its subsidiaries participated in any major proceedings pending before courts, arbitration bodies or public administration authorities in cases concerning liabilities or receivables of PKP CARGO S.A. under restructuring or its subsidiaries.

5.2 Information on transactions with related parties

In the first 3 months of 2025, no entity from the PKP CARGO under restructuring Group entered into any transactions with related parties on non-market terms. Detailed information on transactions with related parties is presented in **Note 7.1 to the CFS**.

5.3 Information on extended guarantees and sureties for loans or borrowings

In Q1 2025, PKP CARGO S.A. and its subsidiaries did not extend any sureties for loans or borrowings and did not grant any guarantees to a single entity or subsidiary of such entity whose total amount would be material.

5.4 Other information of relevance for evaluation of the employment situation, financial standing, financial performance, assets and their movements as well as information of relevance for assessment of the ability of the Issuer and other Group companies to pay their debts

Other than the information presented in this Report, no other information has been identified that would be of relevance for evaluation of the employment situation, financial standing, financial performance, assets or their movements or information of relevance for assessment of the ability of the Company or its subsidiaries to pay their debts.

5.5 Summary

All measures taken and planned by the Management Board and the Restructuring Administrator are aimed at optimizing the Company's structure, reducing operating expenses, increasing operational efficiency, improving the quality of services and boosting the Company's competitiveness on the freight transport market. The primary objective is to improve the Company's liquidity situation, generate more revenues and effectively acquire new orders. A detailed Restructuring Plan, which calls for an improvement in the PKP CARGO Group's standing, will be presented by the end of June 2025. The Restructuring Plan will include, without limitation, measures to be taken by the Company in the short and long term to rebuild its position in the rail freight transport market.

This Additional Information to the Consolidated Quarterly Report has been prepared by the Restructuring Administrator of PKP CARGO S.A. under restructuring.

Administrator of PKP CARGO S.A. under restructuring

Izabela Skonieczna-Powałka
Administrator of PKP CARGO S.A. under restructuring
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Warsaw, 30 May 2025