

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

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For the Shareholders of PKP Cargo S.A. under restructuring

## Report on the audit of the annual financial statements

### *Opinion*

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

In our opinion, the accompanying annual financial statements:

- give a true and fair view of the Company's assets and financial standing as at 31 December 2024 as well as its financial result and cash flows for the financial year ended on that date in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission, and adopted accounting principles (policy),
- have been prepared on the basis of properly maintained accounting ledgers,
- are consistent as to the form and content with the applicable laws and the provisions of the Company's Articles of Association.

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

### *Grounds for our opinion*

We have conducted our audit in accordance with:

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

Our responsibilities in accordance with these standards are further described in the section of our report entitled “Responsibilities of the auditor for the audit of the annual financial statements.”

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Miscellaneous*

The financial statements along with the management board activity report were signed by the Company's manager (Restructuring Administrator) on 28 April 2025. On the same day, we issued an audit report containing a refusal to issue an opinion, because we did not obtain sufficient appropriate evidence during our audit to conclude whether the going concern assumption adopted by the Company in preparing the financial statements was appropriate and whether the accounting estimates related to, without limitation, liabilities and impairment losses were correct. Due to the receipt, after 28 April 2025, of additional audit evidence, the absence of which had previously resulted in our refusal to issue an opinion, we are now issuing a new audit report on the same annual financial statements of the Company, which invalidates our audit report issued on 28 April 2025. In our opinion, the evidence provided by the Company does not contain any material adjustments to the financial statements, and thus no amendment to or re-signing of the annual financial statements is required.

### *Significant uncertainty regarding the going concern assumption*

Please be advised that in note 1.3 “Going concern assumption, restructuring measures,” the Company's management presented selected information explaining the following circumstances and the resulting significant uncertainty regarding:

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

Since 25 July 2024, the Company has been undergoing restructuring proceedings.

This situation indicates the existence of significant uncertainty that may raise serious doubts as to the Company's ability to continue as a going concern. In the said note, the Company's manager also presented the measures taken to eliminate these threats. In the opinion of the Company's manager, these measures will be successful, although there is no certainty that this will indeed be the case.

Our opinion does not contain any modifications in relation to these matters.

### *Key audit matters*

Key audit matters are matters that, in our professional judgment, were the most significant during our audit of the annual financial statements for the current reporting period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. We have addressed these matters in the context of our audit of the annual financial statements as a whole and have considered them in forming our opinion thereon. Except for the matter described in the section "Significant uncertainty regarding the going concern assumption," we consider the matters described below to be key audit matters that should be included in our report. We have also summarized our response to these risks below and, where considered appropriate, we have presented our key observations related to these risks. We are not expressing a separate opinion on these matters.

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## **IMPAIRMENT OF ASSETS**

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### **Description**

In its financial statements, the Company recognizes rolling stock and real estate in the amount of PLN 2,128.0 million, representing 37.3% of the value of assets as at 31 December 2024, and investments in related parties in the amount of PLN 734.7 million, representing 12.9% of the value of assets as at 31 December 2024. The assessment of the impairment of these assets involves significant accounting judgments and estimates. Accordingly, we have identified this issue as a key audit matter.

Disclosures on impairment of property, plant and equipment and investments in related parties are presented in notes 5.1 and 5.3 to the financial statements.

### **Auditor's response**

Our audit procedures carried out in this area included, without limitation:

- reviewing the accounting policies,
- assessing the indications of impairment of cash-generating units,
- assessing, with the support of valuation specialists, the assumptions and estimates used by the Company to determine the recoverable amount of assets, including the key macroeconomic assumptions adopted by the Company for the coming years by comparing them with market data and available external data, the mathematical correctness of the discounted cash flow model and the assumptions used to determine cash flows,
- assessing the correctness and completeness of disclosures in the financial statements.

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## PROVISIONS FOR EMPLOYEE BENEFITS

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### Description

In its financial statements, the Company recognizes provisions for employee benefits in the amount of PLN 490.2 million, accounting for 8.6% of the balance sheet total as at 31 December 2024. These provisions make up a significant portion of the Company's liabilities and are related to significant estimates. Accordingly, we have identified this issue as a key audit matter.

Disclosures on provisions for employee benefits are presented in note 5.11 to the financial statements.

### Auditor's response

Our audit procedures carried out in this area included, without limitation:

- comparing the method of calculating employee provisions in relation to the previous year,
- analyzing actuarial valuation reports,
- assessing the competence of the management expert performing the valuation,
- analyzing the assumptions used for the valuation, including the applied discount rate, including for selected provisions using the work of a certified auditor,
- assessing the correctness and completeness of disclosures in the financial statements.

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## CONTINGENT LIABILITIES

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### Description

In its financial statements, the Company discloses contingent liabilities in the amount of PLN 211.8 million due to sureties, guarantees and other contingent liabilities related to court proceedings concerning claims sought against the Company, for which the probability of a cash outflow is assessed as low, and claims for which it is impossible to compute a reliable estimate of the amount to be paid in the future by the Company. This item also includes interest on liabilities covered by the composition agreement, accrued for the period from the date of commencement of the remedial proceedings to 31 December 2024, for which the Company assesses that, due to the opening of restructuring proceedings, the probability of a cash outflow related to the payment of this interest is less likely than its disbursement. Estimating the future outcome and impact on the financial statements is subject to a significant degree of judgment. Accordingly, we have identified this issue as a key audit matter.

Disclosures on contingent liabilities are presented in note 7.3 to the financial statements.

### Auditor's response

Our audit procedures carried out in this area included, without limitation:

- verifying the recognition and classification of contingent liabilities,
- analyzing the list of disputes and court cases,
- analyzing responses from the Company's legal counsels regarding the completeness and correctness of the classification of claims,
- reviewing other areas to identify events that may constitute contingent liabilities,

- assessing the correctness and completeness of disclosures in the financial statements.

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

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

In preparing the annual financial statements, the Company's management is responsible for assessing the Company's ability to continue as a going concern, disclosing, where applicable, matters related to going concern and for adopting the going concern basis of accounting, except where the Company's management either intends to liquidate the Company or discontinue its operations, or there is no realistic alternative to the liquidation or discontinuation of operations.

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

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

Our objective is to obtain reasonable assurance that the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high degree of assurance, but it does not guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they are reasonably likely to affect the economic decisions of users made on the basis of the respective annual financial statements.

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

During an audit carried out in accordance with NAS, we exercise professional judgment and maintain professional skepticism, and we:

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failure to detect a material misstatement due to fraud is greater than that due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of the accounting policies and the reasonability of accounting estimates and related disclosures made by the Company's management;
- assess the appropriateness of the Company management's going concern assumption and, based on the audit evidence gathered, whether there is significant uncertainty related to events or conditions that may

cast significant doubt on the Company's ability to continue as a going concern. If we conclude that significant uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up until the date of our auditor's report, but future events or circumstances may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual financial statements, including disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that ensures a fair presentation.

We communicate to the Supervisory Board information about, without limitation, the scheduled scope and timing of the audit and significant findings of the audit, including any material weaknesses in internal controls that we have identified during our audit.

We report to the Supervisory Board that we have complied with the relevant ethical requirements regarding independence and inform it of all relationships and other matters that might reasonably be considered a threat to our independence and, where applicable, of the safeguards applied.

From among the matters communicated to the Supervisory Board, we have identified the most significant matters during our audit of the financial statements for the current financial year, hence considered key audit matters. We describe such matters in our auditor's report unless legal or regulatory requirements prohibit their disclosure or, in exceptional circumstances, we determine that the matter should not be included in our report, because it might reasonably be expected that the adverse consequences would outweigh the benefits to the public interest of disclosing such information.

#### *Other information, including the management board activity report*

Other information consists of the Company activity report for the financial year ended 31 December 2024 along with a statement on corporate governance and sustainability reporting, which are separate parts of the management board activity report, and the annual report for the financial year ended 31 December 2024 (excluding the annual financial statements and our auditor's report).

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

The Company's management is responsible for preparing other information in accordance with the Accounting Act and other applicable laws. Moreover, the Company's management and Members of the Company's Supervisory Board are required to ensure that the activity report fulfills the requirements of the Accounting Act.

#### *Responsibilities of the auditor*

Our opinion on the annual financial statements does not cover other information and we are not expressing any form of assurance in accordance with NAS. In connection with our audit of the annual financial statements, it is our responsibility to obtain an understanding of other information and, in doing so, consider whether it is materially inconsistent with the annual financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on our work, we identify any material misstatements in other information, we are required to report such misstatements in our audit report.

We have nothing to report regarding other information.

Our responsibility in accordance with the requirements of the Act on Statutory Auditors is also to express an opinion on whether the activity report, to the extent unrelated to sustainability reporting, has been prepared in accordance

with the regulations and whether it is consistent with the information contained in the annual financial statements. Moreover, we are required to express an opinion on whether the Company has included the required information in its corporate governance statement.

#### *Opinion on the activity report*

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

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

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

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

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

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

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

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

#### *Selection of an audit firm*

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

Marcin Diakonowicz

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

Warsaw, 29 July 2025