



**Activity report of the Supervisory Board  
of PKP CARGO S.A. under restructuring  
for the year ended 31 December 2024**

Warsaw, 15 May 2024

## I. Introduction

The Supervisory Board of PKP CARGO S.A. under restructuring (hereinafter referred to as the "Supervisory Board") hereby submits to the Ordinary Shareholder Meeting of PKP CARGO S.A. under restructuring (hereinafter referred to as the "Ordinary Shareholder Meeting") a report on its activities as a corporate body of PKP CARGO S.A. under restructuring (hereinafter referred to as the "Company") and on the assessment of the Company's standing, taking into consideration the appropriateness and effectiveness of its systems of internal control, risk management, compliance with standards or applicable practices and internal audit applied by the Company for 2024 (hereinafter jointly referred to as the "Report"); the Report also includes the evaluation of the Company's compliance with reporting duties pertaining to the fulfillment of corporate governance requirements and the evaluation of reasonability of the Company's policy related to sponsorship activities, charitable activities or other activities of a similar nature.

The Report was prepared in accordance with the requirements of: Article 382 § 3<sup>1</sup> of the *Commercial Company Code of 15 September 2000* (consolidated text: Journal of Laws of 2024, Item 18, as amended), as well as the *Best Practice for GPW Listed Companies 2021* attached to Resolution No. 13/1834/2021 of the Supervisory Board of the Stock Exchange of 29 March 2021.

## II. Composition of the Supervisory Board and its Committees.

From 1 January 2024 to 31 December 2024, the **Supervisory Board** was composed of:

No.	Name	Position	Information on		Period in office	
			meeting the independence criteria defined in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight	the existence of actual and material links to a shareholder holding at least 5% of the total number votes in the company	from	to
1.	Władysław Szczepkowski	Supervisory Board Chairperson Supervisory Board Member	No	Yes	1 January 2024	31 December 2024
2.	Andrzej Leszczyński	Supervisory Board Vice-Chairperson Supervisory Board Member	No	Yes	1 January 2024	19 April 2024
3.	Henryk Grymel	Supervisory Board Member	No	No	1 January 2024	21 November 2024
4.	Tomasz Pietrek	Supervisory Board Member	No	No	1 January 2024	21 November 2024
5.	Marek Ryszka	Supervisory Board Member	No	No	1 January 2024	19 April 2024
6.	Paweł Sosnowski	Supervisory Board Member	No	Yes	1 January 2024	14 May 2024
7.	Jarosław Stawiarski	Supervisory Board Member	No	Yes	1 January 2024	19 April 2024
8.	Jarosław Ślepaczuk	Supervisory Board Member	No	No	1 January 2024	21 November 2024
9.	Michał Wnorowski	Supervisory Board Member	Yes	No	1 January 2024	31 December 2024

10.	Izabela Wojtyczka	Supervisory Board Member	Yes	No	1 January 2024	7 October 2024
11.	Grzegorz Dostatni	Supervisory Board Member	No	Yes	1 January 2024	14 May 2024
12.	Marcin Wojewódka	Supervisory Board Member	No	No	19 April 2024	31 December 2024
13.	Paweł Miłek	Supervisory Board Member	No	No	19 April 2024	31 December 2024
14.	Monika Starecka	Supervisory Board Member	No	Yes	19 April 2024	31 December 2024
15.	Grzegorz Lato	Supervisory Board Member	Yes	No	7 October 2024	21 November 2024
16.	Marzena Piszczek	Supervisory Board Member	Yes	No	21 November 2024	31 December 2024
17.	Robert Stępień	Supervisory Board Member	No	No	14 May 2024	31 December 2024
18.	Bogusław Nadolnik	Supervisory Board Member	No	No	14 May 2024	31 December 2024

Source: Proprietary material

As at the date of adoption of this Report, the Supervisory Board is composed of the following persons:

- |    |                   |   |                                    |
|----|-------------------|---|------------------------------------|
| 1. | Bogusław Nadolnik | – | Supervisory Board Chairperson      |
| 2. | Marcin Wojewódka  | – | Supervisory Board Vice-Chairperson |
| 3. | Michał Wnorowski  | – | Supervisory Board Member           |
| 4. | Marzena Piszczek  | – | Supervisory Board Member           |
| 5. | Monika Starecka   | – | Supervisory Board Member           |
| 6. | Robert Stępień    | – | Supervisory Board Member           |
| 7. | Piotr Babski      | – | Supervisory Board Member           |
| 8. | Tomasz Pietrek    | – | Supervisory Board Member           |

There are three Committees within the Supervisory Board structure: Audit Committee, Nomination Committee and Strategy, Restructuring and Sustainability Committee, whose activities in the reporting period are described in sections V, VI and VII of the Report.

The composition of the Supervisory Board Audit Committee in 2024 is presented in the following table:

No.	Name	Position	Information on		Period in office	
			meeting the independence criteria defined in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight	the existence of actual and material links to a shareholder holding at least 5% of the total number votes in the company	from	to
1	Michał Wnorowski	Committee Chairperson Committee Member	Yes	No	1 January 2024	31 December 2024

2	Jarosław Ślepaczuk	Committee Member	No	No	1 January 2024	21 November 2024
3	Izabela Wojtyczka	Committee Member	Yes	No	1 January 2024	7 October 2024
4	Władysław Szczepkowski	Committee Member	No	Yes	27 November 2024	31 December 2024
5	Grzegorz Lato	Committee Member	Yes	No	15 October 2024	21 November 2024
6	Marzena Piszczek	Committee Member	Yes	No	27 November 2024	31 December 2024

Source: Proprietary material.

As at the date of adoption of this Report, the composition of the Supervisory Board Audit Committee is as follows:

1. Mr. Michał Wnorowski – Committee Chairperson
2. Ms. Marzena Piszczek – Committee Member
3. Ms. Monika Starecka – Committee Member

The composition of the Supervisory Board Nomination Committee in 2024 is presented in the following table:

No.	Name	Position	Information on		Period in office	
			meeting the independence criteria defined in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight	the existence of actual and material links to a shareholder holding at least 5% of the total number votes in the company	from	to
1	Izabela Wojtyczka	Committee Chairperson Committee Member	Yes	No	1 January 2024	7 October 2024
2	Paweł Sosnowski	Committee Member	No	Yes	1 January 2024	14 May 2024
3	Władysław Szczepkowski	Committee Member	No	Yes	1 January 2024	31 December 2024
4	Grzegorz Lato	Committee Chairperson Committee Member	Yes	No	15 October 2024	21 November 2024
5	Marzena Piszczek	Committee Chairperson Committee Member	Yes	No	27 November 2024	31 December 2024
6	Robert Stępień	Committee Member	No	No	16 May 2024	31 December 2024

Source: Proprietary material.

As at the date of adoption of this Report, the composition of the Nomination Committee is as follows:

1. Ms. Marzena Piszczek – Committee Chairperson
2. Ms. Monika Starecka – Committee Member
3. Mr. Robert Stępień – Committee Member

The composition of the Supervisory Board Strategy, Restructuring and Sustainability Committee in 2024 is presented in the following table:

No.	Name	Position	Information on		Period in office	
			meeting the independence criteria defined in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight	actual and material links to a shareholder holding at least 5% of the total number votes in the company	from	to
1	Władysław Szczepkowski	Committee Chairperson Committee Member	No	Yes	1 January 2024	31 December 2024
2	Henryk Grymel	Committee Member	No	No	1 January 2024	21 November 2024
3	Andrzej Leszczyński	Committee Member	No	Yes	1 January 2024	19 April 2024
4	Tomasz Pietrek	Committee Member	No	No	1 January 2024	21 November 2024
5	Michał Wnorowski	Committee Member	Yes	No	1 January 2024	31 December 2024
6	Bogusław Nadolnik	Committee Member	No	No	16 May 2024	31 December 2024

Source: Proprietary material.

As at the date of adoption of this Report, the composition of the Strategy, Restructuring and Sustainability Committee is as follows:

1. Mr. Marcin Wojewódka – Committee Chairperson
2. Mr. Bogusław Nadolnik – Committee Member
3. Mr. Michał Wnorowski – Committee Member
4. Mr. Piotr Babski – Committee Member

### III. Legal and formal aspects of the operation of the Supervisory Board

The Supervisory Board consists of 7 to 9 members (including the Supervisory Board Chairperson and Vice-Chairperson) appointed for a joint term of office. The number of Supervisory Board members in a specific term of office is set by PKP S.A. The term of office of the Supervisory Board is 3 years. The Supervisory Board is appointed and dismissed by the Shareholder Meeting, subject to the provisions of § 19 Sections 2 and 3 of the Articles of Association of PKP CARGO S.A.

#### *Powers of the Supervisory Board*

The Supervisory Board carries out ongoing supervision over the Company's operations in all areas of its activity. Moreover, its powers, in addition to matters reserved by the Commercial Company Code or other statutes, include granting consent for the payment of an interim dividend by the Management Board towards the anticipated end-of-the-year dividend, appointing and dismissing the President and other members of the Management Board, setting the number of Management Board members, granting consent for the establishment or liquidation of the Company's branch, issuing opinions on proposals submitted by the Management Board to the Shareholder Meeting.

#### *Operation of the Supervisory Board*

The procedure of the Supervisory Board's operation is described in detail in the Supervisory Board Bylaws adopted by the Supervisory Board. Taking into account the provisions of these Bylaws, the Supervisory Board makes decisions in the form of resolutions, or an appropriate entry in the minutes of the meeting. For Supervisory Board resolutions to be valid, all the Supervisory Board Members must have been invited and at least half of them must be present, including the Supervisory Board Chairperson or Vice-Chairperson. Resolutions of the Supervisory Board are adopted by a simple majority of votes. If an equal number of votes is cast "for" and "against", the Supervisory Board Chairperson has the casting vote. Supervisory Board resolutions in the matter of suspension of Management Board members or the Management Board require the consent of the Supervisory Board Chairperson.

The Supervisory Board may adopt resolutions without holding a meeting, by following a written procedure or using means of direct remote communication in accordance with the procedure laid down in § 16 of the Bylaws of the Supervisory Board. Decisions in this respect are made by the Supervisory Board Chairperson at his/her own initiative or at a written motion of the Management Board or a Supervisory Board Member.

In accordance with the Bylaws of the Supervisory Board, in the event of conflicting interests of the Company and personal interests of a Supervisory Board Member, his/her spouse, relatives and second degree next of kin, and persons with whom the Supervisory Board member has personal ties, he or she should refrain from participating in the discussion and voting on the resolution of such matters and request that this fact be recorded in the minutes of the Supervisory Board meeting.

#### *Independence criterion for Supervisory Board members*

Pursuant to the provisions of § 20 of the Articles of Association, at least two Supervisory Board Members elected by the Shareholder Meeting should satisfy the criteria of independence from the Company and entities with significant ties to the Company set out in:

- 1) § 21 of the Articles of Association;
- 2) Annex II to the *Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board* (EU OJ L. 05.52.51);
- 3) the *Best Practice for GPW Listed Companies 2021* constituting an attachment to Resolution No. 13/1834/2021 of the WSE Supervisory Board of 29 March 2021;
- 4) the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (consolidated text: Journal of Laws of 2024, Item 1035, as amended).

In the period from 1 January 2024 to 31 December 2024, the Supervisory Board Members fulfilling the criteria of independence from the Company included:

- 1) Mr. Michał Wnorowski – appointed by Resolution No. 25/2022 of the Ordinary Shareholder Meeting of PKP CARGO S.A. of 29 June 2022 on appointing members meeting the independence criteria to the PKP CARGO S.A. Supervisory Board of the 8th term of office;
- 2) Ms. Izabela Wojtyczka – appointed by Resolution No. 26/2022 of the Ordinary Shareholder Meeting of PKP CARGO S.A. of 29 June 2022 on appointing members meeting the independence criteria to the PKP CARGO S.A. Supervisory Board of the 8th term of office;
- 3) Mr. Grzegorz Lato – appointed by Resolution No. 57/2024 of the Extraordinary Shareholder Meeting of PKP CARGO S.A. of 7 October 2024 on appointment to the PKP CARGO S.A. Supervisory Board of the 8th term of office;
- 4) Ms. Marzena Piszczek – appointed by Resolution No. 63/2024 of the Extraordinary Shareholder Meeting of PKP CARGO S.A. of 21 November 2024 on appointment to the PKP CARGO S.A. Supervisory Board of the 8th term of office.

#### *Diversity policy*

The Company has not developed a formal diversity policy applicable to the Company's governing bodies. None of the internal regulations specify any target minimum minority participation rate; nevertheless, the policy carried out by PKP CARGO S.A. under restructuring in all the processes, especially recruitment, takes into consideration such diversity aspects as sex, education, age and professional experience, accepting diversity and equal opportunities as significant competitive advantages which make it possible to win and retain talented employees and benefit from their professional capacity, especially with regard to the Company's governing bodies.

## **IV. Supervisory Board's work**

In the financial year 2024, the Supervisory Board, in the context of ensuring a long-term capacity to keep up with the increasing domestic and foreign competition in the European rail freight transport market currently undergoing liberalization – focused on the major issues relating to the current and future financial standing, commercial activities, operating activities and a broadly defined employment and HR management policy while acknowledging the views of Social Partners. In 2024, the Supervisory Board analyzed on a daily basis the impact on the Company's operations of the dynamically developing circumstances and conditions related to the Prime Minister's decision on the priority of coal transportation by PKP CARGO S.A. at the turn of 2022 and 2023 and monitored the optimizing activities and employment restructuring in the Company in connection with the opening of remedial proceedings.

In the financial year 2024, the Supervisory Board held 23 meetings and took 13 votes without holding a meeting, using means of direct remote communication, during which it adopted 119 resolutions.

The dates of Supervisory Board meetings and the number of Supervisory Board Members absent from the meetings in 2024 were as follows:

Supervisory Board meetings in 2024		
No.	date	number of Supervisory Board members in attendance at the meeting
1.	29 January 2024	0
2.	1 February 2024	0
3.	21 March 2024	0
4.	26 March 2024	0
5.	9 April 2024	0
6.	22 April 2024	0
7.	23 April 2024	0
8.	24 April 2024	2 (two)
9.	16 May 2024	0
10.	23 May 2024	0
11.	5 June 2024	0
12.	18 June 2024	0
13.	18 June 2024	0
14.	10 July 2024	0
15.	15 July 2024	2 (two)
16.	25 July 2024	1 (one)
17.	2 September 2024	0
18.	15 October 2024	0
19.	6 November 2024	1 (one)
20.	27 November 2024	0
21.	16 December 2024	0
22.	20 December 2024	1 (one)
23.	20 December 2024	0

Source: Proprietary material.

A breakdown of resolutions put to a vote by the Supervisory Board in the financial year 2024 is presented in the following table:

Summary of resolutions adopted by the Supervisory Board in 2024		
date	resolution number	in the matter of
29 January 2024	<a href="#">130/VIII/2024</a>	entering into agreements on current repairs and periodic inspections of wagons and on maintenance of locomotives with PKP CARGOTABOR sp. z o.o.
29 January 2024	<a href="#">131/VIII/2024</a>	entering into an Annex to the Memorandum of Agreement to Agreement No. 5700027820 to deliver 31 new six-axis electric locomotives between PKP CARGO S.A., the Consortium of NEWAG S.A. and NEWAG LEASE spółka z ograniczoną odpowiedzialnością S.K.A and the financing entity PKO Leasing S.A.
1 February 2024	<a href="#">132/VIII/2024</a>	suspending the President of the PKP CARGO S.A. Management Board in his/her duties
1 February 2024	<a href="#">133/VIII/2024</a>	suspending a PKP CARGO S.A. Management Board member in his/her duties
1 February 2024	<a href="#">134/VIII/2024</a>	entrusting the fulfilment of duties of the President of the PKP CARGO S.A. Management Board
1 February 2024	<a href="#">135/VIII/2024</a>	giving consent to enter into an agreement with PKP CARGOTABOR sp. z o.o. on the performance of periodic repairs of freight wagons
23 February 2024	<a href="#">136/VIII/2024</a>	authorizing the PKP CARGO S.A. Supervisory Board Chairperson to sign Minutes No. 2/2024 of the PKP CARGO S.A. Supervisory Board meeting, adopted by the PKP CARGO S.A. Supervisory Board
28 February 2024	<a href="#">137/VIII/2024</a>	giving consent to execute Annex 5 to Overdraft Facility Agreement No. WK21-000014 entered into with Bank Gospodarstwa Krajowego

19 March 2024	<a href="#">138/VIII/2024</a>	entering into Annex 3 to the Current Account Overdraft Agreement with Powszechna Kasa Oszczędności Bank Polski S.A.
21 March 2024	<a href="#">139/VIII/2024</a>	giving consent to enter into an agreement with PKP CARGOTABOR sp. z o.o. on the performance of periodic repairs of locomotives
21 March 2024	<a href="#">140/VIII/2024</a>	giving consent to execute Annex 1 to Agreement No. 5700034874 of 31 July 2023 for the provision of infrastructure and system maintenance services entered into with PKP Informatyka spółka z o.o.
21 March 2024	<a href="#">141/VIII/2024</a>	approving the Organizational Bylaws of the Internal Control and Audit Department at the PKP CARGO S.A. Head Office
21 March 2024	<a href="#">142/VIII/2024</a>	issuing an opinion on the motion submitted by the PKP CARGO S.A. Management Board to the PKP CARGO S.A. Shareholder Meeting regarding the approval to execute, with the consortium of audit firms, Grant Thornton Polska P.S.A. and Grant Thornton Frąckowiak P.S.A., Annex 2 to the Agreement
21 March 2024	<a href="#">143/VIII/2024</a>	issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Shareholder Meeting of PKP CARGO S.A. to amend the Articles of Association of PKP CARGO S.A.
21 March 2024	<a href="#">144/VIII/2024</a>	issuing an opinion on the agenda for the PKP CARGO S.A. Extraordinary Shareholder Meeting
21 March 2024	<a href="#">145/VIII/2024</a>	nominating Supervisory Board Members to take part in the PKP CARGO S.A. Extraordinary Shareholder Meeting
26 March 2024	<a href="#">146/VIII/2024</a>	approving the "PKP CARGO S.A. Business Plan for 2024"
26 March 2024	<a href="#">147/VIII/2024</a>	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting
22 April 2024	<a href="#">148/VIII/2024</a>	dismissing the PKP CARGO S.A. Management Board Member in charge of Commerce
23 April 2024	<a href="#">149/VIII/2024</a>	statement on the selection of an audit firm to audit the annual Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2023, prepared in accordance with EU IFRS, and the annual Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2023, prepared in accordance with EU IFRS
23 April 2024	<a href="#">150/VIII/2024</a>	submission by the Supervisory Board of the statement set out in § 70 Section 1 Item 8 and § 71 Section 1 Item 8 of the Finance Minister's Regulation on the current and periodic information transmitted by securities issuers and the conditions for recognizing the information required by the regulations of a non-member state as equivalent
23 April 2024	<a href="#">151/VIII/2024</a>	assessment of the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2023, prepared in accordance with EU IFRS and issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Ordinary Shareholder Meeting of PKP CARGO S.A.
23 April 2024	<a href="#">152/VIII/2024</a>	assessment of the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2023, prepared in accordance with EU IFRS, and the Management Board Report on the Activity of the Group, and issuing an opinion on the motion to the Ordinary Shareholder Meeting of PKP CARGO S.A.
23 April 2024	<a href="#">153/VIII/2024</a>	evaluating the PKP CARGO Group's Sustainability Report for 2023 and issuing an opinion on the motion to the Ordinary Shareholder Meeting of PKP CARGO S.A.
23 April 2024	<a href="#">154/VIII/2024</a>	allocation of the profit presented in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2023, prepared in accordance with EU IFRS
24 April 2024	<a href="#">155/VIII/2024</a>	dismissing the President of the PKP CARGO S.A. Management Board
24 April 2024	<a href="#">156/VIII/2024</a>	dismissing the PKP CARGO S.A. Management Board Member in charge of Operations

24 April 2024	<a href="#">157/VIII/2024</a>	dismissing the PKP CARGO S.A. Management Board Member in charge of Finance
24 April 2024	<a href="#">158/VIII/2024</a>	delegating a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of President of the Management Board of PKP CARGO S.A.
24 April 2024	<a href="#">159/VIII/2024</a>	delegating a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of Management Board Member in charge of Finance
24 April 2024	<a href="#">160/VIII/2024</a>	delegating a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of Management Board Member in charge of Commerce
24 April 2024	<a href="#">161/VIII/2024</a>	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting
24 April 2024	<a href="#">162/VIII/2024</a>	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting
10 May 2024	<a href="#">163/VIII/2024</a>	entering into Annex 7 to Current Account Overdraft Agreement No. 2018/209/DDF with Bank Polska Kasa Opieki S.A.
10 May 2024	<a href="#">164/VIII/2024</a>	entering into Annex 2 to Current Account Overdraft Agreement No. 2023/66/DKS with Bank Polska Kasa Opieki S.A.
10 May 2024	<a href="#">165/VIII/2024</a>	entering into Annex 8 to the Account Group Cash Management System Agreement with Bank Polska Kasa Opieki S.A.
10 May 2024	<a href="#">166/VIII/2024</a>	entering into Annex 5 to Guarantee Facility Agreement No. 2021/102/DKS with Bank Polska Kasa Opieki S.A.
16 May 2024	<a href="#">167/VIII/2024</a>	completing the composition of the Nomination Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office
16 May 2024	<a href="#">168/VIII/2024</a>	completing the composition of the Strategy and Sustainability Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office
16 May 2024	<a href="#">169/VIII/2024</a>	concluding a management services and non-competition agreement with Mr. Marcin Wojewódka delegated to act temporarily in the capacity of President of the PKP CARGO S.A. Management Board
16 May 2024	<a href="#">170/VIII/2024</a>	concluding a management services and non-competition agreement with Ms. Monika Starecka delegated to act temporarily in the capacity of Management Board Member in charge of Finance of PKP CARGO S.A.
16 May 2024	<a href="#">171/VIII/2024</a>	concluding a management services and non-competition agreement with Mr. Paweł Milek delegated to act temporarily in the capacity of Management Board Member in charge of Commerce of PKP CARGO S.A.
16 May 2024	<a href="#">172/VIII/2024</a>	giving ex-post approval to a vote for the adoption of a restructuring plan in the preventive restructuring procedure conducted in relation to Liberty Ostrava a.s. with its registered office in Ostrava, Czech Republic, covering debt release
16 May 2024	<a href="#">173/VIII/2024</a>	initiating the recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Operations
23 May 2024	<a href="#">174/VIII/2024</a>	executing Annex 1 to the management services and non-competition agreement of 17 May 2024 entered into with Mr. Paweł Milek
23 May 2024	<a href="#">175/VIII/2024</a>	Activity Report of the PKP CARGO S.A. Supervisory Board for 2023
23 May 2024	<a href="#">176/VIII/2024</a>	adopting the "Report on compensation of Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2023"

23 May 2024	<a href="#">177/VIII/2024</a>	issuing an opinion on the agenda for the PKP CARGO S.A. Ordinary Shareholder Meeting
23 May 2024	<a href="#">178/VIII/2024</a>	nominating members of the PKP CARGO S.A. Supervisory Board to take part in the PKP CARGO S.A. Ordinary Shareholder Meeting
12 June 2024	<a href="#">179/VIII/2024</a>	issuing an opinion on the extended agenda for the PKP CARGO S.A. Ordinary Shareholder Meeting
18 June 2024	<a href="#">180/VIII/2024</a>	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to the President of the Management Board of PKP CARGO S.A. on the performance of his duties
18 June 2024	<a href="#">181/VIII/2024</a>	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties
18 June 2024	<a href="#">182/VIII/2024</a>	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties
18 June 2024	<a href="#">183/VIII/2024</a>	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties
18 June 2024	<a href="#">184/VIII/2024</a>	submitting a motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. to grant a discharge to a Member of the Management Board of PKP CARGO S.A. on the performance of his duties
18 June 2024	<a href="#">185/VIII/2024</a>	giving ex-post approval of the conclusion of an advisory agreement for reviewing the internal procedures of PKP CARGO S.A. in selected activity areas with Ernst&Young sp. z o.o. Consulting sp. k.
18 June 2024	<a href="#">186/VIII/2024</a>	giving consent to enter into Annex 1 to Agreement No. 5700034283 with PKP CARGOTABOR sp. z o.o. on the performance of periodic repairs of locomotives
18 June 2024	<a href="#">187/VIII/2024</a>	adopting the consolidated text of the <i>Articles of Association</i> of PKP CARGO S.A.
21 June 2024	<a href="#">188/VIII/2024</a>	giving consent to enter into Annex 4 to the Current Account Overdraft Agreement of 19 December 2019 concerning account number 04 1020 1042 0000 8502 0197 0433 with Powszechna Kasa Oszczędności Bank Polski S.A.
21 June 2024	<a href="#">189/VIII/2024</a>	giving consent to enter into Annex 2 to the Current Account Overdraft Agreement of 28 June 2022 concerning account number 16 1020 1026 0000 1102 0528 9907 with Powszechna Kasa Oszczędności Bank Polski S.A.
26 June 2024	<a href="#">190/VIII/2024</a>	entering into the Basic Agreement on Rail Infrastructure Use in Germany with DB InfraGO AG
15 July 2024	<a href="#">191/VIII/2024</a>	delegating a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of President of the Management Board of PKP CARGO S.A.
15 July 2024	<a href="#">192/VIII/2024</a>	delegating a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of PKP CARGO S.A. Management Board Member in charge of Finance
15 July 2024	<a href="#">193/VIII/2024</a>	delegating a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of PKP CARGO S.A. Management Board Member in charge of Commerce
15 July 2024	<a href="#">194/VIII/2024</a>	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting
15 July 2024	<a href="#">195/VIII/2024</a>	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting

15 July 2024	<a href="#">196/VIII/2024</a>	entering into an annex to the management services and non-competition agreement for the President and Members of the PKP CARGO S.A. Management Board
25 July 2024	<a href="#">197/VIII/2024</a>	excusing an absence at a PKP CARGO S.A. Supervisory Board meeting
6 August 2024	<a href="#">198/VIII/2024</a>	concluding a management services and non-competition agreement with Mr. Marcin Wojewódka delegated to act temporarily in the capacity of President of the Management Board of PKP CARGO S.A. under restructuring
6 August 2024	<a href="#">199/VIII/2024</a>	concluding a management services and non-competition agreement with Ms. Monika Starecka delegated to act temporarily in the capacity of Management Board Member in charge of Finance of PKP CARGO S.A. under restructuring
6 August 2024	<a href="#">200/VIII/2024</a>	concluding a management services and non-competition agreement with Mr. Paweł Miłek delegated to act temporarily in the capacity of Management Board Member in charge of Commerce of PKP CARGO S.A. under restructuring
2 September 2024	<a href="#">201/VIII/2024</a>	dismissing a Management Board Member – Employee Representative of PKP CARGO S.A. under restructuring
6 September 2024	<a href="#">202/VIII/2024</a>	issuing an opinion on the motion of the Management Board of PKP CARGO S.A. under restructuring to the Shareholder Meeting of PKP CARGO S.A. under restructuring to amend the Articles of Association of PKP CARGO S.A. under restructuring
6 September 2024	<a href="#">203/VIII/2024</a>	issuing an opinion on the agenda for the Extraordinary Shareholder Meeting of PKP CARGO S.A. under restructuring
15 October 2024	<a href="#">204/VIII/2024</a>	completing the composition of the Nomination Committee of the Supervisory Board of PKP CARGO S.A. under restructuring of the 8th term of office
15 October 2024	<a href="#">205/VIII/2024</a>	completing the composition of the Audit Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office
15 October 2024	<a href="#">206/VIII/2024</a>	ending the recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Operations
15 October 2024	<a href="#">207/VIII/2024</a>	delegating a Supervisory Board Member of PKP CARGO S.A. under restructuring to act temporarily in the capacity of President of the Management Board of PKP CARGO S.A. under restructuring
15 October 2024	<a href="#">208/VIII/2024</a>	delegating a Supervisory Board Member of PKP CARGO S.A. under restructuring to act temporarily in the capacity of Management Board Member in charge of Finance of PKP CARGO S.A. under restructuring
15 October 2024	<a href="#">209/VIII/2024</a>	delegating a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of Management Board Member in charge of Commerce of PKP CARGO S.A. under restructuring
15 October 2024	<a href="#">210/VIII/2024</a>	concluding a management services and non-competition agreement with Mr. Marcin Wojewódka delegated to act temporarily in the capacity of President of the Management Board of PKP CARGO S.A. under restructuring
15 October 2024	<a href="#">211/VIII/2024</a>	concluding a management services and non-competition agreement with Ms. Monika Starecka delegated to act temporarily in the capacity of Management Board Member in charge of Finance of PKP CARGO S.A. under restructuring
15 October 2024	<a href="#">212/VIII/2024</a>	concluding a management services and non-competition agreement with Mr. Paweł Miłek delegated to act temporarily in the capacity of Management Board Member in charge of Commerce of PKP CARGO S.A. under restructuring
21 October 2024	<a href="#">213/VIII/2024</a>	giving consent to submit a motion to pay benefits from the Guaranteed Employee Benefits Fund in connection with a failure to pay employees' claims

25 October 2024	<a href="#">214/VIII/2024</a>	adopting the consolidated text of the Articles of Association of PKP CARGO S.A.
25 October 2024	<a href="#">215/VIII/2024</a>	issuing an opinion on the agenda for the Extraordinary Shareholder Meeting of PKP CARGO S.A. under restructuring
6 November 2024	<a href="#">216/VIII/2024</a>	initiating the recruitment procedure for positions in the Management Board of PKP CARGO S.A. under restructuring i.e.: President of the Management Board, Management Board Member in charge of Commerce, Management Board Member in charge of Finance, Management Board Member in charge of Operations, Management Board Member in charge of Human Resources, Management Board Member in charge of Restructuring
6 November 2024	<a href="#">217/VIII/2024</a>	excusing an absence at a meeting of the Supervisory Board of PKP CARGO S.A. under restructuring
13 November 2024	<a href="#">218/VIII/2024</a>	approving the "Bylaws of the Management Board of PKP CARGO S.A. under restructuring"
13 November 2024	<a href="#">219/VIII/2024</a>	entering into the Memorandum of Agreement between PKP CARGO S.A. under restructuring and Polskie Koleje Państwowe Spółka Akcyjna.
13 November 2024	<a href="#">220/VIII/2024</a>	entering into Annex 91 to Lease Agreement No. N37-KN-3/01 concluded on 28 September 2001
13 November 2024	<a href="#">221/VIII/2024</a>	amending the resolution to delegate a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of Management Board Member in charge of Commerce of PKP CARGO S.A. under restructuring
13 November 2024	<a href="#">222/VIII/2024</a>	nominating Supervisory Board Members of PKP CARGO S.A. under restructuring to take part in the Extraordinary Shareholder Meeting of PKP CARGO S.A. under restructuring
27 November 2024	<a href="#">223/VIII/2024</a>	completing the composition of the Nomination Committee of the Supervisory Board of PKP CARGO S.A. under restructuring of the 8th term of office
27 November 2024	<a href="#">224/VIII/2024</a>	completing the composition of the Audit Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
27 November 2024	<a href="#">225/VIII/2024</a>	completing the composition of the Audit Committee of the PKP CARGO S.A. Supervisory Board of the 8th term of office.
27 November 2024	<a href="#">226/VIII/2024</a>	suspending the operations of the Strategy and Sustainability Committee of the Supervisory Board of PKP CARGO S.A. under restructuring
27 November 2024	<a href="#">227/VIII/2024</a>	entering into an annex to the management services and non-competition agreement of 28 October 2024 with Mr. Paweł Miłek – acting Management Board Member in charge of Commerce and Restructuring
27 November 2024	<a href="#">228/VIII/2024</a>	giving consent to enter into an agreement with PKP Polskie Linie Kolejowe S.A. to use throughput capacity for cargo transport in the 2024/2025 train timetable
5 December 2024	<a href="#">229/VIII/2024</a>	entering into the agreement on PKP Intercity S.A. selling concessionary transportation services for 2025
16 December 2024	<a href="#">230/VIII/2024</a>	entering into Annex 33 to Lease Agreement No. D72-KN-3/2012 of 28 June 2012, Annex 31 to Lease Agreement No. D73-KN-3/2012 of 28 June 2012 and Annex 37 to Agreement No. D74-KN-3/2012 of 28 June 2012
16 December 2024	<a href="#">231/VIII/2024</a>	candidates for the President of the Management Board of PKP CARGO S.A. under restructuring

20 December 2024	<a href="#">232/VIII/2024</a>	excusing an absence at a meeting of the Supervisory Board of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">233/VIII/2024</a>	candidate for the Management Board Member in charge of Finance of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">234/VIII/2024</a>	candidate for the Management Board Member in charge of Commerce of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">235/VIII/2024</a>	candidate for the Management Board Member in charge of Operations of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">236/VIII/2024</a>	candidate for the Management Board Member in charge of Restructuring of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">237/VIII/2024</a>	appointing the President of the Management Board of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">238/VIII/2024</a>	appointing the Management Board Member in charge of Finance of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">239/VIII/2024</a>	appointing the Management Board Member in charge of Commerce of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">240/VIII/2024</a>	appointing the Management Board Member in charge of Operations of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">241/VIII/2024</a>	appointing the Management Board Member in charge of Restructuring of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">242/VIII/2024</a>	ending the recruitment procedure for the position of the Management Board Member in charge of Human Resources without conclusion
20 December 2024	<a href="#">243/VIII/2024</a>	adoption, by PKP CARGO S.A. under restructuring, of Offer for the Sale of Electricity EOZKS3/57130/5507_1/M12/2024 of 13 December 2024, submitted by PGE Energetyka Kolejowa S.A., and the conclusion, by PKP CARGO S.A. under restructuring, of an agreement for the sale of electricity with PGE Energetyka Kolejowa S.A. for a period from 1 January 2025 to 31 December 2025
20 December 2024	<a href="#">244/VIII/2024</a>	entering into an agreement on current repairs of wagons with PKP CARGOTABOR sp. z o.o. under restructuring
20 December 2024	<a href="#">245/VIII/2024</a>	adopting the "Bylaws for appointing an employee representative to the Supervisory Board of PKP CARGO S.A. under restructuring and for the dismissing procedure"
20 December 2024	<a href="#">246/VIII/2024</a>	ordering the election of an employee representative for the Supervisory Board of PKP CARGO S.A. under restructuring of the 8th term of office
20 December 2024	<a href="#">247/VIII/2024</a>	ending the delegation of a PKP CARGO S.A. Supervisory Board Member to act temporarily in the capacity of President of PKP CARGO S.A. under restructuring
20 December 2024	<a href="#">248/VIII/2024</a>	entrusting Mr. Paweł Miłek – Management Board Member in charge of Restructuring of PKP CARGO S.A. under restructuring with the discharge of duties of the President of the Management Board of PKP CARGO S.A. under restructuring

Source: Proprietary material.

In 2024, the Supervisory Board did not adopt any resolutions to examine any specific matter at the Company's expense following the procedure in Article 382<sup>1</sup> of the Commercial Company Code.

Moreover, the Supervisory Board analyzed information and studies submitted by the Management Board – also at the Supervisory Board's request or initiative – formulating recommendations or positions reflected in the records of minutes from the Supervisory Board meetings.

The Management Board prepared and submitted to the Supervisory Board the following information:

- 1) in the area of finance, regarding, inter alia:
  - a) the Company's economic and transportation results;
  - b) liquidity position of the Company;
  - c) preparation and adoption of the Business Plan for 2024;
  - d) activities aimed at cost restructuring and process optimization;
  - e) assumption of an obligation in accordance with § 25 Section 3 Item 13d) of the PKP CARGO S.A. Articles of Association in connection with starting a mass layoffs procedure in the Head Office and the Company's Units;
- 2) in the area of strategy and corporate governance, regarding, inter alia:
  - a) analysis of potential investment locations;
  - b) sale of real estate redundant from the perspective of the operating activities;
  - c) corporate bodies of PKP CARGO International a.s. and its subsidiaries;
- 3) in the area of management, legal services and marketing, regarding, inter alia:
  - a) resolutions adopted by the PKP CARGO S.A. Management Board;
  - b) issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Extraordinary Shareholder Meeting of PKP CARGO S.A. to amend the Articles of Association of PKP CARGO S.A.;
  - c) changes in the Company's organizational and employee structure;
  - d) occupational health and safety in the PKP CARGO Group for 2024;
  - e) cybersecurity in PKP CARGO S.A.;
  - f) external audits in the Company in 2023;
  - g) information policy and communication (including crisis communication) strategy in connection with the Company's situation.

The activities of the Supervisory Board were documented in adopted resolutions and minutes of Supervisory Board meetings in 2024.

In pursuance of the powers defined in the Commercial Company Code and Shareholder Meeting resolutions, the Supervisory Board familiarized itself with the information of the Management Board on issues of key importance for the Company and its position both in the domestic and international market.

In pursuance of the specific obligations following from Article 382 § 3 Items 1 and 2 of the *Commercial Company Code*, the Supervisory Board:

- 1) evaluated the Company's and its Group's financial statements, and the Management Board Report for the financial year 2023 and adopted the following Resolutions in this respect;
  - a) No. 151/VIII/2024 of 23 April 2024;
  - b) No. 152/VIII/2024 of 23 April 2024;
- 2) considered and gave a favorable opinion on the Management Board's request regarding issuing an opinion on the request to the Shareholder Meeting on the allocation of net profit in the amount of PLN 45,189,668.32 (forty five million one hundred and eighty nine thousand six hundred and sixty eight Polish zloty 32/100) shown in the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2023 prepared in accordance with EU IFRS, in its entirety to the Company's supplementary capital, and adopted Resolution No. 154/VIII/2024 on the subject on 23 April 2024.

Additionally, it positively evaluated the Sustainability Report of the PKP CARGO Group for 2023 and adopted Resolution No. 153/VIII/2024 on the subject on 23 April 2024.

The composition of the Management Board in the financial year 2024 is presented in the following table:

No.	Name	Position	Period in office	
			from	to
1	Dariusz Seliga	President of the Management Board	1 January 2024	24 April 2024
2	Marek Olkiewicz	Management Board Member in charge of Operations	1 January 2024	24 April 2024
3	Zenon Kozendra	Management Board Member – Employee Representative	1 January 2024	2 September 2024
4	Maciej Jankiewicz	Management Board Member in charge of Finance	1 January 2024	25 April 2024
5	Jacek Rutkowski	Management Board Member in charge of Commerce	1 January 2024	22 April 2024
6	Marcin Wojewódka*	acting President of the Management Board	26 April 2024 26 July 2024 26 October 2024	25 July 2024 25 October 2024 31 December 2024
7	Paweł Miłek*	acting Management Board Member in charge of Commerce  acting Management Board Member in charge of Restructuring	26 April 2024 26 July 2024 26 October 2024  26 October 2024	25 July 2024 25 October 2024 31 December 2024  31 December 2024
8	Monika Starecka*	acting Management Board Member in charge of Finance	26 April 2024 26 July 2024 26 October 2024	25 July 2024 25 October 2024 31 December 2024

\*Supervisory Board Members temporarily delegated to perform the duties of Management Board Members.

Source: Proprietary material

## V. Supervisory Board Audit Committee

The Supervisory Board Audit Committee is appointed by the Supervisory Board. It consists of at least three Supervisory Board Members, provided that the majority of the Audit Committee members, including its Chairperson, meet the independence criteria specified in § 20 and § 21 of the Company's Articles of Association and in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (consolidated text: Journal of Laws of 2024, Item 1035, as amended).

At least one Member of the Audit Committee has qualifications in the area of accounting or audit of financial statements and at least one Member of the Audit Committee has knowledge and skills in the specific industry in which the Company operates. The Committee Members are appointed for a period corresponding to the length of the Supervisory Board's term of office.

The tasks of the Audit Committee include in particular: oversight of the organizational unit responsible for internal audit, monitoring the financial reporting process, monitoring the performance of internal control systems, risk management and internal audit systems, including the area of financial reporting, monitoring financial review activities, monitoring the independence of the statutory auditor and the firm authorized to audit financial statements, also when it provides to the Company other services than financial audit and review, assessing the independence of a statutory auditor and giving consent for it to provide permitted financial audit services, recommending a firm authorized to audit financial statements to the Shareholder Meeting to perform financial audit activities, in compliance with the policies in force in the Company: Policy and procedure for the selection of an audit firm to audit the standalone financial statements of PKP CARGO S.A. and the consolidated financial statements of the PKP CARGO Group and Policy for the provision of additional services by PKP CARGO S.A.'s audit firm, its related parties or members of its network.

In 2024, the Audit Committee held 14 meetings and took 2 votes using means of direct remote communication, during which 18 resolutions were adopted:

Summary of resolutions adopted by the Supervisory Board Audit Committee in 2024		
date	resolution number	subject matter
11 January 2024	1/2024	adopting the schedule of work by the Audit Committee of the PKP CARGO S.A. Supervisory Board for 2024
8 February 2024	2/2024	requesting the PKP CARGO S.A. Management Board to provide information on the Key Risk Register
8 February 2024	3/2024	requesting the PKP CARGO S.A. Management Board to provide information on the conclusions from the carried out audit of the invoicing process and the provision of transportation services
8 February 2024	4/2024	internal audit recommendations
21 March 2024	5/2024	issuing an opinion on the Organizational Bylaws of the Internal Control and Audit Department at the PKP CARGO S.A. Head Office
21 March 2024	6/2024	issuing a recommendation on the motion submitted by the PKP CARGO S.A. Management Board to the PKP CARGO S.A. Shareholder Meeting regarding the approval to execute, with the consortium of audit firms, Grant Thornton Polska P.S.A. and Grant Thornton Frackowiak P.S.A., Annex 2 to Agreement No. 5700030769 for the audit and review of standalone and consolidated financial statements for 2021-2025
21 March 2024	7/2024	issuing an opinion to the Supervisory Board of PKP CARGO S.A. on approving the "PKP CARGO S.A. Business Plan for 2024"
23 April 2024	8/2024	approval of the Activity Report of the PKP CARGO S.A. Supervisory Board Audit Committee for 2023
23 April 2024	9/2024	statement on the selection of an audit firm to audit the annual Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2023, prepared in accordance with EU IFRS, and the annual Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2023, prepared in accordance with EU IFRS
23 April 2024	10/2024	submission by the Supervisory Board of the statement required by § 70 Section 1 Item 8 and § 71 Section 1 Item 8 of the Finance Minister's Regulation on the current and periodic information transmitted by securities issuers and the conditions for recognizing the information required by the regulations of a non-member state as equivalent
23 April 2024	11/2024	assessment of the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2023 prepared in accordance with EU IFRS
23 April 2024	12/2024	assessment of the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2023, prepared in accordance with EU IFRS, and the Management Board Report on the Activity of the PKP CARGO Group in 2023
23 April 2024	13/2024	assessment of the Sustainability Report of the PKP CARGO Group for 2023
17 June 2024	14/2024	adoption of the Annual Audit Plan at PKP CARGO S.A. for 2024

17 June 2024	15/2024	issuing an opinion on, and submitting to the PKP CARGO S.A. Supervisory Board for approval, the annual budget of the Company's internal audit unit
9 September 2024	16/2024	adoption of the "Policy and procedure for the selection of an audit firm to audit or provide assurance for financial statements and non-financial statements and reports of PKP CARGO S.A. under restructuring and of the PKP CARGO S.A. under restructuring Group" and the "Policy for the provision of additional services by the audit firm auditing or providing assurance for financial statements and non-financial statements and reports of PKP CARGO S.A. under restructuring, its related parties or members of its network"
9 September 2024	17/2024	initiation of the process of selection of an audit firm to be responsible for providing assurance for the non-financial statements and reports of PKP CARGO S.A. under restructuring for the years 2024-2025
18 September 2024	18/2024	recommendation for the Shareholder Meeting of PKP CARGO S.A. under restructuring concerning the selection of an audit firm to provide assurance for the Company's sustainability reporting for the years 2024 and 2025

Source: Proprietary material.

In 2024, the Audit Committee dealt with the following issues in particular:

- 1) monitoring the financial reporting and sustainability reporting processes, including:
  - a) discussion of the results of the audit of the Annual Financial Statements with the statutory auditor, including a review of the report on the audit of the Annual Financial Statements;
  - b) review of the Standalone Financial Statements of PKP CARGO S.A. and of the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2023 and the Management Board Report on the Activity of the PKP CARGO S.A.;
  - c) analysis of the Consolidated Financial Statements and supplementary information to the Consolidated Financial Statements for Q1 2024;
  - d) discussion of the results of the review of the interim Financial Statements for the 6-month period ended 30 June 2024 with the statutory auditor;
  - e) analysis of the Consolidated Financial Statements and supplementary information to the Consolidated Financial Statements for the 6-month period ended 30 June 2024;
  - f) analysis of the Financial Statements and supplementary information to the Financial Statements for Q3 2023 and the 9-month period ended 30 September 2024;
  - g) evaluation of the Sustainability Report of the PKP CARGO Group for 2023,
  - h) issuing a recommendation for the Shareholder Meeting of PKP CARGO S.A. under restructuring concerning the selection of an audit firm to audit non-financial statements and reports;
  - i) issuing an opinion on the selection of an external advisor in relation to the preparation of the sustainability report (ESG) for 2024;
  - j) review of the tools used in financial reporting and management accounting;
  - k) discussion of the critical accounting principles affecting the financial statements;
  - l) discussion of the methods of accounting for material, unusual transactions (if occur);
  - m) discussion of the calculation of interest on past due liabilities;
  - n) discussion of the dividend policy towards PKP CARGO S.A.'s subsidiaries;
  - o) discussing the procedure for evaluating investment tasks and right-of-use assets (excluding capital expenditures);

- 2) monitoring the effective operation of internal control, internal audit and risk management systems, among others with regard to financial reporting, including in particular:
- discussing IT security, audits, inspections and monitoring the implementation of recommendations;
  - issuing recommendations in the area of internal audit and discussing the Management Board's response to this recommendation; discussing the implementation of the risk management, IT security and internal audit recommendations of the Supervisory Board Audit Committee;
  - discussing financial risk management (financing, credit risk, FX risk, security policy, insurance policy);
  - reviewing the structure of the finance area;
  - adopting the Annual Audit Plan at PKP CARGO S.A. for 2024;
  - discussing the Annual Audit Plan at PKP CARGO S.A. under restructuring for 2025;
  - discussing the situation in the Company's internal audit area;
  - issuing an opinion on, and submitting to the PKP CARGO S.A. Supervisory Board for approval, the annual budget of the Company's internal audit unit;
  - issuing an opinion on the Organizational Bylaws of the Internal Control and Audit Department at the PKP CARGO S.A. Head Office;
  - reviewing the internal control and risk management system;
  - discussing external audits conducted in PKP CARGO S.A.;
  - discussing pending external audits and external audits completed in 2023 in PKP CARGO S.A. along with presenting post-audit recommendations;
  - discussing the activity report of the Compliance Section of PKP CARGO S.A. under restructuring for 2024;
  - discussing information concerning the Key Risks Register;
  - discussing the conclusions from the carried out audit of the invoicing process and the provision of transportation services;
- 3) risk analysis, in particular liquidity risk analysis, in terms of actions taken and assessment of their effectiveness to ensure the Company's financial liquidity.

Moreover, the Committee dealt with the following topics:

- approval of the Activity Report of the PKP CARGO S.A. Supervisory Board Audit Committee for 2023;
- discussing the risk of receiving interest notes from PKP Energetyka Kolejowa S.A. and PKO Faktoring S.A.;
- discussing the legal opinion regarding the reasonability of creating provisions in PKP CARGO S.A.'s financial statements for Q3 2023;
- discussing, and presenting to the Supervisory Board an opinion on the approval of, the PKP CARGO S.A. Business Plan for 2024;
- discussing the Interim Business Plan of PKP CARGO S.A. under restructuring for 2025;
- reviewing the Management Board's material estimates;
- reviewing transactions with related parties;
- discussing the current financial performance and financial standing of the Company and the PKP CARGO Group;
- reviewing procurement procedures;
- discussing the legal actions taken by or against the PKP CARGO S.A. and the PKP CARGO Group and pending court proceedings;

- discussing the report on the monitoring of legal regulations, including regulatory risks;
- discussing legal actions in the context of the allegations made against the Management Board of PKP CARGO in the years 2015-2016;
- assessing the cooperation with the parties providing advisory and consultancy services for 2023;
- discussing the report on sponsoring expenses in PKP CARGO for the period from 2023 to June 2024;
- change in the Policy and Procedure for the selection of an audit firm to audit standalone financial statements of PKP CARGO S.A. and consolidated financial statements of the PKP CARGO Group.

## VI. Nomination Committee

The Nomination Committee is appointed by the Supervisory Board. It consists of at least three Supervisory Board Members, of whom at least one Supervisory Board Member must satisfy the independence criteria and be appointed in the manner provided for in § 20 and 21 of the Company's Articles of Association, to discharge the function of Nomination Committee Chairperson. Members of the Nomination Committee are appointed for a term corresponding to the Supervisory Board's term of office. The Nomination Committee organizes and exercises ongoing oversight over the recruitment procedure for the positions of the Company's Management Board Members and over the process of assessment and appointment of the Company's Management Board members, and supports the attainment of the Company's strategic objectives by presenting opinions and findings to the Supervisory Board pertaining to the employment structure and compensation for the Company's employees, including in particular the Company's Management Board members and upper level management.

In the financial year 2024, the Nomination Committee held 20 meetings and 1 ballot to adopt resolutions using means of remote communication. The Nomination Committee adopted 12 resolutions in 2024:

Breakdown of resolutions adopted by the Supervisory Board Nomination Committee of PKP CARGO S.A. in 2024		
date	resolution number	in the matter of
13 February 2024	1/2024	PKP CARGO S.A. Management Board's motion to authorize a PKP CARGO S.A. Supervisory Board Member to enter into an employment contract with Mr. Marek Olkiewicz – PKP CARGO S.A. Management Board Member in charge of Operations, for the position of PKP CARGO S.A. Unit Director, Central Unit of the Company.
16 May 2024	2/2024	initiating the recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Operations
23 May 2024	3/2024	issuing an opinion on the “ <i>Report on compensation of Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2023</i> ”

4 October 2024	4/2024	ending the recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, Management Board Member in charge of Commerce, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Operations
6 November 2024	5/2024	adopting a report on the completed recruitment procedure for the positions of: President of the PKP CARGO S.A. Management Board, PKP CARGO S.A. Management Board Member in charge of Finance, PKP CARGO S.A. Management Board Member in charge of Commerce and PKP CARGO S.A. Management Board Member in charge of Operations
6 November 2024	6/2024	initiating the recruitment procedure for positions in the Management Board of PKP CARGO S.A. under restructuring, i.e.: President of the Management Board, Management Board Member in charge of Commerce, Management Board Member in charge of Finance, Management Board Member in charge of Operations, Management Board Member in charge of Human Resources, Management Board Member in charge of Restructuring
16 December 2024	7/2024	recommending a candidate for the position of President of the Management Board of PKP CARGO S.A. under restructuring to the Supervisory Board of PKP CARGO S.A. under restructuring
16 December 2024	8/2024	recommending candidates for the position of Management Board Member in charge of Finance of PKP CARGO S.A. under restructuring to the Supervisory Board of PKP CARGO S.A. under restructuring
16 December 2024	9/2024	recommending candidates for the position of Management Board Member in charge of Commerce of PKP CARGO S.A. under restructuring to the Supervisory Board of PKP CARGO S.A. under restructuring
16 December 2024	10/2024	recommending candidates for the position of Management Board Member in charge of Operations of PKP CARGO S.A. under restructuring to the Supervisory Board of PKP CARGO S.A. under restructuring
16 December 2024	11/2024	recommending candidates for the position of Management Board Member in charge of Restructuring of PKP CARGO S.A. under restructuring to the Supervisory Board of PKP CARGO S.A. under restructuring
16 December 2024	12/2024	recommending candidates for the position of Management Board Member in charge of Human Resources of PKP CARGO S.A. under restructuring to the Supervisory Board of PKP CARGO S.A. under restructuring

Source: Proprietary material.

In 2024, the Nomination Committee dealt with the following issues in particular:

- 1) organizing and conducting the recruitment procedure for the positions of: President of the Management Board, Management Board Member in charge of Commerce, Management Board Member in charge of Finance, Management Board Member in charge of Operations of PKP CARGO S.A.;

- 2) organizing and conducting the second recruitment procedure for positions of President of the Management Board, Management Board Member in charge of Commerce, Management Board Member in charge of Finance, Management Board Member in charge of Operations, Management Board Member in charge of Human Resources, Management Board Member in charge of Restructuring of PKP CARGO S.A.;
- 3) discussing the rules for setting MBO goals for the Company's Management Board for 2024;
- 4) assessing the PKP CARGO S.A. Management Board's work in the context of the Company's financial standing;
- 5) monitoring the personnel policy pursued and the compensation system in place:
  - discussing and issuing an opinion on the "Report on compensation of Members of the PKP CARGO S.A. Management Board and Supervisory Board in 2023";
  - discussing current affairs in the area of the Human Resources;
  - discussing staff changes in key positions from 1 July 2023 to 17 January 2024, including in the positions of directors and deputy directors of PKP CARGO S.A. Units;
  - discussing the negotiations with the Company's social stakeholders and the pending collective dispute;
- 6) issuing an opinion on the Report on the preparation and implementation of the campaign improving occupational health and safety in PKP CARGO S.A.

## **VII. Strategy, Restructuring And Sustainability Committee**

The Strategy, Restructuring and Sustainability Committee is appointed by the PKP CARGO S.A. Supervisory Board. It consists of at least three Supervisory Board Members, of whom at least one Supervisory Board member must satisfy the independence criteria and be appointed in the manner provided for in § 20 and 21 of the Articles of Association. The Committee Members are appointed for a period corresponding to the length of the Supervisory Board's term of office. The Committee assists the Supervisory Board in defining and properly implementing the strategy and annual and long-term plans of PKP CARGO S.A. and the PKP CARGO Group.

In 2024, in connection with the remedial proceedings in progress and the Company's difficult financial standing and operating situation, the Committee held no meetings and adopted no resolutions.

The Committee members took part on an ongoing basis in Supervisory Board meetings at which issues relating to the Business Plan, monitoring of the implementation of the PKP CARGO Group's ESG Strategy for the years 2024-2028 and the assessment of the impact of planned and undertaken investments and disinvestments on the financial standing of the Company and its Group or on the sustainable development of the Company or its Group were discussed – until the opening of the remedial proceedings.

On 27 November 2024, due to the remedial proceedings in progress, the Supervisory Board suspended the operation of the Committee until 31 January 2025 by Resolution No. 226/VIII/2024.

By Resolution No. 279/VIII/2025 of 27 February 2025 on the adoption of the "Bylaws of the PKP CARGO S.A. Supervisory Board", the Supervisory Board changed the name of the Strategy and Sustainability Committee of the PKP CARGO S.A. Supervisory Board to the Strategy, Restructuring and Sustainability Committee.

## **VIII. Assessment of the Company's standing**

### **1. Market shares of the PKP CARGO Group**

2024 should be described as another consecutive period of declines in the rail transport market in Poland, as evidenced by freight performance. Operators transported a total of over 223.5 million tons of cargo (compared to 231.6 million tons in 2023) and reported nearly 58.3 billion tkm of freight turnover (compared to 61.6 billion tkm in 2023).

The volume of transported cargo in the market decreased by -3.5% yoy (or -8.1 million tons), whereas the completed freight turnover declined by -5.4% yoy (or -3.3 billion tkm). In recent years, a lower freight

volume transported by rail was recorded only in 2020 (223.2 million tons), which was the year of pandemic-related restrictions. Also, the average haul in Poland's rail freight market was slightly lower in year-on-year terms in the same period, at 261 km (-5 km, i.e. by -2.0% yoy). However, the result for 2023 was a record high (266 km), and a long-term trend shows that this parameter is growing strongly as a result of changes in the structure of rail transport (the share of bulk products such as coal keeps declining, but the share of other cargo categories transported over longer distances keeps increasing).

In Q4 2024, the volume of freight on the rail freight market decreased by -1.7 million tons yoy (-2.9% yoy to 57.0 million tons), while freight turnover diminished by -0.9 billion tkm yoy (-6.1% yoy to 14.4 billion tkm). The first quarter of last year proved to be the weakest, with a decline in freight volume of -6.4 million tons yoy (-10.5% to 54.2 million tons), accompanied by a decrease in freight turnover of -2.0 billion tkm yoy (-12.5% to 14.0 billion tkm). The only quarter with a positive yoy rate of growth was Q2 2024, when the market volume increased by +1.7 million tons yoy (+3.2% to 56.5 million tons) and freight turnover by +0.3 billion tkm yoy (+2.1% to 15.1 billion tkm).

Notably, in parallel across 2024, the rail freight market experienced some favorable drivers of the intermodal rail transport segment's performance, with significant increases recorded in all basic parameters characterizing this market segment (freight volume, freight turnover, ITUs and TEUs) during the three quarters of 2024.

<sup>1</sup> The volume of intermodal transport increased by +3.1 million tons (+17.3% yoy) and freight turnover by +1.0 billion tkm (+16.5% yoy), which is a clear sign of this segment's recovery and a forecast for a good annual performance (mainly due to the partial recovery of volumes of transport on the New Silk Road). However, the uncertainty sweeping the intermodal transport market is significantly affected by the environment in which the sector operates, invariably characterized by a high risk of volatility (challenges posed by the geopolitical situation due to the war in Ukraine).

In general, the performance of the rail sector in 2024 confirmed the lingering unfavorable impact of the weakening of market demand for products in the European Union, directly affecting the scale of rail freight transport services. The war in Ukraine, the economic downturn in Europe and the relatively high energy prices translated into reduced volumes of freight operations.

Three 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, in 2024 as many as 117 freight carriers were actively doing business on the rail network (in 2023, the corresponding number was 104). Of these, 94 reported freight transport (81 in 2023), while 23 reported only operational work (same as in 2023).<sup>2</sup>

According to Office of Rail Transport data, in 2024, 32 rail carriers conducted transport operations whose market share in terms of transported freight volume exceeded the 0.5% threshold (30 and 27 in 2023 and 2022, respectively). These included two members of the PKP CARGO Group: PKP CARGO S.A. under restructuring and PKP CARGO Service Sp. z o.o.<sup>3</sup>

The PKP CARGO Group<sup>4</sup> continues to be the undisputed leader in the rail freight transport market in Poland both in terms of share in the transported freight volume and the generated freight turnover. The PKP CARGO Group's market share in 2024 was 29.1% (-4.0 p.p. yoy) in terms of freight volume and 28.0% in terms of freight turnover (-5.8 p.p. yoy).

<sup>5</sup> Concurrently, the respective market shares of the PKP CARGO Group's parent company, that is PKP CARGO S.A. under restructuring, were 27.9% (-3.4 p.p. yoy) in terms of freight volume and 27.8% (-5.7 p.p. yoy) in terms of freight turnover.<sup>6</sup>

The rail freight market in 2024 operated within a highly volatile international environment, affecting a complex remodeling of supply chains in many of the rail market's relevant industries, and consequently changing both the directions of supplies and the streams of goods themselves, which increasingly arrived in Poland by sea.

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<sup>1</sup> Office of Rail Transport

<sup>2</sup> Office of Rail Transport, "Summary of 2024 – Passenger and freight transport" p. 17

<sup>3</sup> Office of Rail Transport

<sup>4</sup> The PKP CARGO Group's freight volume takes into account cargo transported by PKP CARGO International a.s. in Poland.

<sup>5</sup> PKP CARGO Group and Office of Rail Transport data

<sup>6</sup> Office of Rail Transport

A major factor affecting rail transport activity and carriers was the strong economic slowdown in Poland and in most countries with which Poland has strong trade relations (especially key partners in Europe). Although the consequences of the war in Ukraine no longer posed as significant an obstacle to business for operators as in the previous years, its far-reaching consequences, along with other problems in global markets, in the form of, among other things, a decline in demand (which was dictated by still-high inflation and energy prices, as well as the significant cost of capital) and the reconstruction of economic dependencies left their mark on overall activity, which in effect limited freight shipments in 2024.

The data on the transport activity conducted by the PKP CARGO Group in 2024 and 2023 contain consolidated data of: PKP CARGO S.A., PKP CARGO SERVICE sp. z o.o. and PKP CARGO International Group companies. Transport services in the PKP CARGO Group are rendered by 6 members of the Group, namely PKP CARGO S.A., 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. The PKP CARGO Group cooperates with the largest Polish and global companies, including: ENEA, JSW, PGE, ArcelorMittal, POŁUDNIOWY KONCERN WĘGLOWY, STRABAG, ORLEN, CEMET, Kompania Górnicza, Trzuskawica Grupa HOLCIM.

Freight turnover PKP CARGO Group 2016-2024										(tkm mln)
Specification	2024	2023	2022	2021	2020	2019	2018	2017	2016	Change 2024/2023
Solid fuels	6 258	9 376	11 690	9 583	8 621	10 015	10 931	11 515	12 542	-3 117,8
<i>of which hard coal</i>	5 104	7 778	10 132	7 848	7 112	8 502	9 313	10 155	11 070	-2 673,9
Aggregates and construction materials	4 315	5 468	5 497	5 131	4 509	5 208	7 185	5 882	4 636	-1 153,4
Metals and ores	1 172	1 425	1 984	2 145	1 980	2 742	3 732	4 027	3 436	-252,8
Chemicals	1 707	1 651	1 909	2 246	1 937	2 068	2 204	2 357	2 078	56,2
Liquid fuels	643	484	887	649	681	1 071	1 165	1 340	1 091	159,3
Timber and agricultural produce	787	1 005	948	785	984	1 052	1 384	1 764	1 562	-218,0
Intermodal transport	2 618	2 380	3 577	4 544	4 290	4 060	4 072	3 235	2 474	237,9
Other	481	493	516	508	646	656	718	891	703	-12,6
<b>Total</b>	<b>17 981</b>	<b>22 282</b>	<b>27 008</b>	<b>25 591</b>	<b>23 648</b>	<b>26 872</b>	<b>31 391</b>	<b>31 011</b>	<b>28 522</b>	<b>-4 301,2</b>

source: own elaboration

Freight volume PKP CARGO Group 2016-2024										(tone mln)
Specification	2024	2023	2022	2021	2020	2019	2018	2017	2016	Change 2024/2023
Solid fuels	33,3	41,5	51,5	52,1	47,3	53,3	56,6	57,7	59,8	-8,2
<i>of which hard coal</i>	29,0	36,3	46,2	46,2	42,5	47,9	51,2	51,7	53,7	-7,2
Aggregates and construction materials	16,1	20,0	21,0	19,8	17,9	20,4	26,0	22,2	18,2	-3,9
Metals and ores	4,5	4,6	6,5	7,1	6,2	9,3	12,6	13,0	11,3	-0,1
Chemicals	5,2	4,9	5,4	6,5	5,8	6,3	6,8	7,0	6,3	0,2
Liquid fuels	2,3	1,9	2,8	1,9	2,0	3,7	3,9	4,5	3,0	0,3
Timber and agricultural produce	2,1	2,5	3,2	2,4	2,8	3,7	4,0	4,5	4,4	-0,3
Intermodal transport	6,0	5,9	8,4	10,0	9,7	9,5	9,2	7,6	6,5	0,1
Other	1,5	1,5	1,8	1,8	2,0	2,3	2,7	2,6	2,0	0,0
<b>Total</b>	<b>70,8</b>	<b>82,7</b>	<b>100,6</b>	<b>101,6</b>	<b>93,6</b>	<b>108,6</b>	<b>121,9</b>	<b>119,1</b>	<b>111,5</b>	<b>-11,9</b>

Source: own elaboration

## 2. Terms and conditions of loan agreements

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

The above ratios are calculated on the basis of data contained in the Standalone Financial Statements of selected subsidiaries, as well as the Consolidated Financial Statements of the PKP CARGO Group and the PKP CARGO INTERNATIONAL Group.

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

The Net Debt/EBITDA is the level of financial debt less cash to the generated EBITDA and is calculated excluding the impact of IFRS 16. The maximum permitted level of the Net Debt/EBITDA ratio, depending on the contract, is set within the range of 2.25-4.5. For selected agreements, there is also an obligation to satisfy the Net Debt/EBITDA ratio and total debt ratio calculated on the basis of forecast figures.

In most agreements, the total debt ratio is defined as the ratio of total liabilities (excluding the impact of IFRS 16) to total balance sheet amount (excluding the impact of IFRS 16) and its level cannot exceed

60%.

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

### 3. Capital expenditures of the PKP CARGO Group

In 2024, the PKP CARGO Group incurred capital expenditures of PLN 435.6 million for the acquisition of property, plant and equipment and intangible assets - through procurement, modernization and the so-called "overhaul component" (periodic repairs of P4 and P5 rolling stock and P3 periodic inspections), and recognized right-of-use assets of PLN 154.8 million. Total expenditures of the PKP CARGO Group in 2024 reached PLN 590.4 million, i.e. 65.7% less than in 2023.

The majority of the capital expenditures made by the PKP CARGO Group in 2024 was used to execute investment tasks associated with rolling stock, mainly for periodic repairs and periodic inspections of rolling stock (the number of periodic repairs and periodic inspections performed in 2024 is derived from the cycles specified in the Maintenance System Documentation (DSU) of the rolling stock approved by the Office of Rail Transport and the quantum of rolling stock maintained as fit for operation as required for the provision of transportation services) and the modernization of locomotives – for a total amount of PLN 408.7 million (or 69.2% of total capital expenditures).

Moreover, the PKP CARGO Group incurred expenditures on computerization, i.e. purchases of computer hardware in the form of computers and ICT equipment as well as intangible assets (software, purchase of licenses and modifications of IT systems owned and used) in the amount of PLN 5.6 million, for investment construction activity in the amount of PLN 5.9 million, chiefly to modernize auxiliary buildings, office buildings and carry out construction works at container terminals, PLN 10.7 million for purchases and modernization of machinery, equipment and tools for container terminals and workshop facilities, PLN 4.7 million to purchase office equipment and vehicles, PLN 154.8 million for right-of-use assets, including mainly long-term property lease agreements (PLN 70.5 million) and the lease of 3 six-axle electric locomotives (PLN 50.7 million), long-term lease of locomotives (PLN 20.6 million) and other leases, related for the most part to the purchase of container terminal equipment and technical facilities, IT hardware and vehicles in the form of leases (PLN 12.3 million) and periodic repairs of leased rolling stock (PLN 0.7 million).

### 4. Analysis of the financial and operating activities of the PKP CARGO Group

In 2024, the PKP CARGO Group reported EBIT of PLN -2,691.4 million (PKP CARGO S.A.: PLN -2,582.8 million) compared to PLN 291.4 million in 2023 (PKP CARGO S.A.: PLN 192.2 million) and a net result of PLN -2,412.6 million (PKP CARGO S.A.: PLN -2,412.7 million) compared to PLN 82.1 million in 2023 (PKP CARGO S.A.: PLN 45.2 million). The deterioration in the financial results of the PKP CARGO Group was mainly due to the decrease in revenues from contracts with customers related mainly to the decrease in freight volume by 14.3 yoy and the decrease in freight rates and the increase in depreciation costs, mainly due to impairment related to the recognition of impairment losses on rolling stock and other tangible assets. In 2024, revenues from contracts with customers decreased by PLN 1,031.5 million yoy and totaled PLN 4,460.4 million.

In 2024, the PKP CARGO Group recorded an increase in operating expenses by PLN 1,593.2 million yoy, to PLN 6,748.8 million.

Among the key factors affecting the year-over-year movement in operating expenses were:

- 1) decrease in variable costs (consumption of electricity and traction fuel and infrastructure access services) by PLN 249.2 million due to a lower level of freight turnover;
- 2) a decrease in the costs of transport services (including, in particular, freight forwarding) by PLN 58.9 million due to a lower level of freight turnover;
- 3) a decrease in the costs of other services by PLN 75.1 million, including as a result of a PLN 21.0 million decrease in rental fees for rolling stock and real estate and a PLN 25.7 million decrease in the cost of transshipment services, a PLN 16.8 million decrease in the costs of repair and maintenance of fixed assets and a PLN 19.0 million decrease in reclamation costs;
- 4) an increase in other costs by PLN 64.2 million as a result of, among other factors, a PLN 16.9 million decrease in the costs of energy and non-traction fuel, water and gas, a lower consumption of materials by PLN 21.4 million and lower costs of taxes and charges by PLN 6.2 million;

- 5) increase in depreciation costs and impairment losses by PLN 2,199.4 million related to the recognition of impairment losses on rolling stock and other tangible assets;
- 6) decrease in the cost of employee benefits by PLN 158.8 million as a result of the reversal of provisions for employee benefits in connection with the mass layoffs, which resulted in a significant reduction in the number of employees covered by individual benefits and the furlough leave program.

Total assets of the PKP CARGO Group at the end of 2024 totaled PLN 6,439.6 million and were PLN 1,880.4 million lower than in 2023. The biggest share in the PKP CARGO Group's asset structure as at 31 December 2024 was held by rolling stock and other property, plant and equipment, which in aggregate accounted for 44.6% of total assets, compared to 63.7% as at 31 December 2023. As at 31 December 2024, the largest share in the structure of current assets was attributable to cash and cash equivalents, the value of which accounted for 9.1% of the Company's total assets. The largest share in the structure of the PKP CARGO Group's equity and liabilities as at 31 December 2024 was attributable to debt liabilities, which accounted for 44.0%, compared to 34.8% as at 31 December 2023. In the period, equity accounted for 11.6% of total equity and liabilities, compared to 38.5% as at 31 December 2023.

The value of cash and cash equivalents as at 31 December 2024 increased by PLN 325.4 million compared to 31 December 2023. Positive cash flows from operating activities at the level of PLN 1,031.90 were achieved concurrently with, among others, loss before tax of PLN 2,884.5 million, depreciation and impairment allowances of PLN 2,991.1 million and positive cash flows from changes in working capital of PLN 837.3 million. Negative cash flows from investing activities amounted to PLN -420.7 million and were mainly due to expenses incurred on the purchase of non-financial non-current assets in the amount of PLN 452.4 million. Whereas negative cash flows from financing activities in the amount of PLN -281.5 million, chiefly as a result of the repayment of loans and leases with interest in the amount of PLN 474.5 million, offset by inflows of PLN 84.0 million from new loans, PLN 71.6 million from the Guaranteed Employee Benefits Fund and PLN 37.3 million from grants.

## 5. Overview of PKP CARGO Group's 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 has the competences 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.

In addition to the rolling stock owned by the PKP CARGO Group, the Group's establishments also repair rolling stock and sub-assemblies for other owners.

Wagons and traction rolling stock are the main elements of the PKP CARGO Group's production assets. Changes in the rolling stock levels result directly from such actions as liquidation, sale of rolling stock, leasing, return after lease term or purchase of rolling stock.

In 2024, the downward trend in the number of wagons in the Group continued. The PKP CARGO Group purchases new rolling stock and at the same time carries out the process of sale or liquidation of its oldest rolling stock. In 2024, 3 electric 6-axle series ET43 locomotives were purchased, among others.

The tables below present the quantity structure of the rolling stock in the PKP CARGO Group.

Item	31 Dec 2024
diesel locomotives owned and leased	683
<i>of which in PKP CARGO S.A.</i>	515
electric locomotives owned and leased	879
<i>of which in PKP CARGO S.A.</i>	861
<b>Total</b>	<b>1,562</b>
<i>of which in PKP CARGO S.A.</i>	1,376

Item	31 Dec 2024
Wagons owned and leased	52,039
<i>of which in PKP CARGO S.A.</i>	48,300

## 6. Information on capital ties of the PKP CARGO Group

In 2024, the following changes were made to the structure of capital ties of PKP CARGO S.A. (and subsidiaries of PKP CARGO S.A.):

1. Adopting resolution of Shareholder Meeting of “PKP CARGOTABOR USŁUGI” Sp. z o.o. with its registered office in Warsaw, a wholly owned subsidiary of PKP CARGO S.A. under restructuring to dissolve this company:

On 25 April 2024, the Extraordinary Shareholder Meeting of PKP CARGOTABOR USŁUGI sp. z o.o. was held, at which a resolution of the Extraordinary Shareholder Meeting of PKP CARGOTABOR USŁUGI Sp. z o.o. to dissolve PKP CARGOTABOR USŁUGI sp. z o.o. with its registered office in Warsaw and appoint its liquidator as of 25 April 2024 was adopted. Since that date, the Company’s name was supplemented with the words: “in liquidation”

2. Opening of remedial proceedings of “PKP CARGOTABOR” sp. z o.o. with its registered office in Warsaw, a wholly owned subsidiary of PKP CARGO S.A. under restructuring:

On 2 September 2024, the District Court for the Capital City of Warsaw, 18th Commercial Division, decided to open remedial proceedings for debtor which is “PKP CARGOTABOR” sp. z o.o. and appointed a restructuring administrator which will be: GEROMIN LEWANDOWSKI RESTRUKTURYZACJE SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, since that date, the company has been operating as “PKP CARGOTABOR” sp. z o.o. under restructuring (since that date the Company’s name was supplemented with the words: “under restructuring” (in restructuring).

3. Transfer of registered office of PKP SERVICE sp. z o.o., a wholly owned subsidiary of PKP CARGO S.A. under restructuring:

On 20 December 2024, an amendment to the Articles of Association of PKP CARGO SERVICE sp. z o.o. was entered in the National Court Register, specifying the registered office of PKP CARGO SERVICE sp. z o.o., resulting in the transfer of PKP CARGO SERVICE Sp. z o.o. registered office from the capital city of Warsaw to the city of Katowice.

## 7. Assessment of the Company’s standing, taking into consideration the appropriateness and effectiveness of its systems of internal control, risk management, compliance with standards or applicable practices and internal audit applied by the Company

The system of controls in place in PKP CARGO S.A. includes all operational procedures and instructions, mechanisms and structures (organizational and hierarchical), internal regulations (resolutions, decisions and orders) which are implemented and performed by the Company in order to effectively conduct its business.

Until 3 April 2024, in terms of the institutional framework, the system was supported by the Security and Audit Department, and more specifically by the Department’s Internal Control Section, the Internal Audit Section, and the Cybersecurity Section. By Resolution No. 127/2024 adopted by the PKP CARGO S.A. Management Board on 4 April 2024 on *amendment No. 4 to Resolution No. 33/2024 of the PKP CARGO S.A. Management Board of 2 February 2024 on organizational structure of PKP CARGO S.A. Head Office and business areas management (as amended)*, the organizational structure of the PKP CARGO S.A. Head Office was changed by the establishment of the Security and Control Department, and amendments to Appendix to Resolution no. 33/2024 were made regarding the establishment of Internal Audit and Control Department as a separate unit, reporting directly to the President of the Management Board.

The internal control function operates pursuant to the “Instructions for exercise of institutional control and cooperation with external control authorities in PKP CARGO S.A. Ck-1”. Institutional control is executed both on the basis of an annual control plan and ad hoc. The control plan is subject to approval by the Management Board President.

The internal audit function operates based on the “Audit Bylaws at PKP CARGO S.A.” an integral element of which is the Internal Auditor’s Code of Ethics. Audit tasks are performed based on the annual audit plan, prepared on the basis of risk analysis, proposals of stakeholders and audited areas. The plan is subject to approval by the Company’s Management Board and the Supervisory Board Audit Committee. At the Supervisory Board level, supervision over the operation of the audit function is exercised by the Supervisory Board Audit Committee. The Supervisory Board has an additional audit competence regarding approval of the annual budget of the internal audit unit.

An important element of the control mechanisms system is the area of the Integrated Management System (IMS). The system covers the following areas in particular: ISO 9001 quality management, ISO 27001 information security management, ISO 14000 environmental management, ISO 45001 occupational health and safety management and the Internal Control System for trade in strategic goods. Within the framework of the Company's IMS policy, the Internal Audit Department cooperates with the organizational units of the Head Office and the Company's units and performs internal audits, updates the Quality Book and the Collection of Processes and Procedures, a document supplementing the Quality Book. In accordance with the applicable standards, the recertification process is performed once every three years, and at least once per year supervision audits are carried out by the certification authority.

PKP CARGO S.A. has in place an internal Security Operations Center (SOC), which operates within the structures of the Cybersecurity Section of the Security and Control Department. Due to specific physical security requirements, it is located in the Company's Head Office in Kraków. The structure of the Security Operations Center and the requirements it must meet are defined in the Act on the National Cybersecurity System and the executive regulations issued thereunder. One of its key tasks is to monitor and detect cyberattacks and to safeguard the information system used to provide continuous monitoring coverage to the essential service, which means that monitoring operations must be conducted on a 24/7/365 basis.

The structure of the Security Operations Center in PKP CARGO S.A. rests on four pillars, and the detailed extent of its tasks and responsibilities is specified in the Organizational Bylaws of the Security and Control Department of the PKP CARGO S.A. Head Office:

1. 1st line – continuously monitors the cybersecurity of ICT systems comprising the Information System used to provide the essential service on a 24/7/365 basis;
2. 2nd line – performs incident analysis and responds to cybersecurity incidents;
3. Cybersecurity Systems Administration Team – performs tasks focused on the administration and maintenance of cybersecurity systems relevant to the Department;
4. Cybersecurity Design and Coordination Team – performs tasks such as planning, design, and implementation of cybersecurity systems, policies, procedures and cybersecurity documentation, and also recommends cybersecurity-related defense mechanisms.

By Decision No. 17/2020 of the President of the PKP CARGO S.A. Management Board of 15 April 2020 on the adoption of the Organizational Bylaws of the Compliance Section of the PKP CARGO S.A. Head Office, a Compliance Section was established in PKP CARGO S.A. Its duties include coordinating the compliance policy adopted by PKP CARGO S.A. and managing the areas of ethics and preventing corruption. The purpose of the Compliance Management Function at PKP CARGO S.A. is to identify and manage the risk of non-compliance with generally applicable laws and internal regulations, applicable ethical practices, in particular by taking action in situations of non-compliance or suspected non-compliance.

The duties of the Compliance Section include issuing opinions and creating internal regulations in the Compliance area, initiating and conducting inspection proceedings in response to suspected irregularities, conducting training and educational activities in the compliance area, monitoring the compliance process in the PKP CARGO Group, managing risks by keeping a central register of risks.

The following internal regulations apply in the Company in the field of ethics and counteracting corruption:

- 1) Code of Conduct for Business Partners of the PKP CARGO Group adopted by Resolution No. 387/2024 of the PKP CARGO S.A. under restructuring Management Board under restructuring on 5 November 2024;
- 2) Procedure for reporting breaches and protecting whistleblowers at PKP CARGO S.A. under restructuring, adopted by Resolution No. 321/2024 of the Management Board of PKP CARGO S.A. under restructuring of 17 September 2024;
- 3) Code of Ethics of PKP CARGO Group adopted by Resolution No. 320/2023 of the PKP CARGO S.A. Management Board of 6 September 2023 (hereinafter: "Code of Ethics");
- 4) Bylaws of reporting irregularities and abuses in the PKP CARGO Group adopted by Resolution No. 321/2023 of the PKP CARGO S.A. Management Board of 6 September 2023;
- 5) Anti-Corruption and Gift Policy of PKP CARGO S.A. adopted by Resolution No. 349/2020 of the PKP CARGO S.A. Management Board of 17 November 2020 (hereinafter: "Anti-Corruption Policy").

The purpose of the Anti-Corruption Policy is to ensure the fulfillment by PKP CARGO S.A. of the standards recommended for compliance management systems in respect of counteracting corruption and the whistleblower protection system in companies listed on the markets organized by the Warsaw Stock

Exchange and resulting from Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law. Among the obligations imposed by the directive is the duty to ensure confidential and secure reporting channels and legal protection of whistleblowers against retaliation by the employer.

The Code of Ethics and the Anti-Corruption Policy enable the reporting of irregularities by whistleblowers either openly or anonymously.

Accordingly, any person reporting an irregularity may turn directly to the Ethics Officer in the Compliance Section or submit a report through an external entity. In either case, the verification procedure is always carried out by the said Ethics Officer in consultation with the Compliance Officer who manages the daily work of the Compliance Section.

The Compliance Section has been strongly focused on promoting the idea of compliance within the Company among its employees. In order to spread the culture of compliance, an Intranet website (information tabs on the Compliance Section, the Code of Ethics, the Anti-Corruption Policy, Procedure for reporting breaches and protecting whistleblowers at PKP CARGO S.A. under restructuring) and a website for the Company's employees and contractors (devoted to compliance activities at PKP CARGO S.A.) have also been created.

The Company regularly conducts employee in-class training courses aimed at promoting ethics and compliance (e-learning, training for Value Leaders, middle management). The Compliance Section has also prepared information on compliance at PKP CARGO S.A. for onboarding employees and proposed a template of the anti-corruption clause to be included in contracts entered into by the Company.

In an effort to comply with market standards, PKP CARGO S.A. has implemented and is developing a Compliance Management System, which is to mitigate the risk of sanctions, financial losses and damage to the company's reputation, while at the same time contributing to the creation and consolidation of the Company's positive image.

Acting in the interests of its shareholders, customers and employees, the Company is committed to being a reliable and transparent partner, pursuing growth and increase in the shareholder value of the PKP CARGO Group in accordance with the principles of sustainable development.

The Company believes that ethics is the basis of an effective compliance risk management system and a system for the prevention and detection of fraud in this area. Therefore, in order to unify and consolidate the ethical standards in effect in the PKP CARGO Group, it needed to combine and systematize the ethics and compliance functions in all the companies of the PKP CARGO Group. Structural changes were needed in the PKP CARGO Group companies where ethics and compliance had not been addressed. A person responsible for ensuring compliance with ethics and compliance principles had to be appointed to ensure that standards are observed and monitored, and the function itself had to be adapted to the scope and size of each company's business.

In view of the above, the responsibilities of the Compliance Coordinator in subsidiaries in 2024 included: taking initiative to implement the Code of Ethics of the PKP CARGO Group,

- 1)
- 2) supervising the application of the Code of Ethics in the company,
- 3) acting on own initiative or upon notification of a possible violation of the Code of Ethics to clarify matters related to potential violations, including the collection of evidence and its protection and safeguarding against unauthorized access,
- 4) receiving reports of violations of the Code of Ethics,
- 5) cooperating with external entities responsible for operating the reporting system,
- 6) evaluating and verifying reports of violations submitted by employees and other individuals,
- 7) liaising with law enforcement agencies to investigate incidents of corruption in the company,
- 8) ensuring the anonymity of persons who report a violation of the Code of Ethics, as well as of persons who assist in making the report, associates or relatives of the person making the report, and other persons involved in the investigation of the case,
- 9) informing all interested parties of the investigative actions taken, including providing feedback to the individuals who made the reports on the actions taken in connection with the report, within 3 months from the date of confirmation of receipt of the report (this period may be extended to 6 months due to the specific circumstances of the case),
- 10) preparing a report at the end of the investigation process, including information on how the case was handled and resolved,
- 11) creating and maintaining a Register of reports of violations of the Code of Ethics,
- 12) creating and maintaining a Register of Gifts received and given,
- 13) promoting the content of the Code of Ethics among employees,

- 14) receiving and responding to questions from employees, customers and suppliers regarding the applicable Code of Ethics,
- 15) submitting proposals for updating the PKP CARGO S.A. Risk Management Policy to the Compliance Officer of PKP CARGO S.A.,
- 16) initiating and participating in the process of developing training programs in areas related to ethics and delivering training for employees (including management staff),
- 17) submitting quarterly activity reports to the Compliance Officer of PKP CARGO S.A., including the number of irregularities reported, investigations conducted and training provided, as well as an annual report on the functioning of the Code of Ethics, including in particular a summary of violations reported and corrective measures taken in relation to violations detected.

Risk management at PKP CARGO S.A. is a coordinated process encompassing all activities taking place in the Company. Its purpose is to support management in making decisions, setting priorities, determining the level of information quality and security, strengthening the ability to achieve business objectives and identifying possible alternative action paths.

In the risk management area, the Company has in place the "Risk management policy at PKP CARGO S.A." (introduced by Resolution No. 115/2022 adopted by the PKP CARGO S.A. Management Board on 20 April 2022) which defines the process and identifies the persons in charge of its pursuit. The risk management policy imposes the obligation to conduct the identification and assessment of risks and verification of risk treatment plans at least once per year.

Also, the most significant risks identified by top management are monitored continuously with the use of key risk indicators (KRIs) designed specifically for this purpose.

## **8. Assessment of the manner of the Company's fulfillment of reporting duties concerning the application of corporate governance principles**

In 2024, the Company was subject to the corporate governance rules adopted by Resolution No. 13/1834/2021 of the Supervisory Board of the Warsaw Stock Exchange on 29 March 2021 included in the document entitled "Best Practice for GPW Listed Companies 2021", with the full wording published on the website of the Warsaw Stock Exchange (hereinafter: "WSE") in the Best Practice 2021 tab.

As required by § 29 section 3 of the WSE Regulations, on 29 July 2021, PKP CARGO S.A. published information on the status of its application of the corporate governance principles set forth in the Best Practice for GPW Listed Companies 2021, which was subsequently updated on 2 August 2023. In 2024, no amendments were introduced to this information.

Having examined the information, the Supervisory Board issues a positive opinion on the Company's application of the Best Practice for GPW Listed Companies 2021. The Supervisory Board has reviewed the explanations of the rules the Company decided not to apply and has found the explanations to be adequate. The Supervisory Board has also verified the completeness, accuracy and consistency of the information provided in the designated section of the website.

## **9. Assessment of the reasonability of the Company's policy related to sponsorship activities, charitable activities or other activities of a similar nature in the financial year 2024**

The Rules and regulations for financing social undertakings in the form of donations and sponsorship by PKP CARGO S.A. contain references to the "Charity Policy for PKP S.A. and PKP Group Companies", a July 2016 document defining the objectives and principles for the conduct of charitable activities and long-term social programs by Polskie Koleje Państwowe S.A. and PKP Group Companies.

For many years PKP CARGO S.A. has been carrying out social programs and sponsoring activities in selected areas:

- 1) sports and physical culture, including initiatives, in which PKP CARGO Group employees take part (running, biking);
- 2) events important for the railway community;
- 3) events related to safety in rail traffic;
- 4) science and education, including vocational education in fields related to rail transportation;
- 5) educational activities to raise social awareness in relation to rail transport, both contemporary and its history;
- 6) events promoting knowledge on transportation ecology.

In 2024, because of the Company's financial standing activities in this area were significantly limited. The support was provided to the events that are important for the railway community as well as the cultural and scientific events.

In 2024, donation activities were also limited (such support was provided only twice).

**10. Evaluation of the manner in which the Company's Management Board fulfilled its duties stipulated in Article 380<sup>1</sup> of the Commercial Company Code, the manner in which the Management Board has prepared or submitted to the Company's Supervisory Board information, documents, reports or clarifications requested in accordance with the procedure provided for in § 4 sec. 5 of the PKP CARGO S.A. Supervisory Board Bylaws, and information on the total remuneration payable by the Company and for all studies commissioned by the Supervisory Board during the financial year 2024 in accordance with the procedure provided for in Article 382<sup>1</sup> of the Commercial Company Code**

In 2024, the Management Board sufficiently fulfilled its information duties stipulated in Article 380<sup>1</sup> CCC.

The Supervisory Board issues a positive assessment of the manner in which the Company's Management Board prepares or submits to the Supervisory Board information, documents, reports or clarifications requested in accordance with the procedure provided for in § 4 sec. 5 of the Supervisory Board Bylaws.

In 2024 the Supervisory Board did not order examination pursuant to Article 382<sup>1</sup> of the Commercial Company Code.

**11. Evaluation of the Standalone and Consolidated Financial Statements and the Management Board Report on the Activity of the Company and PKP CARGO Group as well as addressing the refusal of statutory auditor to issue an opinion on audit of Standalone and Consolidated Financial Statements.**

Pursuant to Article 382 § 3 item 1 of the Commercial Company Code, the Supervisory Board, having examined the following documents:

- 1) Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2024, prepared in accordance with EU IFRS (hereinafter: "Financial Statements"), comprising:
  - a) statement of profit or loss and other comprehensive income for the period from 1 January 2024 to 31 December 2024,
  - b) statement of financial position as at 31 December 2024,
  - c) statement of changes in equity for the period from 1 January 2024 to 31 December 2024,
  - d) cash flow statement for the period from 1 January 2024 to 31 December 2024,
  - e) notes including significant accounting principles and other explanatory notes to the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2024, prepared in accordance with EU IFRS;
- 2) Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2024 prepared in accordance with EU IFRS ("Consolidated Financial Statements"), comprising:
  - a) consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2024 to 31 December 2024,
  - b) consolidated statement of financial position as at 31 December 2024,
  - c) consolidated statement of changes in equity for the period from 1 January 2024 to 31 December 2024,
  - d) consolidated cash flow statement for the period from 1 January 2024 to 31 December 2024,
  - e) notes including significant accounting principles and other explanatory notes to the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2024, prepared in accordance with EU IFRS;
- 3) The Management Board Report on the activity of PKP CARGO S.A. and the PKP CARGO Group for 2024, including the Sustainability Report;

adopted on 28 April 2025 Resolution No. 293/VIII/2025 on assessment of the Standalone Financial Statements of PKP CARGO S.A. under restructuring for the financial year ended 31 December 2024, prepared in accordance with EU IFRS and issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Ordinary Shareholder Meeting of PKP CARGO S.A. and Resolution No. 294/VIII/2025

on assessment of the Consolidated Financial Statements of the PKP CARGO under restructuring Group for the financial year ended 31 December 2024, prepared in accordance with EU IFRS, and the Management Board Report on the Activity of PKP CARGO S.A. under restructuring and the PKP CARGO Group in 2024, including the Sustainability Report and on issuing an opinion on the PKP CARGO S.A. Management Board's motion to the Ordinary Shareholder Meeting of PKP CARGO S.A., whereby it stated the following:

- 1) the audit firm that audited the Standalone Financial Statements and the Consolidated Financial Statements, selected by Resolution No. 2/2020 of the Extraordinary Shareholder Meeting of PKP CARGO S.A. of 16 November 2020 (as amended) is:

Grant Thornton Polska P.S.A. (formerly: Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp.k.) with its registered office in Poznań, entered in the list of audit firms kept by the Polish Agency for Audit Oversight under file no. 4055;

On behalf of the audit firm, the audit of the financial statements was conducted under the supervision of key statutory auditor Marcin Diakonowicz (license no. 10524);

- 2) The Standalone Financial Statements and the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("EU IFRS");
- 3) the components of the Standalone Financial Statements comply with EU IFRS, applicable legal regulations and the Company's Articles of Association.  
The financial standing of the Company is reflected by the data contained in the Standalone Financial Statements, including:
  - a) statement of profit or loss and other comprehensive income for the period from 1 January 2024 to 31 December 2024 showing a net loss of PLN 2,412.7 million (two billion four hundred and twelve million seven hundred thousand Polish zloty) and negative comprehensive income of PLN 2,426.9 million (two billion four hundred and twenty-six million nine hundred thousand Polish zloty);
  - b) statement of financial position prepared as at 31 December 2024, showing total assets and total liabilities and equity of PLN 5,712.3 million (five billion seven hundred and twelve million three hundred thousand Polish zloty);
  - c) statement of changes in equity for the period from 1 January 2024 to 31 December 2024 showing a decrease in equity by PLN 2,426.9 million (two billion four hundred and twenty-six million nine hundred thousand Polish zloty);
  - d) cash flow statement for the period from 1 January 2024 to 31 December 2024 showing an increase in cash by PLN 301.2 million (three hundred and one million two hundred thousand Polish zloty);
  - e) notes including significant accounting principles and other explanatory notes to the Standalone Financial Statements of PKP CARGO S.A. under restructuring for the financial year ended 31 December 2024, prepared in accordance with EU IFRS.
- 4) the components of the Consolidated Financial Statements are in compliance with International Financial Reporting Standards as approved by the European Union, the applicable provisions of law and the Company's Articles of Association.

The financial standing of the PKP CARGO Group is reflected by the data contained in the Consolidated Financial Statements, including:

- a) consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2024 to 31 December 2024 showing a net loss of PLN 2,412.6 million (two billion four hundred and twelve million six hundred thousand Polish zloty) and negative comprehensive income of PLN 2,456.3 million (two billion four hundred and fifty-six million three hundred thousand Polish zloty);
- b) consolidated statement of financial position prepared as at 31 December 2024, showing total

- assets and total liabilities and equity of PLN 6,439.6 million (six billion four hundred thirty-nine million six hundred thousand Polish zloty);
- c) consolidated statement of changes in equity for the period from 1 January 2024 to 31 December 2024 showing a decrease in equity by PLN 2,456.3 million (two billion four hundred and fifty-six million three hundred thousand Polish zloty);
  - d) consolidated cash flow statement for the period from 1 January 2024 to 31 December 2024 showing an increase in cash by PLN 329.7 million (three hundred twenty-nine million seven hundred thousand Polish zloty);
  - e) the notes containing significant accounting principles and other explanatory notes to the Consolidated Financial Statements of the PKP CARGO under restructuring Group for the financial year ended 31 December 2024, prepared in accordance with EU IFRS.
- 5) Acting pursuant to Article 55 Section 2a of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws of 2023, Item 120, as amended), the Management Board has prepared a consolidated report on the activity of the Company and the PKP CARGO Group as a single report.
- 6) The report of audit firm i.e. Grant Thornton Polska P.S.A. with its registered office in Poznań, auditing the standalone and consolidated annual financial statements of PKP CARGO S.A. under restructuring with its registered office in Warsaw (the "Company") for 2024 contains a refusal to issue an opinion due to the lack – in the assessment of statutory auditor – of sufficient and appropriate evidence to provide a basis for stating whether the going concern assumption adopted by the Company when preparing the standalone and consolidated financial statements is valid, and whether the accounting estimates regarding among others liabilities and impairment losses are correct. In particular, the statutory auditor pointed out that in his assessment:
- 1) he did not obtain sufficient and appropriate audit evidence to confirm the position adopted by the Administrator of the Company's remedial estate, substantiating that, as quoted: "remedial proceedings" will be accepted by the court and the Company's creditors;
  - 2) he was not able to obtain sufficient and appropriate audit evidence in relation to the information presented in the financial statements that current cash flow projections indicate that the Company and the Company's group will have sufficient funds generated from current operations to cover the Company's current liabilities maturing within the upcoming 12 months. As at the date of the audit report, he had not received a restructuring plan from the Company, in particular long-term financial forecasts, because according to the statement of the Administrator of the Company's remedial estate, works on these documents are in progress. The deadline for submitting the aforementioned document to the court had already been postponed in the past. In the opinion of the statutory auditor, the lack of documentation related to these areas makes it impossible to assess the likelihood that the restructuring plan will be completed within the next two months and that liquidity will be maintained. The liquidity models presented contain assumptions for which, as stated by the statutory auditor, sufficient and appropriate audit evidence was not obtained. In his opinion, this situation also makes it impossible to assess whether the assumptions and plans envisaged by the Company will be implemented in accordance with its expectations.
- In view of the above – in the assessment of statutory auditor – he was not able to verify the going concern assumption adopted by the Administrator of the Company's remedial estate nor was he able to verify whether adjustments could be considered necessary in relation to recognized and unrecognized liabilities, provisions and allowances, as well as other components that make up the standalone and consolidated financial statements, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows.
- 7) The Supervisory Board of PKP CARGO S.A. considers the refusal to issue an opinion as material, but neutral with regard to the Company's and its group's ability to continue as a going concern, as this uncertainty regarding the Company's ability to continue as a going concern results from uncertainty as to whether the restructuring plan will be approved and whether the Company and its group will be able to settle their current liabilities, which in the assessment of the Company's Supervisory Board, in view of the information and statements presented by the PKP CARGO S.A. Management Board as at the date of auditing opinion does not pose a material risk, therefore, it deems it justified to issue a positive assessment for the Standalone and Consolidated Financial Statements as consistent with the financial ledgers, documents and factual status.

Pursuant to § 70 Section 1 Item 14 and § 71 Section 1 Item 12 of the *Finance Minister's Regulation of 29 March 2018 on the current and periodic information transmitted by securities issuers and the conditions for recognizing the information required by the regulations of a non-member state as*

*equivalent* (Journal of Laws Item 757, as amended) (hereinafter: the "Regulation"), the Supervisory Board by Resolution No. 293/VIII/2025 and 294/VIII/2025 of 28 April 2025, made a positive assessment of the Standalone Financial Statements of PKP CARGO S.A. for the financial year ended 31 December 2024, prepared in accordance with EU IFRS, and the Consolidated Financial Statements of the PKP CARGO Group for the financial year ended 31 December 2024, prepared in accordance with EU IFRS, on the basis of:

- 1) their contents and the wording of the *Report the independent statutory auditor on the audit*,
  - 2) position of PKP CARGO S.A.'s remedial estate Administrator regarding the refusal to issue an opinion by the audit firm on the Standalone and Consolidated Financial Statements, referred to in § 70 Section 1 Item 13 of the Regulation,
  - 3) information obtained during meetings and teleconferences with Grant Thornton Polska P.S.A. (formerly: Grant Thornton Polska spółka z ograniczoną odpowiedzialnością sp.k.) with its registered office in Poznań, i.e. the audit firm, including the key statutory auditor,
  - 4) information provided to the PKP CARGO S.A. Supervisory Board by the Audit Committee of the PKP CARGO S.A. Supervisory Board as part of the performance, by the Audit Committee of the PKP CARGO S.A. Supervisory Board, of assignments provided for in the applicable laws and internal regulations,
  - 5) information and data presented to the PKP CARGO S.A. Supervisory Board by the PKP CARGO S.A. Management Board,
  - 6) information obtained by the PKP CARGO S.A. Supervisory Board in the capacity of a supervisory body based on the powers vested in the PKP CARGO S.A. Supervisory Board, including in particular as part of internal control and audit activities and access to documents and financial ledgers.
- 8) Due to the refusal of statutory auditor to issue an opinion on audit of the Standalone and Consolidated Financial Statements, the Company cannot cover the loss for the financial year 2024, and thus the Company's Management Board does not submit this year a motion to cover the loss to the Ordinary Shareholder Meeting of the Company.

## **12. Supervisory Board's self-assessment of its work**

The Supervisory Board members actively participated in the efforts made by the Supervisory Board and within its separate Committees, continuously performing intense work the scope of which is presented in detail in this Report. The Supervisory Board members were in constant contact with the Management Board and, as part of the tasks performed by individual Committees, also with the Company's employees, in particular in the following areas: internal audit, finance, corporate governance, development, human resources management and strategy.

The Supervisory Board has identified risks that may affect the operations of the Company and the PKP CARGO Group and has formulated recommendations and postulates in this regard.

The Supervisory Board analyzed the Company's financial and operating performance and key economic indicators on an ongoing basis.

The Supervisory Board repeatedly recommended to the Management Board various remedial actions, in the areas of trade, operations, investments, organization and human resources management.

In the context of major changes in the market environment and the inability to achieve the adopted strategic objectives, the Supervisory Board expresses the need to develop a new long-term strategy for the PKP CARGO Group, which takes into account the existing global and domestic growth trends.

## **13. Supervisory Board's recommendations for the Shareholder Meeting**

During its work on the assessment of the financial statements for 2024, the Supervisory Board thoroughly analyzed the position presented by the statutory auditor regarding the refusal to issue an opinion, key issues related to the audit of the financial statements of the Company and the PKP CARGO Group and obtained clarifications from the Management Board. It also comprehensively examined various matters related to the current financial standing of PKP CARGO S.A. and key members of the PKP CARGO Group.

The Supervisory Board identifies and notices risk factors indicated by the statutory auditor in connection with the audit of Standalone and Consolidated Financial Statements of the Company for 2024. At the same time, it identifies positive actions taken by the Administrator of remedial estate and the Management Board aimed at submission of the restructuring plan for the Company to the competent Court by 30 June 2025, as well as current actions taken as part of its operations which ensure its ability to settle its financial liabilities on an ongoing basis and provide a basis for its Group's ability to continue as a going concern. Being aware of the risk factors associated with the Company's ability to continue operations, the Supervisory Board expresses a positive opinion on the actions taken by the Administrator of remedial estate and its Management Board. In the opinion of the Supervisory Board, the actions taken by the Company allow it to assume that the Company (and the Company's Group) will be able to continue its operations.

In view of the above, the Supervisory Board, having familiarized itself with the financial statements of the Company and PKP CARGO Group for the financial year ended 31 December 2024 and the Management Board Report on the Activity of PKP CARGO S.A. and the PKP CARGO Group, including the Sustainability Report for the same period, and despite the refusal to issue an opinion by the statutory auditor, endorses these documents in the version presented by the Management Board and recommends their approval by the Ordinary Shareholder Meeting.

A positive opinion is hereby issued by the Supervisory Board on the said motions of the Management Board and their approval by the Ordinary Shareholder Meeting is hereby recommended.

The Supervisory Board analysed the overall activities of individual Management Board members and assessed the work of the Management Board, as a result of which it recommends that the Ordinary Shareholder Meeting:

1. grant a discharge to the following persons holding functions in the Management Board in the financial year 2024 on the performance of their duties:
  - a) Mr. Marcin Wojewódka – Acting President of the Management Board;
  - b) Mr. Paweł Miłek – Acting Management Board Member in charge of Commerce and Acting Management Board Member in charge of Restructuring;
  - c) Ms. Monika Starecka – acting Management Board Member in charge of Finance;
2. does not grant a discharge to the following persons holding functions in the Management Board in the financial year 2024 on the performance of their duties:
  - a) Mr. Dariusz Seliga – President of the Management Board;
  - b) Mr. Marek Olkiewicz – Management Board Member in charge of Operations;
  - c) Mr. Jacek Rutkowski – Management Board Member in charge of Commerce;
  - d) Mr. Maciej Jankiewicz – Management Board Member in charge of Finance;
  - e) Mr. Zenon Kozendra – Management Board Member – Employee Representative.

The Supervisory Board substantiates the failure to grant a discharge to the aforementioned persons holding functions in the Management Board in the financial year 2024 on the performance of their duties with the statement that during their term in office, irregularities were identified resulting from their failure to fulfill their obligations to exercise due diligence resulting from the professional nature of their activities. The above had a negative impact on operations and functioning of the Company, as a result of which the Company filed on 20 June 2024 a notice of suspicion of the commission of an offense under Article 296 § 3 of the Criminal Code (significant material damage) with the District Prosecutor's Office in Warsaw. In the opinion of the Supervisory Board, the performance by the aforementioned PKP CARGO S.A. Management Board Members of the Decision of the Prime Minister of 25 July and 6 October 2022 on transport of coal without the appropriate legal basis and without due safeguarding of the Company's interests as well as unfavorable operational decisions led to the significant material damage to the PKP CARGO S.A. property, loss of significant revenues and expected benefits which as a result translated to the significant deterioration of the Company's financial and operational position.