

H 1
2025



**Interim
Condensed Consolidated
Financial Statements
of the PKPCARGOS.A.
under restructuring Capital Group**

for the period of 6 months
ended 30 June 2025
prepared in accordance under EU IFRS



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INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024	
Revenues from contracts with customers	1,821.2	893.3	2,300.5	1,119.8	Note 2.1
Consumption of electricity and traction fuel	(263.3)	(126.7)	(314.0)	(148.6)	Note 2.2
Infrastructure access services	(179.0)	(89.2)	(197.4)	(94.7)	
Transport services	(103.3)	(52.5)	(128.4)	(66.5)	
Other services	(195.6)	(102.2)	(199.5)	(99.1)	Note 2.2
Employee benefits	(809.6)	(400.2)	(1,019.4)	(498.1)	Note 2.2
Other expenses	(138.2)	(64.8)	(167.0)	(74.9)	Note 2.2
Other operating revenue (and expenses)	8.0	7.7	(37.8)	(23.3)	Note 2.3
Operating profit before depreciation and amortization (EBITDA)	140.2	65.4	237.0	114.6	
Depreciation, amortization and impairment losses	(85.5)	9.7	(700.2)	(481.0)	Note 2.2
Profit / (loss) on operating activities (EBIT)	54.7	75.1	(463.2)	(366.4)	
Financial revenue (and expenses)	(69.3)	(33.2)	(97.0)	(49.0)	Note 2.4
Share in the profit / (loss) of entities accounted for under the equity method	(0.6)	(0.4)	4.4	2.4	Note 5.3
Profit / (loss) before tax	(15.2)	41.5	(555.8)	(413.0)	
Income tax	(2.7)	(10.8)	102.7	78.0	Note 3.1
NET PROFIT / (LOSS)	(17.9)	30.7	(453.1)	(335.0)	
OTHER COMPREHENSIVE INCOME					
Measurement of hedging instruments	3.1	(5.7)	2.6	(1.5)	Note 6.1
Income tax	(0.6)	1.1	(0.5)	0.3	Note 3.1
Exchange differences resulting from conversion of financial statements of foreign operations	6.6	14.3	(13.6)	9.0	
Other comprehensive income subject to reclassification to profit or loss, total	9.1	9.7	(11.5)	7.8	
Actuarial gains / (losses) on employee benefits	(34.1)	(34.0)	(31.0)	(30.7)	Note 5.9
Income tax	6.5	6.5	5.9	5.8	Note 3.1
Other comprehensive income not subject to reclassification to profit or loss, total	(27.6)	(27.5)	(25.1)	(24.9)	
Total other comprehensive income	(18.5)	(17.8)	(36.6)	(17.1)	
TOTAL COMPREHENSIVE INCOME	(36.4)	12.9	(489.7)	(352.1)	
Net profit / (loss) attributable:					
Net profit / (loss) attributable to shareholders of the parent company	(17.9)	30.7	(453.1)	(335.0)	
Total other comprehensive income attributable:					
Total other comprehensive income attributable to shareholders of the parent company	(36.4)	12.9	(489.7)	(352.1)	
Earnings / (losses) per share (PLN per share)					
Weighted average number of ordinary shares	44,786,917	44,786,917	44,786,917	44,786,917	
Earnings / (losses) per share	(0.40)	0.69	(10.12)	(7.48)	
Diluted earnings / (losses) per share	(0.40)	0.69	(10.12)	(7.48)	

In the periods covered by these Interim Condensed Consolidated Financial Statements, there was no non-controlling interest.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2025	31 December 2024	
ASSETS			
Rolling stock	2,298.0	2,138.8	Note 5.1
Other property, plant and equipment	689.1	733.5	Note 5.1
Right-of-use assets	1,309.0	1,371.3	Note 5.2
Investments in entities accounted for under the equity method	14.0	18.5	Note 5.3
Trade receivables	0.1	0.2	Note 5.5
Lease receivables	10.5	11.3	
Other assets	42.8	46.1	Note 5.6
Deferred tax assets	685.3	676.6	Note 3.1
Total non-current assets	5,048.8	4,996.3	
Inventories	148.9	157.7	Note 5.4
Trade receivables	501.7	558.3	Note 5.5
Lease receivables	1.5	1.0	
Other assets	134.2	136.9	Note 5.6
Cash and cash equivalents	482.5	589.1	Note 4.3
Total current assets	1,268.8	1,443.0	
Non-current assets classified as held for sale	23.4	0.3	
TOTAL ASSETS	6,341.0	6,439.6	
EQUITY AND LIABILITIES			
Share capital	2,239.3	2,239.3	Note 4.2
Supplementary capital	870.7	874.1	
Other items of equity	(156.8)	(131.7)	
Exchange differences resulting from conversion of financial statements of foreign operations	93.1	86.5	
Retained earnings / (Accumulated losses)	(2,336.5)	(2,322.0)	
Total equity	709.8	746.2	
Debt liabilities	1,606.4	1,791.5	Note 4.1
Trade payables	1.1	2.1	Note 5.7
Investment commitments	0.1	2.8	Note 5.8
Provisions for employee benefits	501.8	485.1	Note 5.9
Other provisions	13.9	15.0	Note 5.10
Deferred tax liability	78.3	82.0	Note 3.1
Other liabilities	0.2	0.2	Note 5.11
Total non-current liabilities	2,201.8	2,378.7	
Debt liabilities	1,167.6	1,041.1	Note 4.1
Trade payables	1,202.1	1,220.0	Note 5.7
Investment commitments	138.6	142.9	Note 5.8
Provisions for employee benefits	138.9	115.0	Note 5.9
Other provisions	39.8	42.7	Note 5.10
Other liabilities	742.4	753.0	Note 5.11
Total current liabilities	3,429.4	3,314.7	
Total liabilities	5,631.2	5,693.4	
TOTAL EQUITY AND LIABILITIES	6,341.0	6,439.6	

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Other items of equity			FX differences resulting from translation of financial statements of foreign operations	Retained earnings / (accumulated losses)	Total equity
			Measurement of equity instruments at fair value	Actuarial gains / (losses) on employee benefits	Measurement of hedging instruments			
1 January 2025	2,239.3	874.1	(9.1)	(135.0)	12.4	86.5	(2,322.0)	746.2
Net result for the period	-	-	-	-	-	-	(17.9)	(17.9)
Other comprehensive income for the period (net)	-	-	-	(27.6)	2.5	6.6	-	(18.5)
Total comprehensive income	-	-	-	(27.6)	2.5	6.6	(17.9)	(36.4)
Other changes for the period	-	(3.4)	-	-	-	-	3.4	-
30 June 2025	2,239.3	870.7	(9.1)	(162.6)	14.9	93.1	(2,336.5)	709.8
1 January 2024	2,239.3	797.1	(9.1)	(109.3)	7.3	109.6	167.6	3,202.5
Net result for the period	-	-	-	-	-	-	(453.1)	(453.1)
Other comprehensive income for the period (net)	-	-	-	(25.1)	2.1	(13.6)	-	(36.6)
Total comprehensive income	-	-	-	(25.1)	2.1	(13.6)	(453.1)	(489.7)
Other changes for the period	-	77.0	-	-	-	-	(77.0)	-
30 June 2024	2,239.3	874.1	(9.1)	(134.4)	9.4	96.0	(362.5)	2,712.8

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2025	6 months ended 30 June 2024	
Cash flows from operating activities			
Profit / (loss) before tax	(15.2)	(555.8)	
Adjustments			
Depreciation, amortization and impairment losses	85.5	700.2	Note 2.2
(Profit) / loss on the sale and liquidation of non-financial non-current assets	(10.7)	(7.4)	
(Profits) / losses on interest, dividends	52.8	79.5	
Interest received / (paid)	0.3	0.5	
Income tax received / (paid)	(0.4)	(21.5)	
Movement in working capital	66.7	345.0	
Other adjustments	(33.5)	(38.8)	
Net cash from operating activities	145.5	501.7	
Cash flows from investing activities			
Expenditures on the acquisition of non-financial non-current assets	(155.9)	(318.9)	
Proceeds from the sale of non-financial non-current assets	9.8	13.8	
Proceeds from dividends received	4.5	3.9	
Other proceeds from investing activities	8.7	3.4	
Net cash from investing activities	(132.9)	(297.8)	
Cash flows from financing activities			
Expenditures on leases	(81.2)	(86.3)	Note 4.1
Proceeds from drawn down loans	-	24.4	Note 4.1
Receipt of funds from the Guaranteed Employee Benefits Fund	10.2	-	Note 4.1
Repayment of loans/ credit facilities	(16.2)	(177.1)	Note 4.1
Interest paid on leases and loans	(34.2)	(77.2)	Note 4.1
Subsidies received	1.1	21.9	
Other expenditures concerning financing activities	(0.2)	(0.7)	
Net cash from financing activities	(120.5)	(295.0)	
Net increase / (decrease) in cash and cash equivalents	(107.9)	(91.1)	
Cash and cash equivalents at the beginning of the reporting period	589.1	263.7	
Impact exerted by FX rate movements on the cash balance in foreign currencies	1.3	(1.7)	
Cash and cash equivalents at the end of the reporting period including:	482.5	170.9	
<i>restricted cash</i>	<i>25.5</i>	<i>35.7</i>	



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

1.1 Key information about the Group's business

Information about the Parent Company

PKP CARGO S.A. ("Company", "Parent Company") was established pursuant to a Notary Deed of 29 June 2001 (Rep. A No. 1287/2001). Key information about the Parent Company is presented in the table below.

Key information about the Parent Company	
Name	PKP CARGO S.A. under restructuring
Registered office	Poland
Address of the Parent Company's registered office	ul. Grójecka 17, 02-021 Warsaw
KRS	0000027702 – District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, Poland
REGON	277586360
NIP	954-23-81-960

On 25 July 2024 the District Court for the Capital City of Warsaw in Warsaw, 18th Commercial Division issued a decision to open remedial proceedings towards PKP CARGO S.A. Pursuant to Article 66 sec. 2 of the Restructuring Law, after a court has issued a decision to open restructuring proceedings, a trader operates on the market under its previous business name with the addition of the words "under restructuring" (in restructuring). Therefore, as of 25 July 2024, the full name of the company is: PKP CARGO S.A. under restructuring.

In H1 2025, the Parent Company did not change its name or other identification details.

The financial year of the Parent Company and the companies from the PKP CARGO under restructuring Group (hereinafter referred to as the "Group") is a calendar year.

The composition of the Parent Company's management and supervisory bodies and the Parent Company's shareholding structure as at 30 June 2025 are presented in the Management Board Report on the Activity of the PKP CARGO under restructuring Group for H1 2025, in [Sections 2.1](#) and [2.3](#), respectively.

Information about the Group

The Group's core business is rail freight transport. In addition to rail freight transport services, the Group also provides additional services:

- intermodal services,
- freight forwarding (domestic and international),
- terminal services,
- siding and traction services,
- repairs and periodic inspections of rolling stock,
- land reclamation services.

As at the balance sheet date, the PKP CARGO under restructuring Group consisted of PKP CARGO S.A. under restructuring as its parent company and 20 subsidiaries. In addition, the Group held stakes in 2 associated entities and 1 joint venture.

The term of the activities of the individual Group companies is not limited, with the exception of PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji, which went into liquidation as of 25 April 2024. PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji does not carry out any significant business activities.

1.1 Key information about the Group's business (cont'd)

Detailed information about members of the Group as at 30 June 2025 and 31 December 2024 is as follows:

Name	Type	Registered office	% of shares held	
			30 June 2025	31 December 2024
Centralny Terminal Multimodalny Sp. z o.o.	other subsidiary	Warsaw	100%	100%
PKP CARGO SERVICE Sp. z o.o.	subsidiary – consolidated by the full method	Katowice	100%	100%
PKP CARGO TERMINALE Sp. z o.o.	subsidiary – consolidated by the full method	Żurawica	100%	100%
PKP CARGOTABOR Sp. z o.o. under restructuring	subsidiary – consolidated by the full method	Warsaw	100%	100%
CARGOTOR Sp. z o.o.	subsidiary – consolidated by the full method	Warsaw	100%	100%
PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji	subsidiary – consolidated by the full method	Warsaw	100%	100%
PKP Linia Chełmska Szerokotorowa Sp. z o.o.	other subsidiary	Warsaw	100%	100%
ONECARGO CONNECT Sp. z o.o.	other subsidiary	Warsaw	100%	100%
COSCO Shipping Lines (POLAND) Sp. z o.o.	associate	Gdynia	20%	20%
PKP CARGO CONNECT Sp. z o.o.	subsidiary – consolidated by the full method	Warsaw	100%	100%
Transgaz S.A.	other subsidiary	Zalesie near Małaszewicze	64%	64%
Cargosped Terminal Braniewo Sp. z o.o.	subsidiary – consolidated by the full method	Braniewo	100%	100%
PKP CARGO CONNECT GmbH	other subsidiary	Hamburg	100%	100%
Terminale Przeładunkowe Sławków Medyka Sp. z o.o.	interests in joint ventures	Sławków	50%	50%
PKP CARGO INTERNATIONAL a.s.	subsidiary – consolidated by the full method	Ostrava	100%	100%
PKP CARGO INTERNATIONAL HU Zrt.	subsidiary – consolidated by the full method	Budapest	100%	100%
AWT ROSCO a.s.	subsidiary – consolidated by the full method	Ostrava	100%	100%
AWT CFT a.s.	subsidiary – consolidated by the full method	Ostrava	100%	100%
AWT Rekultivace a.s.	subsidiary – consolidated by the full method	Petřvald	100%	100%
DEPOS Horní Sucha a.s.	associate	Horní Suchá	20.6%	20.6%
PKP CARGO INTERNATIONAL SK s.r.o. ¹⁾	other subsidiary	Bratislava	100%	100%
AWT DLT s.r.o.	other subsidiary	Kladno	100%	100%
PKP CARGO INTERNATIONAL SI d.o.o.	other subsidiary	Grčarevec	80%	80%

¹⁾ Effective as of 5 April 2025, the legal form of PKP CARGO INTERNATIONAL SK a.s., previously operating as a joint stock company, changed to a limited company operating under the name of PKP CARGO INTERNATIONAL SK s.r.o.

Other subsidiaries are not consolidated by the full method due to the materiality criterion adopted by the Group. The companies are valued using the equity method, which is presented in [Note 5.3](#) to these Interim Condensed Consolidated Financial Statements or presented as other assets.

1.2 Basis for preparation of the Interim Condensed Consolidated Financial Statements

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard no. 34 Interim Financial Reporting as endorsed by the European Union.

These Interim Condensed Consolidated Financial Statements should be read together with the audited Consolidated Financial Statements of the PKP CARGO Group for the year ended 31 December 2024 prepared according to EU IFRS. The accounting policy used to prepare these Interim Condensed Consolidated Financial Statements is consistent with the one used to prepare the Consolidated Financial Statements for the for the financial year ended 31 December 2024.

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with the historic cost principle, except for derivatives measured at fair value and investments in equity instruments.

Within the year, the Group's business does not show any material seasonal or cyclical trends.

These Interim Condensed Consolidated Financial Statements consist of the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected notes.

These Interim Condensed Consolidated Financial Statements have been drawn up in Polish zloty (PLN). The data in the financial statements are presented in millions of PLN.

Transactions in foreign currencies are translated to the functional currency at the exchange rate from the date of the transaction or measurement when the items are restated. As at the balance sheet date, cash assets and liabilities denominated in foreign currencies are restated according to the average NBP exchange rate binding on that date. Foreign exchange gains and losses obtained as a result of settlements of those transactions and balance sheet valuation of assets and liabilities denominated in foreign currencies are recorded in the result, provided they are not deferred in other comprehensive income when they are eligible for recognition as security for cash flows. Non-cash items carried at historical cost expressed in a foreign currency are translated using the exchange rate from the transaction date.

The financial data of foreign entities have been translated into the Polish currency for consolidation purposes in the following manner:

- a) assets and liabilities items at the exchange rate at the end of the reporting period,
- b) items of the statement of profit or loss and other comprehensive income and of the statement of cash flows at the average exchange rate in the reporting period calculated as the arithmetic mean of the exchange rates prevailing on the last day of each month in a given period.

FX differences from the above translations are presented in the equity as FX differences from translation of financial statements of foreign operations.

In these Interim Condensed Consolidated Financial Statements, for the needs of valuation of the financial statements of foreign operations subject to consolidation, the following exchange rates were applied by the Group:

Currency	Items of the statement of financial position		Items of the statement of profit or loss and other comprehensive income and statement of cash flows	
	30 June 2025	31 December 2024	6 months ended 30 June 2025	6 months ended 30 June 2024
EUR	4.2419	4.2730	4.2208	4.3109
CZK	0.1715	0.1699	0.1692	0.1721

The data for the 6 months ended 30 June 2025 and 30 June 2024 presented in these Interim Condensed Consolidated Financial Statements have been reviewed by an auditor. The line items of the consolidated statement of financial position as at 31 December 2024 were audited by a statutory auditor during the audit of the Consolidated Financial Statements of the PKP CARGO under restructuring Group for the year ended 31 December 2024 prepared according to EU IFRS. The data for the 3 months ended 30 June 2025 and 30 June 2024 presented in these Interim Condensed Consolidated Financial Statements have not been reviewed or audited by an auditor.

These Interim Condensed Consolidated Financial Statements were approved for publication by the Administrator of PKP CARGO S.A. under restructuring on 30 September 2025.

1.3 Going concern basis

Going concern risk of the Parent Company

These Interim Condensed Consolidated Financial Statements for the period of 6 months ended 30 June 2025 have been prepared based on the going concern assumption and accordingly do not include adjustments for differences in the measurement and classification of assets and liabilities that would be required if the Parent Company's going concern assumption proved to be invalid.

In 2024, demand for the Parent Company's services decreased significantly, which affected financial position and liquidity of the Parent Company and PKP CARGO under restructuring Group and its ability to pay its current liabilities. The deterioration of its position was caused by:

- activities of the Parent 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;
- impacts of the ongoing war in Ukraine and the energy crisis in Europe (including increased energy prices), which had a significant impact on businesses and results in relatively low freight volumes;
- 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;
- expansionary investment policy, mainly for rolling stock.

The deterioration of the financial standing led to the violation of the covenants specified in loan agreements.

As the Parent Company's Management Board identified and analyzed the above risks, on 27 June 2024 it decided to file a petition with the court to open the remedial proceedings. On 25 July 2024, the Parent Company received from the District Court for the Capital City of Warsaw in Warsaw a "Notice of Decision to Open Restructuring Proceedings". In the opinion of the Parent Company's Management Board, the purpose of opening the restructuring proceedings is to improve the Parent Company's financial and liquidity position.

The following key actions were carried out as part of the restructuring proceedings up to the date of publication of these Interim Condensed Consolidated Financial Statements:

- on 7 November 2024, the Board of Creditors was established in the remedial proceedings.
- on 28 February 2025, the Parent Company's Administrator presented a list of creditors to the District Court for the Capital City of Warsaw.
- due to the systemic limitations of the National Register of Debtors, the list of assets is submitted by the Administrator gradually, in parts.
- on 30 June 2025, the Parent Company's Administrator presented a Restructuring Plan to the District Court for the Capital City of Warsaw; on its basis the Parent Company submitted Composition Proposals for Creditors (hereinafter: "Composition Proposals").

The Restructuring Plan provides for the implementation of restructuring measures aimed at restoring the Parent Company's profitability, ensuring its long-term development and recovery of full capacity to pay its liabilities. The Plan provides in particular for:

- stabilizing the financial situation in the short term through measures aimed at optimizing cash flows, renegotiating financial liabilities, reducing costs and increasing revenues, among others through the development of cooperation with key customers,
- implementing comprehensive restructuring measures covering the period up to 2031,
- further developing the core business, i.e. rail freight, while reducing the Company's presence in declining markets, including the gradual phasing out of operations in the coal transport segment,
- focusing on the intermodal and specialized transport segments, which feature higher margins and lower sensitivity to economic fluctuations.

The Restructuring Plan has been designed to achieve savings and stabilization on the one hand, and development on the other. The restructuring measures outlined in the Plan revolve around stabilizing the liquidity, boosting operational efficiency, and creating conditions for future investment financing, which should enable the objectives of the proceedings to be achieved.

In the medium term, the Parent Company plans to transform its business model – both the revenue and cost sides of its operations. The key assumptions include:

- withdrawing from declining business areas, in particular the gradual phasing out of the coal transport segment,
- focusing development on intermodal and specialized transport segments, which offer higher margins, more stable demand, and greater resilience to business cycles,
- expanding sales capabilities, which includes strengthening the sales team and introducing tools for active management of customer relationships,
- improving operational processes, which includes optimization of management of the transport process through more efficient planning in order to boost efficiency,
- consolidating and centralizing support functions to reduce overhead costs and increase management transparency.

1.3 Going concern basis (cont'd)

In the longer time horizon, the Parent Company plans to further develop its core business, i.e. rail freight transport, as the foundation of its future operations. The strategic directions for further growth include:

- continuing the existing line of business in the rail freight transport sector, with an emphasis on increasing sales volumes and strengthening its market position,
- effective optimization of transport processes, including a restructuring of the organizational framework and the resulting adjustment of the cost structure, which will translate into improved operating profitability,
- implementation, in cooperation with creditors, of a financial restructuring program aimed at reducing the Parent Company's indebtedness and improving its liquidity position.

The restructuring actions undertaken so far were focused on the following areas:

- workforce reduction through mass layoffs,
- termination of some of the leases for assets that are not essential to the business activity,
- identification of the assets that are not intended for further use,
- reduction of capital expenditures and alignment with transportation needs,
- reorganization of the organizational structure of the Parent Company,
- withdrawing from contracts that generate unnecessary costs.

The measures planned for subsequent periods include restructuring initiatives in the following areas:

- business processes – focused on processes with a direct impact on the profitability of services provided, in particular through the reduction of unit operating costs, optimization of employment structures, and improvement of labor productivity;
- assets – assuming the sale of surplus rolling stock and real properties not used in operating activities, in order to free up capital and improve the balance sheet structure;
- organizational structure – involving a redefinition of the allocation of powers and responsibilities between the Group companies, with an emphasis on eliminating redundancy of functions and on increasing managerial transparency;
- IT area – assuming the digitalization and automation of operational processes, the implementation of new IT systems, and the integration of IT systems within the Group;
- sales function – aimed at building a market-leading, integrated sales team responsible for developing relationships with key clients, effectively managing the contract portfolio, and increasing market share.

The key initiatives include:

- Stimulation of sales – aimed at increasing revenue and margins on transport services, including:
 - ♦ improving sales efficiency – in order to improve the effectiveness of client acquisition, the Parent Company will take steps to automate sales processes using AI tools, introduce a market-based remuneration and bonus system, and implement performance metrics for the sales force, assessing both their performance and operating efficiency;
 - ♦ increasing sales volumes – the sales stimulation efforts will focus on improving service for key clients, regaining former clients, and developing a long-term sales strategy;
 - ♦ improving client retention – the Parent Company will take steps to strengthen customer loyalty and improve relationships through customer satisfaction monitoring and the introduction of high-quality after-sales service;
 - ♦ improving contract pricing – the Parent Company will take steps to optimize commercial terms and contract profitability management. Key actions include an improvement of the pricing model and analysis of unprofitable contracts;
 - ♦ adapting the organization to market and sales needs;
 - ♦ improving organizational efficiency in supporting sales activities.
- International expansion – aimed at developing freight sales in foreign markets.
- Improvement of operational efficiency – aimed at improving operational efficiency through OPEX/CAPEX optimization.
- Information management – aimed at integrating IT systems in the Group and implementing tools that enable scalability of operations without increasing headcount in selected areas.
- Asset optimization – aimed at obtaining additional funds by reducing fixed assets, including real properties and rolling stock, to the minimum level necessary to conduct operations.
- Optimization of employment in the operating area – in order to adjust the Parent Company's headcount to the market level appropriate to the volume of freight services provided.
- Structuring of the Group – to organize business competencies within the PKP CARGO under restructuring Group.

The preparation of the Restructuring Plan made it possible to develop Composition Proposals based on classification of creditors into groups corresponding to specific categories of interests, in accordance with Article 161 sec. 1 of the Restructuring Law. The criteria for dividing creditors into groups are both the nature of the claims and the legal and economic position of the creditors, so as to ensure equal treatment of entities in comparable situations. The Parent Company presents separate proposals for restructuring liabilities for each of the identified groups of creditors.

1.3 Going concern basis (cont'd)

The proposals have been prepared taking into account:

- the Parent Company's current and projected financial capacity,
- the need to restore lasting ability to pay liabilities,
- the necessity to maintain business continuity and to carry out the core business,
- the principle of equal treatment of creditors within each group.

The purpose of the proposed division into groups is to allow a more flexible approach to different categories of liabilities - in terms of repayment schedules as well as possible partial debt forgiveness or installment arrangements - which increases the likelihood of approval and successful implementation of the composition agreement.

Below we present the division of creditors into groups in accordance with Article 161(1) and the restructuring principles under Article 156(1)-(2) of the Restructuring Law, together with a description of the proposed Composition Proposals:

Group I – The State Treasury with claims arising from taxes constituting state budget revenue, as well as other public law creditors, excluding the Social Insurance Institution (ZUS) – the proposal entails repayment of 100% of the principal and any interest accrued up to the commencement date of the remedial proceedings. Interest accrued after that date until the completion of the arrangement will be fully written off. The reduction applies to all types of interest, irrespective of its legal nature;

Group II – Banks and financial institutions with claims arising from loans and borrowings and other financial liabilities of a similar nature – the proposal entails repayment of 100% of the principal. Interest accrued from the commencement date of the remedial proceedings will be fully written off. Also, no interest or ancillary charges arising from these claims will accrue during the entire period of performance of the composition agreement;

Group III – Key suppliers with claims arising from all commercial agreements and transactions, in particular trade liabilities and investment-related obligations – the proposal entails repayment of 100% of the principal. Interest accrued from the commencement date of the remedial proceedings will be fully written off. In addition, no interest or ancillary charges arising from these claims will accrue during the entire implementation period of the arrangement.

Group IV – Creditors with commercial claims arising from all agreements and transactions, in particular trade liabilities and investment-related obligations, whose total claims exceed PLN 50,000 – the proposal entails repayment of 100% of the principal. Interest accrued from the commencement date of the remedial proceedings will be fully written off. In addition, no interest or ancillary charges arising from these claims will accrue during the entire implementation period of the arrangement.

Group V – Creditors with commercial claims arising from all agreements and transactions, in particular for supplies, services, and investment-related obligations, whose total claims do not exceed PLN 50,000 – the proposal entails repayment of 100% of the principal within 6 months from the date on which the court decision approving the composition agreement becomes final. Interest accrued from the commencement date of the remedial proceedings will be fully written off. Also, no interest or ancillary charges arising from these claims will accrue during the entire period of performance of the composition agreement;

Group VI – Creditors who are, as at 30 June 2025, companies within the PKP CARGO under restructuring Group, including all trade receivables and receivables under the cash pooling system – the proposal entails repayment of 5% of the principal. Interest accrued from the commencement date of the remedial proceedings will be fully written off. Also, no interest or ancillary charges arising from these claims will accrue during the entire period of performance of the composition agreement;

Group VII – Creditors holding claims mentioned in Article 151(2) of the Restructuring Law, i.e. claims not covered by the composition agreement by operation of law – claims secured by a mortgage, pledge, or registered pledge, to the extent covered by the collateral value – the proposal entails repayment of 100% of the principal. Interest accrued from the commencement date of the remedial proceedings will be fully written off. Also, no interest or ancillary charges arising from these claims will accrue during the entire period of performance of the composition agreement;

Group VIII – The Social Insurance Institution (ZUS) – the proposal entails repayment of 100% of the principal and ancillary amounts, in particular interest, the amounts accrued before and also after the commencement date of the remedial proceedings;

Group IX – Creditors (other than those in Groups I, VI and VIII) who declare their willingness to convert part or all of their claims into new issue shares of PKP CARGO S.A. under restructuring – the proposal entails taking up newly issued shares of PKP CARGO S.A. under restructuring, at a value equal to the nominal value of the converted debt.

According to the Composition Proposals, the projected repayment schedules for each of the Parent Company's creditor groups are as follows:

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Group I	0	0	0	0	6	6	6	6	6	6	6	172	214
Group II	0	0	0	0	36	36	37	36	36	36	36	1,050	1,305
Group III	0	0	0	0	21	21	21	21	21	21	21	603	750
Group IV	0	0	6	6	5	5	5	5	5	5	5	189	235
Group V	0	0	5	5	0	0	0	0	0	0	0	0	10
Group VI	0	0	0	15	0	0	0	0	0	0	0	0	15
Group VII	0	0	0	0	2	2	2	2	2	2	2	47	58
Group VIII	0	0	30	30	0	0	0	0	0	0	0	0	60
Total	0	0	41	56	70	70	70	70	70	70	70	2,061	2,647

1.3 Going concern basis (cont'd)

The assumption adopted as at 30 June 2025 that the Parent Company would continue as a going concern for at least 12 months, is based on current financial projections included in the Restructuring Plan.

The financial model prepared for the purpose of the Restructuring Plan includes the projected cash flows in the period until 31 December 2031. When preparing the above financial projections, the Parent Company used the services of an external financial advisor employed in connection with the pending remedial proceedings and the preparation of the Restructuring Plan and Composition Proposals.

Current cash flow projections indicate that the Parent Company will have sufficient funds generated from current operations to cover current liabilities (without the liabilities included in the composition). The key source of financing included in the Restructuring Plan will be revenues from the Parent Company's current operations. It should be noted that, in the opinion of the Parent Company, it will take time and the progressive implementation of corrective measures to return to sustainable profitability and generate positive cash flows from core operations, and that full operational and financial stabilization will not be achieved in the short term, in particular not in 2025. This will require consistent implementation of cost optimization, improvement of operating margins, and maximization of asset utilization in a manner that generates added value for the Parent Company's stakeholders. Accordingly, additional financing sources will be required, which may be divided into two main categories:

1. proceeds from the sale of assets (sale of non-operationally-used assets, mainly real property and rolling stock),
2. additional funds generated through effective implementation of restructuring initiatives.

Key assumptions adopted in the financial projections for the period of 12 months from the balance sheet date include:

- proceeds from the sale of non-operating assets in the amount of PLN 362 million,
- payment of severance pay in the amount of PLN 59 million on account of employee layoffs,
- repayment of other liabilities to employees not paid on time in respect of selected benefits in the amount of PLN 55 million,
- timely payment of current liabilities,
- no repayment of the Guaranteed Employee Benefits Fund loan in the amount of approximately PLN 72 million,
- no payment of liabilities subject to composition proceedings,
- non-implementation of planned savings initiatives (the financial effects resulting from the implementation of restructuring initiatives included in the Restructuring Plan were reflected in the financial projections for later periods).

At the same time, if negative deviations from the current cash flow projections occur, the Parent Company will implement stricter controls on operating expenses and will reduce or defer capital expenditures to later accounting periods.

The above cash flow projections are based on the assumption that the remedial proceedings currently pending against the Parent Company will not be legally concluded within 12 months after the end of the relevant reporting period. The Parent Company believes this assumption reasonable, based on publicly available data on the typical duration of restructuring proceedings from the date of initiation to final legal completion. At the same time, the Parent Company assumes that if the remedial proceedings are legally concluded, this will result from the adoption of a composition agreement with the creditors on terms aligned with its currently assumed Composition Proposals covered by the Restructuring Plan.

The Parent Company believes that the following may adversely affect the going concern assumption:

- refusal to approve the Restructuring Plan or modification thereof based on decisions made by the judge-commissioner pursuant to Article 315 of the Restructuring Law,
- other circumstances that would prevent the Parent Company from implementing the Restructuring Plan, including the risks presented therein.

As at 30 June 2025, the Parent Company's Management Board assesses the above risks to be low. The Parent Company has the ability to cover the costs of the proceedings and liabilities arising after its commencement, as well as liabilities that cannot be covered by the composition agreement. The Parent Company pays its current liabilities related to its operating activity in the course of remedial proceedings, with the exception of the portion of the liabilities described in **Note 1.4** to these Interim Condensed Consolidated Financial Statements. Liabilities to business partners providing services and materials necessary for the operation of rail transport are paid on an ongoing basis. Both the suppliers of key utilities (traction energy, traction fuel) and essential services (in particular those related to access to rail infrastructure), employees in respect of their current salaries, as well as public law institutions, receive the amounts due on time. The Parent Company complies with the instructions of the Judge-Commissioner and the Court. On the date set by Judge-Commissioner (30 June 2025), the Restructuring Administrator of PKP CARGO S.A. under restructuring submitted the Restructuring Plan and the private creditor test. At the same time, the Parent Company submitted Composition Proposals for creditors. In the Parent Company's opinion, based on an assessment of its current financial and asset position, creditor satisfaction under the remedial proceedings on the terms and conditions defined in Composition Proposals should be greater than in the case of payment under the bankruptcy scenario. Therefore, the Parent Company believes that the assumption that the composition will be adopted on terms consistent with the Parent Company's current financial projections is reasonable.

1.3 Going concern basis (cont'd)

The Parent Company believes that deferring the repayment of liabilities incurred before the commencement of the restructuring proceedings, combined with the actions it has taken, will allow it to maintain liquidity at a level sufficient to pay its current liabilities for at least the next 12 months from the balance sheet date, thereby minimizing the risk to its going concern status.

Going concern risk of the subsidiary PKP CARGOTABOR Sp. z o.o. under restructuring

The deterioration of the financial and liquidity position of the Parent Company has had a significant impact on the operations of its subsidiary, PKP CARGOTABOR Sp. z o.o. (hereinafter referred to as "PKP CARGOTABOR"). Due to the strong business ties between the Parent Company and PKP CARGOTABOR, the significant reduction in capital expenditures by the Parent Company since Q2 2024 surpassed PKP CARGOTABOR's ability to adapt the scale of its operations to the Parent Company's current needs, which caused a deterioration of PKP CARGOTABOR's liquidity position. On 26 July 2024, the Management Board of PKP CARGOTABOR filed a petition with the court to open remedial proceedings and a petition to open bankruptcy proceedings.

In a letter to the court dated 28 August 2024, the Management Board upheld its petition to open remedial proceedings. On 2 September 2024, the subsidiary received a "Notice of Decision to Open Restructuring Proceedings" from the District Court for the Capital City of Warsaw in Warsaw.

In connection with the restructuring measures, the company's production activity was reduced from 16 to 12 Unit locations. As the field units were liquidated, mass layoffs were carried out before the end of 2024, and the subsidiary's organizational structure was changed as of 1 January 2025.

On 6 December 2024, the Administrator of PKP CARGOTABOR presented the list of assets and the list of creditors' claims to the District Court for the Capital City of Warsaw. On 14 March 2025, the subsidiary PKP CARGOTABOR filed a Restructuring Plan with the District Court for the Capital City of Warsaw, which was then approved by the Judge-Commissioner on 11 June 2025.

The Restructuring Plan assumes comprehensive activities in four critical areas: management, staffing, operations and finance. The aim is to tidy up the critical processes and to create a solid basis for further growth of the Company. The next stage of the restructuring process will be the presentation of Composition Proposals.

In the period of 6 months ended 30 June 2025, PKP CARGOTABOR received cash from the Guaranteed Employee Benefits Fund in the amount of PLN 10.2 million in order to finance part of the unpaid employee benefits in accordance with the provisions of the Act of 13 July 2006 on the protection of employees' claims in the event of the employer's insolvency.

In the opinion of the Parent Company's Management Board, all restructuring activities are aimed at reducing existing risks and improving the earnings and liquidity position of the Parent Company and PKP CARGOTABOR, as well as ensuring the operational continuity of both companies.

1.4 Liquidity position of the Group and liquidity risk management

The opening of the restructuring proceedings has protected the Parent Company from the possibility of terminating major contracts with customers, suppliers and financial institutions, and all liabilities incurred before the opening date of the restructuring proceedings on the terms and conditions set forth in the restructuring law, will be covered by the composition. The Parent Company expects these liabilities to be repaid in future periods under a composition agreement with creditors in accordance with the principles of the Restructuring Law.

Liabilities incurred after the start of the restructuring proceedings are paid by the Parent Company on an ongoing basis, with the exception of a portion of amounts due to employees, liabilities to the Company Social Benefits Fund, and liabilities that the Parent Company considers to be in dispute. In addition, some liabilities of the Parent Company are not being repaid because of talks on their payment terms held with business partners. Due to the difficult financial situation of PKP CARGO S.A. under restructuring, the Management Board of the Parent Company has also decided not to pay part of employee benefits, such as retirement severance pays and jubilee awards, when due.

Below we present the liabilities of the Parent Company and PKP CARGOTABOR that arose before the opening dates of the relevant restructuring proceedings under the lists of creditors' claims of both companies presented to the Court, also including the creditors' claims against the companies covered by these Interim Condensed Consolidated Financial Statements, which are eliminated as part of consolidation adjustments. During the remedial proceedings, the amount of claims included in the list of creditors' claims may be subject to change, in particular as a result of the recognition of objections raised by creditors, the removal of claims pursuant to Article 99 of the Restructuring Law, or the disclosure of new claims that will be included in supplementary lists of claims.

1.4 Liquidity position of the Group and liquidity risk management (cont'd)

Creditors' claims against the Parent Company and PKP CARGOTABOR included in the composition

	Parent Company	PKP CARGOTABOR	Total before consolidation adjustments	Consolidation adjustments	Total after consolidation adjustments
Debt liabilities	1,344.7	42.9	1,387.6	-	1,387.6
Trade payables and investment commitments	1,142.7	102.3	1,245.0	(197.5)	1,047.5
Other financial liabilities	111.0	-	111.0	(96.7)	14.3
Other liabilities	303.1	47.6	350.7	(0.2)	350.5
Bank guarantees and sureties	24.6	50.0	74.6	(50.0)	24.6
Total	2,926.1	242.8	3,168.9	(344.4)	2,824.5

The maturities of the Group's financial liabilities are presented below. The presented data do not include liabilities incurred before the commencement of the restructuring proceedings, as these are subject to the composition and cannot be repaid until the court approves the composition with creditors pursuant to Article 252 of the Restructuring Law.

The financial liabilities presented below do not include liabilities arising from cash received from the Guaranteed Employee Benefits Fund, because the Group is currently determining the rules for their settlement.

Maturity of the Group's financial liabilities as at the balance sheet date by maturity date based on contractual undiscounted payments (together with interest payable in the future):

30 June 2025	Contractual maturities from the end of the reporting period				Total (no discount)	Carrying amount
	Below 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years		
Debt liabilities, including:	111.7	214.5	930.1	355.4	1,611.7	1,338.7
<i>Bank loans and borrowings</i>	8.6	24.9	58.4	-	91.9	81.9
<i>Leases</i>	103.1	189.6	871.7	355.4	1,519.8	1,256.8
Trade payables	242.7	2.2	0.8	0.3	246.0	246.0
Investment commitments	9.9	-	-	-	9.9	9.9
Total	364.3	216.7	930.9	355.7	1,867.6	1,594.6

31 December 2024	Contractual maturities from the end of the reporting period				Total (no discount)	Carrying amount
	Below 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years		
Debt liabilities, including:	99.3	220.6	960.2	465.0	1,745.1	1,426.2
<i>Bank loans and borrowings</i>	11.0	25.9	75.2	-	112.1	98.7
<i>Leases</i>	88.3	194.7	885.0	465.0	1,633.0	1,327.5
Trade payables	261.6	1.3	1.9	0.2	265.0	265.0
Investment commitments	16.9	-	-	-	16.9	16.9
Total	377.8	221.9	962.1	465.2	2,027.0	1,708.1

The table below presents the age structure of trade payables, investment commitments and trade receivables. The age structure of liabilities does not include liabilities incurred before the commencement of the restructuring proceedings of the Parent Company and PKP CARGOTABOR, as these cannot be currently paid.

Age structure of trade payables and investment commitments

	30 June 2025			31 December 2024		
	Trade payables	Investment commitments	Total	Trade payables	Investment commitments	Total
Not past due	229.7	9.4	239.1	250.7	16.8	267.5
Past due						
up to 30 days	6.2	0.5	6.7	6.3	0.1	6.4
31 - 90 days	3.9	-	3.9	2.8	-	2.8
91 - 180 days	3.0	-	3.0	2.7	-	2.7
181 - 365 days	2.2	-	2.2	1.8	-	1.8
over 365 days	1.0	-	1.0	0.7	-	0.7
Total	246.0	9.9	255.9	265.0	16.9	281.9

1.4 Liquidity position of the Group and liquidity risk management (cont'd)

Age analysis of trade receivables

	30 June 2025			31 December 2024		
	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net
Not past due	443.3	(0.1)	443.2	492.0	(1.0)	491.0
Past due						
up to 30 days	27.8	(1.0)	26.8	34.5	(1.3)	33.2
31 - 90 days	10.1	(1.5)	8.6	17.0	(3.4)	13.6
91 - 180 days	6.4	(3.8)	2.6	13.9	(2.5)	11.4
181 - 365 days	18.3	(5.6)	12.7	4.8	(2.1)	2.7
over 365 days	139.2	(131.3)	7.9	137.6	(131.0)	6.6
Total	645.1	(143.3)	501.8	699.8	(141.3)	558.5

1.5 Material values based on professional judgment and estimates

In the period of 6 months ended 30 June 2025, changes to material values based on professional judgment and estimation related to:

1) impairment of the Group's assets

In accordance with IAS 36, the Group assesses at the end of each reporting period whether there is any objective evidence of impairment of non-current assets. If such grounds exist then the Group is required to determine the recoverable amount of the assets showing signs of impairment. In the current reporting period, the Group analyzed the indications and identified the factors that could have materially contributed to a change in the value of its non-current assets; accordingly, as at 30 June 2025, the Group carried out impairment tests for cash-generating units defined at the level of assets of the Parent Company, PKP CARGOTABOR, CARGOTOR Sp. z o.o., PKP CARGO TERMINALE Sp. z o.o. and the PKP CARGO INTERNATIONAL Group, PKP CARGO CONNECT Sp. z o.o., PKP CARGO SERVICE Sp. z o.o. and CARGOSPED Terminal Braniewo Sp. z o.o. The recoverable amount of the respective cash-generating units was determined on the basis of their estimated value in use, using the discounted cash flow method.

The key indications pointing to the necessity of conducting impairment tests for the Group's assets as at 30 June 2025 included:

- lower than expected financial performance achieved in H1 2025 by the Parent Company, PKP CARGOTABOR and PKP CARGO TERMINALE Sp. z o.o., PKP CARGO CONNECT Sp. z o.o., CARGOTOR Sp. z o.o., and
- the filing of the Restructuring Plan and Composition Proposals with the District Court for the Capital City of Warsaw by the Parent Company's Restructuring Administrator.

The filed Restructuring Plan and the Composition Proposals developed on its basis are important also for the assumptions adopted by the subsidiaries; accordingly, an impairment test for assets owned by all the subsidiaries mentioned above was conducted as at 30 June 2025.

The impairment tests were carried out by an independent financial advisor and were prepared in line with the assumptions presented in the Restructuring Plan of PKP CARGO S.A. under restructuring and the Composition Proposals for creditors prepared as at 30 June 2025.

Weighted average cost of capital

For the purpose of the impairment testing, the PKP CARGO under restructuring Group has applied the WACC path that takes into account current market parameters and characteristics (including higher market interest rates), based on the full business cycle and fundamental economic relationships.

As at the testing date, the Restructuring Plan of PKP CARGO S.A. under restructuring had been completed, significantly increasing the risk associated with implementing the plans, which constituted the basis of the valuation. The risks were taken into account in the estimations of recoverable amounts, among others in the calculation of the WACC discount rate, through the assumed values of specific risk.

Due to the fact that the Parent Company has prepared and filed the Restructuring Plan with the court, the specific risk rate and therefore the WACC discount rate was reduced as compared to the assumptions of the impairment test carried out as at 31 December 2024.

For PKP CARGO S.A. and PKP CARGOTABOR, which are under restructuring, nominal WACC discount rates of 13.6% and 14.2%, respectively, were set to reflect the increased specific risks. For the companies that are not being restructured, the WACC discount rate in nominal terms was set at 13.4% for PKP CARGO Terminale Sp. z o.o., at 14.3% for CARGOTOR Sp. z o.o., at 10.6% for PKP CARGO CONNECT Sp. z o.o., at 11.1% for PKP CARGO SERVICE Sp. z o.o., 8.9% for PKP CARGO International a.s., and at 22.2% for CARGOSPED Terminal Braniewo.

1.5 Material values based on professional judgment and estimates (cont'd)

Climate issues

The future of the Polish market for the transportation of materials such as coal is determined by the EU climate policy and will be influenced by the European Green Deal ("EGD"), which aims to achieve climate neutrality in the EU by 2050.

The environment in which the Group operates is volatile and dependent on macroeconomic, market and regulatory conditions, and any change in this area can have a material impact on the financial standing and performance of the PKP CARGO under restructuring Group. Therefore, the above assumptions and other assumptions used to estimate the value in use of assets are subject to periodic analysis and review.

PKP CARGO S.A. under restructuring

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) discounted cash flows were calculated on the basis of a detailed financial projection for the period from 1 July 2025 to 31 December 2031; the plan contains financial forecasts until 2031, which reflect the effect of planned restructuring measures. In the impairment test, the time horizon of the detailed forecast was assumed to be consistent with the Restructuring Plan.
- b) in the detailed projection period of 2025-2031, the compound annual growth rate (CAGR) of operating revenue will be at 2.9% in nominal terms,
- c) in the whole period covered by the detailed projection, CAPEX will reach the level of 19.3% of annual operating revenue in nominal terms,
- d) after the detailed projection period, the growth of future cash flows was assumed at 2.5% in nominal terms.

As at 30 June 2025, following an impairment test, the Group reversed an impairment loss for assets owned by the Parent Company in the amount of PLN 140.5 million.

Below we present the impact of changes in key assumptions, with "all other things being equal", on the impairment loss resulting from the impairment test as at 30 June 2025:

Parameter	Impact on impairment loss on assets (PLN million)	
	- 0.3 p.p.	+ 0.3 p.p.
Change in WACC	(120.3)	113.6
Change in unit price	82.6	(82.6)

Additionally, as at 30 June 2025, the Parent Company

- recognized an impairment loss for the rolling stock items not used in operating activities in the total amount of PLN 19.5 million,
- reversed an impairment loss of PLN 16.1 million for the rail cars being the subject matter of a sales agreement concluded after the balance sheet date, for which the sales price was greater than the book value of the respective rail cars.

PKP CARGOTABOR Sp. z o.o. under restructuring

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) discounted cash flows were developed on the basis of detailed financial projections for the period from 1 July 2025 to 31 December 2030,
- b) in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of operating revenue will be at 11.8% in nominal terms,
- c) in the whole period covered by the detailed projection, CAPEX will reach the level of 2.5% of annual net revenue in nominal terms,
- d) in 2025, the company returned to the 100% standard working time (vs. 80% last year), which is reflected in an increase in remuneration expenses. The Company did not assume any increase in the number of employees in subsequent years,
- e) after the detailed projection period, the growth of future cash flows was assumed at 2.5% in nominal terms.

The recoverable amount determined as a result of the test was PLN 7.4 million lower than the carrying amount of the tested assets owned by PKP CARGOTABOR. Because the difference between the test result and the carrying amount of the tested assets was not material, the Group did not update the impairment loss on the assets of PKP CARGOTABOR as at 30 June 2025.

1.5 Material values based on professional judgment and estimates (cont'd)

Below we present the impact of changes in key assumptions, with "all other things being equal", on the impairment loss resulting from the impairment test as at 30 June 2025:

Parameter	Impact on impairment loss on assets (PLN million)	
	- 0.3 p.p.	+ 0.3 p.p.
Change in WACC	(2.2)	2.1
Change in unit price	13.7	(13.7)

PKP CARGO INTERNATIONAL GROUP

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- the cash-generating unit was considered to be all owned by the PKP CARGO INTERNATIONAL Group, used mainly to service customers on the Czech rail market,
- discounted cash flows were developed on the basis of a detailed financial projection for the period from 1 July 2025 to 31 December 2034; in the opinion of the subsidiary's Management Board, it is reasonable to adopt financial projections for more than five years because the property, plant and equipment used by PKP CARGO INTERNATIONAL a.s. have a considerably longer period of economic life,
- in the detailed projection period of 2025-2034, the compound annual growth rate (CAGR) of net revenue will be at 4.2% in nominal terms,
- in the whole period covered by the detailed projection, CAPEX will reach the level of 6.3% of annual operating revenue in nominal terms,
- after the detailed projection period, the growth of future cash flows was assumed at 2.0% in nominal terms.

The recoverable amount determined as a result of the test was PLN 9.3 million higher than the carrying amount of the tested assets owned by the PKP CARGO INTERNATIONAL Group. Because the difference between the test result and the carrying amount of the tested assets was not material, the Group did not update the impairment loss on the assets of PKP CARGO INTERNATIONAL Group as at 30 June 2025.

Below we present the impact of changes in key assumptions, with "all other things being equal", on the impairment loss resulting from the impairment test as at 30 June 2025:

Parameter	Impact on impairment loss on assets (PLN million)	
	- 0.3 p.p.	+ 0.3 p.p.
Change in WACC	(27.7)	25.3
Change in unit price	26.4	(26.0)

PKP CARGO CONNECT Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- discounted cash flows were developed on the basis of a detailed financial projection for the period from 1 July 2025 to 31 December 2030,
- in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of net revenue will be at 1.2% in nominal terms,
- in the whole period covered by the detailed projection, CAPEX will reach the level of 4.0% of annual net revenue in nominal terms,
- after the detailed projection period, the growth of future cash flows was assumed at 2.5% in nominal terms.

As a result of the test carried out as at 30 June 2025, the determined recoverable amount was lower than the carrying amount of the tested assets owned by PKP CARGO CONNECT Sp. z o.o., and therefore, as at 30 June 2025 the Group recognized an impairment loss on the assets of PKP CARGO CONNECT Sp. z o.o. in the amount of PLN 31.5 million, of which PLN 3.5 million was captured as Right-of-use assets.

The impairment loss on the assets owned by PKP CARGO CONNECT Sp. z o.o. was affected by the company's deteriorating financial forecasts, which reflect the slower growth rate in intermodal transport and profitability in this segment.

1.5 Material values based on professional judgment and estimates (cont'd)

Below we present the impact of changes in key assumptions, with "all other things being equal", on the impairment loss resulting from the impairment test as at 30 June 2025:

Parameter	Impact on impairment loss on assets (PLN million)	
	- 0.3 p.p.	+ 0.3 p.p.
Change in WACC	(2.3)	2.1
Change in unit price	16.2	(16.2)

PKP CARGO SERVICE Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) discounted cash flows were developed on the basis of a detailed financial projection for the period from 1 July 2025 to 31 December 2030,
- b) in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of net revenue will be negative at (0.5)% in nominal terms; the key drivers of the steeper downward trend of revenues in 2025-2026 include: the gradual reduction of work on sidings in coal mines, and the expected decrease in coal transports between coal mines and power plants and co-generation plants.
- c) in the whole period covered by the detailed projection, CAPEX will reach the level of 11.4% of annual net revenue in nominal terms,
- d) after the detailed projection period, the growth of future cash flows was assumed at 1.4% in nominal terms.

Since the recoverable amount determined as a result of the test exceeded the carrying amount of the tested assets owned by PKP CARGO SERVICE Sp. z o.o., as at 30 June 2025 the Group recognized no impairment charge for assets owned by PKP CARGO SERVICE Sp. z o.o.

The sensitivity analysis was conducted for key assumptions of the impairment test model such as WACC and unit price. A WACC change by +/- 0.3 p.p. and a unit price change by +/- 0.3 p.p. does not cause the need to recognize an impairment loss allowance for assets owned by PKP CARGO SERVICE Sp. z o.o.

PKP CARGO TERMINALE Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) discounted cash flows were developed on the basis of a detailed financial projection for the period from 1 July 2025 to 31 December 2030,
- b) in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of net revenue will be at 15.3% in nominal terms,
- c) in the whole period covered by the detailed projection, CAPEX will reach the level of 8.4% of annual operating revenue in nominal terms,
- d) after the detailed projection period, the growth of future cash flows was assumed at 2.5% in nominal terms.

The recoverable amount determined as a result of the test was PLN 11.1 million higher than the carrying amount of the tested assets owned by PKP CARGO TERMINALE Sp. z o.o. Because the difference between the test result and the carrying amount of the tested assets was not material, the Group did not update the impairment loss on the assets of PKP CARGO TERMINALE Sp. z o.o. as at 30 June 2025.

Below we present the impact of changes in key assumptions, with "all other things being equal", on the impairment loss resulting from the impairment test as at 30 June 2025:

Parameter	Impact on impairment loss on assets (PLN million)	
	- 0.3 p.p.	+ 0.3 p.p.
Change in WACC	(3.5)	3.3
Change in unit price	2.2	(2.2)

1.5 Material values based on professional judgment and estimates (cont'd)

Cargosped Terminal Braniewo Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) discounted cash flows were developed on the basis of detailed financial projections for the period from 1 July 2025 to 31 December 2030,
- b) in the detailed projection period of 2025-2030, the compound annual growth rate (CAGR) of operating revenue will be at 9% in nominal terms,
- c) due to its liquidity problems, the Company does not anticipate to incur any capital expenditures in the projection period,
- d) after the detailed projection period, the growth of future cash flows was assumed at 2.5% in nominal terms.

The recoverable amount determined as a result of the test was PLN 2.5 million higher than the carrying amount of the tested assets owned by Cargosped Terminal Braniewo Sp. z o.o. Because the difference between the test result and the carrying amount of the tested assets was not material, the Group did not update the impairment loss on the assets of Cargosped Terminal Braniewo Sp. z o.o. as at 30 June 2025.

Below we present the impact of changes in key assumptions, with "all other things being equal", on the impairment loss resulting from the impairment test as at 30 June 2025:

Parameter	Impact on impairment loss on assets (PLN million)	
	- 0.3 p.p.	+ 0.3 p.p.
Change in WACC	(0.1)	0.1
Change in unit price	0.4	(0.4)

CARGOTOR Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- discounted cash flows were developed on the basis of a detailed financial projection for the period from 1 July 2025 to 31 December 2034; due to the long-term lease agreement that is important for the company's operations, the projection was extended until 2034 in order to reflect the entire term of the agreement,
- CARGOTOR Sp. z o.o. expects a material increase in revenues in 2026 (45.8% yoy). The important factors assumed by the Company are: (i) an improvement in cargo freight rates, and (ii) the resolution of the armed conflict in Ukraine. In the detailed projection period of 2025-2034, the compound annual growth rate (CAGR) of net revenue will be at 5.4% in nominal terms,
- in the whole period covered by the detailed projection, CAPEX will reach the level of 3.6% of annual net revenue in nominal terms,
- after the detailed projection period, the growth of future cash flows was assumed at 2.5% in nominal terms.

Since the recoverable amount determined as a result of the test exceeded the carrying amount of the tested assets owned by CARGOTOR Sp. z o.o., as at 30 June 2025 the Group recognized no impairment charge for assets owned by PKP CARGOTOR Sp. z o.o.

The sensitivity analysis was conducted for key assumptions of the impairment test model such as WACC and unit price. A WACC change by +/- 0.3 p.p. and a unit price change by +/- 0.3 p.p. does not cause the need to recognize an impairment loss allowance for assets owned by PKP CARGOTOR Sp. z o.o.

- 2) depreciation of rolling stock and other property, plant and equipment

In connection with the impairment losses on the non-current assets owned by the Parent Company recognized as at 31 December 2024, the basis for calculating depreciation charges decreased. This caused a reduction in depreciation costs by approximately PLN 223 million over the 6-month period ended 30 June 2025.

- 3) provisions for employee benefits

As at 30 June 2025, the Parent Company and selected subsidiaries carried out an actuarial valuation of its provisions for employee benefits mainly in connection with a change of the discount rate and a change of the basis for calculating the charge for the Company Social Benefits Fund. The discount rate adopted for the valuation of provisions for employee benefits as at 30 June 2025 was 5.4% (5.8% as at 31 December 2024), while the assumed increase in the calculation basis of the provision on account of a charge to the Company Social Benefits Fund was 12.7% in H1 2025 and 7.4% from 2026 (with 7.0% for the entire projection period as at 31 December 2024). The update of actuarial assumptions caused a decrease in provisions for employee benefits by PLN 37.9 million, out of which PLN 3.8 million reduced the cost of employee benefits. The movement in provisions for employee benefits was also affected by the increase in the provision for unused holidays in the amount of PLN 10.9 million. Detailed information on this matter is presented in [Note 5.9](#) to these Interim Condensed Consolidated Financial Statements.

1.6 Applied International Financial Reporting Standards platform

Standards and interpretations adopted by the IASB and EU which have entered into effect

When approving these Interim Condensed Consolidated Financial Statements, the Group applied the following amendments to the standards and interpretations issued by the International Accounting Standards Board for application by the EU:

Standard / Interpretation	Effective date
Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability	1 January 2025

The above standards and interpretations had no material impact on the Group's financial statements.

Standards and Interpretations adopted by the IASB and EU which have not yet entered into effect

In the opinion of the Parent Company's Management Board, the standards and interpretations mentioned below will not result in any major amendments to the Group's financial statements in the successive reporting periods:

Standard / Interpretation	Effective date
Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRSs – vol. 11	1 January 2026

Standards and interpretations adopted by the IASB and not endorsed by the EU

IFRS as approved by the EU do not currently differ materially from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, their amendments and interpretations, which have not yet been approved by the EU and have not entered into effect. The Management Board of the Parent Company believes that the approval of the standards mentioned below by the EU will not result in any major changes to the Group's financial statements in the successive reporting periods, except for the changes arising from IFRS 18 "Presentation and Disclosure in Financial Statements". As at the date of approval of these Interim Condensed Consolidated Financial Statements, the Group was still analyzing the changes arising from IFRS 18 and therefore the impact of this standard on the Group's financial statements cannot be assessed.

Standard / Interpretation	Effective date
IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027
IFRS 19 "Subsidiaries without Public Accountability": Disclosure	1 January 2027



2. Notes to the statement of profit or loss and other comprehensive income

2.1 Revenues from contracts with customers

Structure of revenues from contracts with customers

The Group conducts its business within one segment only, i.e. domestic and international cargo freight and provision of comprehensive logistics services related to rail freight.

The Parent Company's Management Board does not evaluate the Group's performance and does not make decisions concerning allocation of resources to groups of services provided account being taken of the structure of revenues from contracts with customers, as presented below. Therefore, the specific service groups may not be treated as the Group's operating segments.

6 months ended 30 June 2025	PKP Group related parties	Other State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	1.0	420.5	994.8	1,416.3
Revenue from other transportation activity	-	-	51.1	51.1
Revenue from siding and traction services	6.0	89.0	76.3	171.3
Revenue from transshipment services	-	1.9	51.8	53.7
Revenue from reclamation services	4.6	-	36.4	41.0
Revenue from sales of goods and materials	-	0.2	14.4	14.6
Other revenues	4.9	6.5	61.8	73.2
Total	16.5	518.1	1,286.6	1,821.2
Revenue recognition date				
At a specific time	1.0	0.2	15.1	16.3
Over a period	15.5	517.9	1,271.5	1,804.9
Total	16.5	518.1	1,286.6	1,821.2

3 months ended 30 June 2025	PKP Group related parties	Other State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	0.8	181.7	504.8	687.3
Revenue from other transportation activity	-	-	24.2	24.2
Revenue from siding and traction services	3.5	42.7	38.2	84.4
Revenue from transshipment services	-	1.0	27.4	28.4
Revenue from reclamation services	2.9	-	22.6	25.5
Revenue from sales of goods and materials	-	0.2	7.1	7.3
Other revenues	2.2	3.4	30.6	36.2
Total	9.4	229.0	654.9	893.3
Revenue recognition date				
At a specific time	0.5	0.2	7.6	8.3
Over a period	8.9	228.8	647.3	885.0
Total	9.4	229.0	654.9	893.3

2.1 Revenues from contracts with customers (cont'd)

6 months ended 30 June 2024	PKP Group related parties	Other State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	2.8	580.6	1,282.8	1,866.2
Revenue from other transportation activity	-	-	51.7	51.7
Revenue from siding and traction services	7.1	91.6	82.7	181.4
Revenue from transshipment services	-	5.2	55.4	60.6
Revenue from reclamation services	0.3	-	19.0	19.3
Revenue from sales of goods and materials	-	-	39.6	39.6
Other revenues	12.4	5.7	63.6	81.7
Total	22.6	683.1	1,594.8	2,300.5
Revenue recognition date				
At a specific time	0.6	-	40.5	41.1
Over a period	22.0	683.1	1,554.3	2,259.4
Total	22.6	683.1	1,594.8	2,300.5

3 months ended 30 June 2024	PKP Group related parties	Other State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	1.5	270.7	637.7	909.9
Revenue from other transportation activity	-	-	27.1	27.1
Revenue from siding and traction services	3.2	44.9	41.6	89.7
Revenue from transshipment services	-	1.4	27.7	29.1
Revenue from reclamation services	-	-	10.7	10.7
Revenue from sales of goods and materials	-	-	12.0	12.0
Other revenues	6.6	2.7	32.0	41.3
Total	11.3	319.7	788.8	1,119.8
Revenue recognition date				
At a specific time	0.4	-	12.2	12.6
Over a period	10.9	319.7	776.6	1,107.2
Total	11.3	319.7	788.8	1,119.8

Geography

The Group defines the geographical territory of business as the location of the registered office of the service recipient, and not as the country of the service provision. Poland is the key geographic area of the Group's activity. Revenues from contracts with customers of the Group broken down by their country of incorporation are presented below:

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Poland	1,325.5	639.5	1,667.0	791.7
Czech Republic	240.8	126.2	226.1	117.0
Germany	93.7	45.5	175.3	101.8
Italy	28.4	14.2	38.7	18.6
Slovakia	16.9	7.4	29.6	15.6
Other countries	115.9	60.5	163.8	75.1
Total	1,821.2	893.3	2,300.5	1,119.8

2.1 Revenues from contracts with customers (cont'd)

Non-current assets net of financial instruments and deferred tax assets, by location

	30 June 2025	31 December 2024
Poland	3,762.2	3,704.0
Czech Republic	573.4	583.5
Other countries	7.8	11.2
Total	4,343.4	4,298.7

Information on key customers

In the period of 6 months ended 30 June 2025 and 30 June 2024, revenues from any single customer of the Group did not exceed 10% of the total revenues from contracts with customers.

Assets from contracts with customers

	6 months ended 30 June 2025	6 months ended 30 June 2024
As at the beginning of the reporting period	19.2	35.7
Recognition of revenue before the sales document is issued	20.1	36.7
Reclassification to receivables	(19.2)	(34.7)
FX translation differences	-	(0.9)
As at the end of the reporting period	20.1	36.8

2.2 Operating expenses

Consumption of electricity and traction fuel

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Consumption of traction fuel	(42.7)	(20.1)	(58.1)	(27.6)
Consumption of traction energy	(220.6)	(106.6)	(255.9)	(121.0)
Total	(263.3)	(126.7)	(314.0)	(148.6)

Other services

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Renovation and maintenance services for non-current assets	(42.9)	(24.0)	(48.8)	(27.7)
Rent and fees for the use of property and rolling stock	(34.8)	(15.8)	(47.5)	(20.2)
Telecommunications services	(2.9)	(1.4)	(3.2)	(1.5)
Legal, consulting and similar services	(7.6)	(4.5)	(5.5)	(2.5)
IT services	(30.5)	(15.6)	(30.5)	(14.9)
Transshipment services	(9.7)	(5.0)	(14.1)	(7.6)
Land reclamation services	(22.8)	(13.8)	(9.4)	(3.4)
Shunting, traction and inspection services	(19.2)	(9.2)	(22.0)	(11.1)
Other services	(25.2)	(12.9)	(18.5)	(10.2)
Total	(195.6)	(102.2)	(199.5)	(99.1)

Employee benefits

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Salary	(613.6)	(307.3)	(773.0)	(383.7)
Social security costs	(129.4)	(65.1)	(161.0)	(80.1)
Expenses for contributions to the Company Social Benefits Fund	(17.9)	(9.0)	(21.9)	(11.1)
Other employee benefits during employment	(17.6)	(8.3)	(34.4)	(19.5)
Post-employment benefits	(3.9)	(1.8)	(7.4)	(2.1)
Movement in provisions for employee benefits	(27.2)	(8.7)	(21.7)	(1.6)
Total	(809.6)	(400.2)	(1,019.4)	(498.1)

2.2 Operating expenses (cont'd)

Other expenses

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Consumption of non-traction fuel	(10.7)	(5.2)	(13.1)	(6.2)
Consumption of electricity, gas and water	(27.3)	(9.1)	(32.0)	(9.9)
Consumption of materials	(41.0)	(20.3)	(41.3)	(21.3)
Taxes and charges	(20.2)	(10.9)	(21.7)	(11.5)
Cost of goods and materials sold	(10.0)	(4.5)	(26.6)	(10.8)
Business trips	(14.3)	(7.2)	(16.9)	(8.4)
Other	(14.7)	(7.6)	(15.4)	(6.8)
Total	(138.2)	(64.8)	(167.0)	(74.9)

Depreciation, amortization and impairment losses

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Depreciation of rolling stock	(100.5)	(52.2)	(333.8)	(167.2)
Depreciation of other property, plant and equipment	(24.0)	(11.8)	(32.0)	(15.3)
Depreciation of right-of-use assets	(62.9)	(30.1)	(67.7)	(34.1)
Amortization of intangible assets	(3.7)	(1.8)	(4.5)	(2.3)
(Recognized) / reversed impairment losses:				
Rolling stock	109.1	109.1	(182.1)	(182.1)
Other property, plant and equipment	-	-	(80.1)	(80.0)
Right-of-use assets	(3.5)	(3.5)	-	-
Total	(85.5)	9.7	(700.2)	(481.0)

2.3 Other operating revenue (and expenses)

Other operating revenue (and expenses)

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Profit on sales of non-financial non-current assets	9.5	8.9	7.6	7.0
Reversed impairment losses for trade receivables	1.6	0.4	1.2	0.6
Penalties and compensations	6.2	1.9	5.8	3.3
Reversal of other provisions	5.7	2.1	0.9	0.4
Interest on trade and other receivables	1.7	0.8	1.9	0.9
Net result on foreign exchange differences on trade receivables and trade payables	-	-	0.4	(0.4)
Subsidies	1.0	0.2	2.2	0.8
Other	3.6	3.3	4.5	3.1
Total other operating revenue	29.3	17.6	24.5	15.7
Recognized impairment losses for trade receivables	(5.5)	(3.4)	(7.5)	(6.3)
Penalties and compensations	(3.7)	(1.5)	(4.9)	(1.6)
Costs of liquidation of non-current and current assets	(0.4)	(0.3)	(3.3)	(0.4)
Other provisions established	(1.7)	(0.6)	(2.1)	(1.3)
Interest on trade and other payables	(7.2)	(3.3)	(41.4)	(27.5)
Net result on foreign exchange differences on trade receivables and trade payables	(0.6)	-	-	-
Other	(2.2)	(0.8)	(3.1)	(1.9)
Total other operating expenses	(21.3)	(9.9)	(62.3)	(39.0)
Other operating revenue (and expenses)	8.0	7.7	(37.8)	(23.3)

2.4 Financial revenue (and expenses)

Financial revenue (and expenses)

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Interest income	8.2	4.0	2.8	1.4
Dividend income	-	-	0.1	0.1
Net result on foreign exchange differences	-	-	-	(0.3)
Other	0.1	0.1	-	-
Total financial revenue	8.3	4.1	2.9	1.2
Interest expenses	(61.1)	(29.2)	(82.0)	(40.4)
Other				
Settlement of the discount on provisions for employee benefits	(15.1)	(8.1)	(16.8)	(9.1)
Net result on foreign exchange differences	(1.1)	0.2	(0.5)	(0.5)
Other	(0.3)	(0.2)	(0.6)	(0.2)
Total financial expenses	(77.6)	(37.3)	(99.9)	(50.2)
Financial revenue (and expenses)	(69.3)	(33.2)	(97.0)	(49.0)

3. Notes on taxation

3.1 Income tax

Income tax recognized in profit / loss

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Current income tax				
Current tax liability	(9.7)	(5.7)	(14.8)	(9.3)
Adjustments posted in the current year relating to tax from previous years	(0.4)	-	(0.7)	-
Deferred tax				
Deferred income tax of the reporting period	7.4	(5.1)	118.2	87.3
Income tax recognized in profit / loss	(2.7)	(10.8)	102.7	78.0

The corporate income tax rates in effect in the PKP CARGO under restructuring Group in the years 2024-2025 were: 19% in Poland, 21% in the Czech Republic and 9% in Hungary.

According to the legal provisions in effect, no differentiation of rates is expected in the future periods. Frequent differences of opinions as to legal interpretation of the tax regulations, both within the State bodies, and between the State bodies and enterprises, entail lack of certainty and give rise to conflicts. Therefore, the tax risk in Poland is much higher than usually observed in the countries with better developed tax systems. Tax returns may be subject to control for a period of five years, starting from the end of the year of the tax payment. As a result of such controls, the Group's tax settlements may be increased by additional tax liabilities.

Deferred income tax captured in other comprehensive income

	6 months ended 30 June 2025	3 months ended 30 June 2025	6 months ended 30 June 2024	3 months ended 30 June 2024
Deferred tax on the measurement of hedging instruments	(0.6)	1.1	(0.5)	0.3
Deferred tax on actuarial gains / (losses) on employee benefits	6.5	6.5	5.9	5.8
FX differences from translation of deferred tax balance recognized in other comprehensive income ¹⁾	(0.9)	(1.9)	1.9	(1.4)
Deferred income tax captured in other comprehensive income	5.0	5.7	7.3	4.7

¹⁾ This item is presented in equity as FX differences from translation of financial statements of foreign operations.

3.1 Income tax (cont'd)

Balance of deferred tax assets and liabilities

Deferred tax assets and liabilities are offset at the level of the financial statements of each Group company. Accordingly, the following values are presented in these Interim Condensed Consolidated Financial Statements:

	30 June 2025	31 December 2024
Deferred tax assets	685.3	676.6
Deferred tax liabilities	(78.3)	(82.0)
Total	607.0	594.6

Table of movements in deferred tax before the set-off

6 months ended 30 June 2025	1 January 2025	Recognized in profit or loss	Recognized in other comprehensive income	FX differences from translation of deferred tax balance	30 June 2025
Temporary differences relating to deferred tax (liabilities) / assets:					
Non-financial non-current assets	329.2	(48.3)	-	(0.9)	280.0
Right-of-use assets and lease liabilities	(5.1)	(6.7)	-	-	(11.8)
Other provisions and liabilities	66.7	(0.1)	-	-	66.6
Inventories	(5.2)	(0.1)	-	-	(5.3)
Lease receivables	(2.3)	-	-	-	(2.3)
Trade receivables	3.1	(1.3)	-	-	1.8
Provisions for employee benefits	114.2	1.0	6.5	-	121.7
Other	30.2	7.2	(0.6)	-	36.8
Unused tax losses	63.8	55.7	-	-	119.5
Total	594.6	7.4	5.9	(0.9)	607.0

6 months ended 30 June 2024	1 January 2024	Recognized in profit or loss	Recognized in other comprehensive income	FX differences from translation of deferred tax balance	30 June 2024
Temporary differences relating to deferred tax (liabilities) / assets:					
Non-financial non-current assets	(89.7)	47.0	-	2.0	(40.7)
Right-of-use assets and lease liabilities	(2.0)	(0.1)	-	-	(2.1)
Other provisions and liabilities	25.0	7.2	-	-	32.2
Inventories	(7.5)	1.3	-	-	(6.2)
Lease receivables	(1.9)	(0.4)	-	-	(2.3)
Trade receivables	(1.1)	0.3	-	-	(0.8)
Provisions for employee benefits	142.6	(0.9)	5.9	(0.1)	147.5
Other	8.4	57.9	(0.5)	-	65.8
Unused tax losses	24.5	5.9	-	-	30.4
Total	98.3	118.2	5.4	1.9	223.8

Maturity analysis of deferred tax assets from tax losses

Expiration dates of the tax losses to which deferred tax assets were applied as at 30 June 2025

Year	2027	2028	2029	2030	Total
Unused tax losses	5.7	166.5	308.8	147.9	628.9

Expiration dates of the tax losses to which deferred tax assets were applied as at 31 December 2024

Year	2027	2028	2029	2030	Total
Unused tax losses	5.7	167.8	162.1	-	335.6

3.1 Income tax (cont'd)

Tax loss not captured in calculation of deferred tax assets

The amount of tax losses not included in the calculation of deferred tax asset results from tax losses generated by the following companies:

	30 June 2025	31 December 2024
PKP CARGO S.A. under restructuring	115.5	115.5
PKP CARGO TERMINALE Sp. z o.o.	11.3	11.3
AWT CFT a.s.	3.7	3.7
PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji	3.6	3.6
PKP CARGO INTERNATIONAL HU Zrt.	0.1	0.1
Total	134.2	134.2

Expiration dates of the tax losses and borrowing costs, to which deferred tax assets were not applied as at 30 June 2025

Year	2025	2026	2027	2028	2029	Total
Unused tax losses	72.7	46.5	1.6	7.5	5.9	134.2
Borrowing costs	-	10.5	-	-	-	10.5

Expiration dates of the tax losses and borrowing costs, to which deferred tax assets were not applied as at 31 December 2024

Year	2025	2026	2027	2028	2029	Total
Unused tax losses	72.7	46.5	1.6	7.5	5.9	134.2
Borrowing costs	-	10.5	-	-	-	10.5

4. Notes on debt

4.1 Reconciliation of debt liabilities

The Group's debt liabilities consist of the following two main categories: bank loans and borrowings and leases. Loan agreements were signed mainly in PLN and EUR to finance current activity, finance and refinance the investment plan and acquisitions. Lease agreements are signed mainly in PLN, CZK and EUR and pertain mainly to property and rolling stock.

In its debt liabilities line item, the Group also presents the funds received from the Guaranteed Employee Benefits Fund designated for the payment of severance pays and other benefits for employees affected by mass layoffs.

The Parent Company has a registered pledge on wagons securing the repayment of liabilities under a bank loan with an outstanding liabilities of PLN 69.9 million as at 30 June 2025. Liabilities under this loan are repaid on a regular basis. Liabilities under the remaining bank loans concluded by the Parent Company and PKP CARGOTABOR are not secured on assets and cannot be currently repaid by the Company, as they are included in the composition. Liabilities under bank loans concluded by other Group companies are repaid on an ongoing basis. The total carrying amount of the Group's liabilities on account of bank loans subject to repayment was PLN 81.9 million as at 30 June 2025.

In addition to liabilities incurred before the commencement of the restructuring proceedings, as these are subject to the composition and cannot be repaid pursuant to Article 252 of the Restructuring Law, the Group does not have any other material liabilities under loans, for which it failed to make payments as at 30 June 2025 and 31 December 2024.



4.1 Reconciliation of debt liabilities (cont'd)

Items in foreign currencies

30 June 2025	In functional currency PLN	In foreign currency			Total
		EUR	CZK	HUF	
Bank loans and borrowings	934.7	444.7	-	-	1,379.4
Liabilities under funds received from the Guaranteed Employee Benefits Fund	86.0	-	-	-	86.0
Leases	1,255.1	33.8	19.5	0.2	1,308.6
Total	2,275.8	478.5	19.5	0.2	2,774.0

31 December 2024	In functional currency PLN	In foreign currency			Total
		EUR	CZK	HUF	
Bank loans and borrowings	934.6	446.0	-	-	1,380.6
Liabilities under funds received from the Guaranteed Employee Benefits Fund	71.8	-	-	-	71.8
Leases	1,319.2	38.2	22.5	0.3	1,380.2
Total	2,325.6	484.2	22.5	0.3	2,832.6

Reconciliation of debt liabilities

6 months ended 30 June 2025	Bank loans and borrowings	Liabilities under funds received from ZFŚS	Leases	Total
1 January 2025	1,380.6	71.8	1,380.2	2,832.6
New liabilities contracted	-	10.2	2.7	12.9
Modifications of existing agreements	-	-	25.6	25.6
Accrual of interest	21.8	4.0	35.3	61.1
Payments under debt, including:				
Repayments of the principal	(16.4)	-	(81.2)	(97.6)
Interest paid	(3.4)	-	(30.8)	(34.2)
Set off	-	-	(1.2)	(1.2)
Other	-	-	(22.0)	(22.0)
FX differences recognized in profit or loss and other comprehensive income	(3.1)	-	(0.6)	(3.7)
FX translation differences	(0.1)	-	0.6	0.5
30 June 2025	1,379.4	86.0	1,308.6	2,774.0
Non-current	581.5	-	1,024.9	1,606.4
Current	797.9	86.0	283.7	1,167.6
Total	1,379.4	86.0	1,308.6	2,774.0

6 months ended 30 June 2024	Bank loans and borrowings	Leases	Total
1 January 2024	1,480.2	1,413.6	2,893.8
New liabilities contracted	24.4	62.9	87.3
Modifications of existing agreements	-	59.7	59.7
Sale and leaseback	-	6.2	6.2
Transaction costs	0.5	-	0.5
Accrual of interest	39.8	41.9	81.7
Payments under debt, including:			
Repayments of the principal	(177.1)	(86.3)	(263.4)
Interest paid	(41.9)	(35.3)	(77.2)
Transaction costs	(0.5)	-	(0.5)
Other	-	(0.4)	(0.4)
FX differences recognized in profit or loss and other comprehensive income	(3.8)	0.5	(3.3)
FX translation differences	(0.2)	0.2	-
30 June 2024	1,321.4	1,463.0	2,784.4
Non-current	778.2	1,228.4	2,006.6
Current	543.2	234.6	777.8
Total	1,321.4	1,463.0	2,784.4

4.1 Reconciliation of debt liabilities (cont'd)

Other amounts under leases recognized in the statement of profit or loss and other comprehensive income:

	Presentation in the statement of profit or loss and other comprehensive income	30 June 2025	30 June 2024
Revenues from operating leases	Revenues from contracts with customers	22.5	30.5
Costs of short-term leases	Other services	(26.1)	(24.7)

Terms and conditions of loan agreements

Contracts signed with banks impose legal and financial obligations on the Group that are standard in such transactions. The key ratios measured in such obligations set forth in loan agreements signed by the Group 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 under restructuring Group and the PKP CARGO INTERNATIONAL Group.

According to the provisions of the agreements signed by the Group, 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.

The total debt ratio is defined in loan agreements 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 30 June 2025, 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.

Unused credit and lease facilities

Type of loan	Bank Name	Period of availability	Currency of the contract	30 June 2025	31 December 2024
Overdraft	ING Bank N.V.	22/11/2028	EUR	12.7	12.8
Total				12.7	12.8



4.2 Equity

Share capital

	30 June 2025	31 December 2024
The share capital consists of:		
Ordinary shares – fully paid up and registered	2,239.3	2,239.3

As at 30 June 2025 and 31 December 2024, the share capital consisted of ordinary shares with a par value of PLN 50 each. Fully paid up ordinary shares with a par value of PLN 50 are equivalent to one vote at the shareholder meeting and carry the right to a dividend.

PKP S.A. is the parent company of PKP CARGO S.A. under restructuring. Pursuant to articles of association of the Parent Company, PKP S.A. holds special personal rights to appoint and dismiss Supervisory Board Members of the Parent Company in a number equal to half the composition of the Supervisory Board plus one. PKP S.A. has a personal right to appoint the Supervisory Board Chairperson and to determine the number of Supervisory Board Members. Additionally, in the event that PKP S.A.'s share in the Company's share capital is 50% or less, PKP S.A. will have an exclusive personal right to propose candidates for the President of the Parent Company's Management Board. The personal rights of PKP S.A. shall be vested always when PKP S.A. holds at least 25% of the Parent Company's share capital.

In the period of 6 months ended 30 June 2025 and 30 June 2024, there were no movements in the Parent Company's share capital.

Movement in supplementary capital and retained earnings

In the period of 6 months ended 30 June 2025, changes in the Group's supplementary capital resulted from a resolution of 30 June 2025 adopted by the Ordinary Shareholder Meeting of PKP CARGO SERVICE Sp. z o.o. in the matter of a partial allocation of the net profit of PLN 2.0 million generated in 2024 to supplementary capital, and a resolution of 30 June 2025 adopted by the Ordinary Shareholder Meeting of Cargosped Terminal Braniewo Sp. z o.o. on covering the loss of PLN 5.4 million incurred in 2024 from supplementary capital.

4.3 Cash and cash equivalents

Structure of cash and cash equivalents

	30 June 2025	31 December 2024
Cash on hand and on bank accounts	112.4	151.9
Bank deposits up to 3 months	369.9	433.7
Other cash	0.2	3.5
Total	482.5	589.1
<i>including restricted cash</i>	25.5	29.4

Restricted cash included mostly cash accumulated on VAT accounts and bank accounts kept for tender deposits and guarantees.



5. Notes to the statement of financial position

5.1 Rolling stock and other property, plant and equipment

Movement in rolling stock and other property, plant and equipment

6 months ended 30 June 2025	Rolling stock	Other property, plant and equipment					Total
		Property	Technical machinery and equipment	Means of transport	Other fixed assets	Fixed assets under construction	
Gross value							
1 January 2025	7,929.0	1,044.1	499.3	122.4	47.1	92.0	1,804.9
Increases / (decreases):							
Periodic repairs of rolling stock	-	-	-	-	-	123.1	123.1
Other acquisitions	-	-	-	-	-	18.9	18.9
Settlement of fixed assets under construction	146.8	0.2	0.8	0.4	0.2	(148.4)	(146.8)
Sales	(1.0)	-	(0.2)	(1.1)	-	-	(1.3)
Liquidation	(90.2)	(0.9)	(8.8)	-	(0.4)	-	(10.1)
Reclassified to assets held for sale ¹⁾	-	(30.4)	-	-	-	-	(30.4)
FX differences from translation	7.5	1.4	0.5	0.5	-	0.4	2.8
30 June 2025	7,992.1	1,014.4	491.6	122.2	46.9	86.0	1,761.1
Accumulated depreciation							
1 January 2025	(3,608.1)	(412.5)	(407.3)	(100.1)	(41.8)	-	(961.7)
(Increases) / decreases:							
Depreciation expenses	(100.5)	(13.8)	(7.3)	(2.6)	(0.3)	-	(24.0)
Sales	1.0	-	0.1	1.1	-	-	1.2
Liquidation	89.2	0.4	8.7	-	0.4	-	9.5
Reclassified to assets held for sale ¹⁾	-	7.0	-	-	-	-	7.0
FX differences from translation	(3.9)	(0.5)	(0.3)	(0.4)	-	-	(1.2)
Other	-	0.5	1.1	0.1	0.1	-	1.8
30 June 2025	(3,622.3)	(418.9)	(405.0)	(101.9)	(41.6)	-	(967.4)
Accumulated impairment							
1 January 2025	(2,182.1)	(58.5)	(41.6)	(3.7)	(3.6)	(2.3)	(109.7)
(Increases) / decreases:							
Impairment loss allowance recognized	(47.5)	-	-	-	-	-	-
Impairment loss allowance reversed	156.6	-	-	-	-	-	-
Impairment loss utilized	0.8	0.3	-	-	-	-	0.3
FX differences from translation	0.4	-	-	-	-	-	-
Other	-	9.5	0.1	(0.1)	-	(4.7)	4.8
30 June 2025	(2,071.8)	(48.7)	(41.5)	(3.8)	(3.6)	(7.0)	(104.6)
Net value							
1 January 2025	2,138.8	573.1	50.4	18.6	1.7	89.7	733.5
30 June 2025	2,298.0	546.8	45.1	16.5	1.7	79.0	689.1

¹⁾ On 31 May 2025, acting pursuant to Article 323(1) of the Restructuring Law, the Judge-Commissioner issued a Decision giving consent to the sale of the Parent Company's real properties located in Warsaw.

On 4 July 2025, acting pursuant to Article 323(1) of the Restructuring Law, the Judge-Commissioner issued a Decision giving consent to the sale of 10,360 of the Parent Company's freight cars. On 9 September 2025, based on the results of an electronic auction conducted as part of an organized sales procedure, the Parent Company's Management Board decided to sell 6,696 freight cars for the total net price of PLN 123.3 million. The sale agreement for the freight cars was concluded on 16 September 2025. On 8 July 2025, acting pursuant to Article 323(1) of the Restructuring Law Act, the Judge-Commissioner issued three Decision giving consent to the sale of the Parent Company's real properties located in Jaworzyna Śląska, Szczecin and Wrocław.

5.1 Rolling stock and other property, plant and equipment (cont'd)

6 months ended 30 June 2024	Rolling stock	Other property, plant and equipment					Total
		Property	Technical machinery and equipment	Means of transport	Other fixed assets	Fixed assets under construction	
<i>Gross value</i>							
1 January 2024	7,777.0	1,056.8	504.4	105.8	49.0	66.1	1,782.1
<i>Increases / (decreases):</i>							
Periodic repairs of rolling stock	-	-	-	-	-	300.2	300.2
Other acquisitions	-	-	-	-	-	11.7	11.7
Purchase of leased items	38.8	-	-	0.7	-	-	0.7
Settlement of fixed assets under construction	267.6	6.2	13.8	2.8	0.9	(291.3)	(267.6)
Subsidy for non-current assets	(11.4)	-	-	-	-	-	-
Sales (including finance lease)	(12.9)	(0.1)	(10.6)	(1.0)	(0.2)	-	(11.9)
Liquidation	(122.2)	(0.1)	(1.4)	-	(2.3)	(0.1)	(3.9)
Reclassified to assets held for sale	(21.7)	(0.4)	-	-	-	-	(0.4)
FX differences from translation	(16.6)	(3.6)	(1.1)	(0.9)	-	(0.1)	(5.7)
30 June 2024	7,898.6	1,058.8	505.1	107.4	47.4	86.5	1,805.2
<i>Accumulated depreciation</i>							
1 January 2024	(3,169.6)	(390.0)	(399.3)	(88.3)	(42.7)	-	(920.3)
<i>(Increases) / decreases:</i>							
Depreciation expenses	(333.8)	(16.7)	(11.8)	(2.4)	(1.1)	-	(32.0)
Purchase of leased items	(13.8)	-	-	(0.3)	-	-	(0.3)
Sales (including finance lease)	10.4	0.1	3.4	1.0	0.1	-	4.6
Liquidation	122.0	-	1.4	-	2.3	-	3.7
Reclassified to assets held for sale	18.8	0.1	-	-	-	-	0.1
FX differences from translation	6.8	1.2	0.7	0.7	-	-	2.6
Other	-	(0.4)	(0.9)	(0.2)	(0.2)	-	(1.7)
30 June 2024	(3,359.2)	(405.7)	(406.5)	(89.5)	(41.6)	-	(943.3)
<i>Accumulated impairment</i>							
1 January 2024	(167.1)	(0.8)	(1.7)	-	-	(1.6)	(4.1)
<i>(Increases) / decreases:</i>							
Impairment loss allowance recognized	(182.1)	(35.2)	(37.6)	(3.7)	(3.6)	-	(80.1)
Impairment loss utilized	-	-	0.1	-	-	-	0.1
FX differences from translation	1.1	-	-	-	-	-	-
30 June 2024	(348.1)	(36.0)	(39.2)	(3.7)	(3.6)	(1.6)	(84.1)
<i>Net value</i>							
1 January 2024	4,440.3	666.0	103.4	17.5	6.3	64.5	857.7
30 June 2024	4,191.3	617.1	59.4	14.2	2.2	84.9	777.8

5.2 Right-of-use assets

Movement in right-of-use assets

6 months ended 30 June 2025	Rolling stock	Property	Technical machinery and equipment	Means of transport	Other fixed assets	Total
Gross value						
1 January 2025	814.3	909.3	67.9	24.1	2.3	1,817.9
<i>Increases / (decreases):</i>						
New leases	-	0.3	2.4	-	-	2.7
Modifications of agreements	-	25.4	0.3	(0.1)	-	25.6
Periodic repairs of rolling stock	0.5	-	-	-	-	0.5
Return of leased items	-	(30.2)	(0.1)	(0.3)	-	(30.6)
Other	-	-	0.7	(0.7)	-	-
FX translation differences	0.2	0.3	0.2	0.1	-	0.8
30 June 2025	815.0	905.1	71.4	23.1	2.3	1,816.9
Accumulated depreciation						
1 January 2025	(84.5)	(319.5)	(20.1)	(9.5)	(1.9)	(435.5)
<i>(Increases) / decreases:</i>						
Depreciation expenses	(22.2)	(34.1)	(4.7)	(1.7)	(0.2)	(62.9)
Return of leased items	-	13.1	-	0.2	-	13.3
Other	-	(3.2)	(0.2)	0.2	-	(3.2)
FX translation differences	-	(0.2)	(0.1)	-	-	(0.3)
30 June 2025	(106.7)	(343.9)	(25.1)	(10.8)	(2.1)	(488.6)
Accumulated impairment						
1 January 2025	-	(11.1)	-	-	-	(11.1)
<i>(Increases) / decreases:</i>						
Impairment loss recognized	-	-	(3.5)	-	-	(3.5)
Other	-	(4.6)	(0.1)	-	-	(4.7)
30 June 2025	-	(15.7)	(3.6)	-	-	(19.3)
Net value						
1 January 2025	729.8	578.7	47.8	14.6	0.4	1,371.3
30 June 2025	708.3	545.5	42.7	12.3	0.2	1,309.0

6 months ended 30 June 2024	Rolling stock	Property	Technical machinery and equipment	Means of transport	Other fixed assets	Total
Gross value						
1 January 2024	847.0	926.4	72.2	31.3	2.0	1,878.9
<i>Increases / (decreases):</i>						
New leases	50.7	5.3	0.5	6.4	-	62.9
Modifications of agreements	0.1	58.0	1.1	0.3	0.2	59.7
Sale and leaseback	-	-	6.2	-	-	6.2
Periodic repairs of rolling stock	0.3	-	-	-	-	0.3
Return of leased items	(8.9)	(2.7)	-	(2.2)	-	(13.8)
Purchase of leased items	(38.8)	-	-	(0.7)	-	(39.5)
Other	-	(0.6)	-	-	-	(0.6)
FX translation differences	(45.2)	(18.2)	(10.3)	(2.8)	-	(76.5)
30 June 2024	805.2	968.2	69.7	32.3	2.2	1,877.6
Accumulated depreciation						
1 January 2024	(112.9)	(284.8)	(22.6)	(20.9)	(1.6)	(442.8)
<i>(Increases) / decreases:</i>						
Depreciation expenses	(22.0)	(38.9)	(4.8)	(1.8)	(0.2)	(67.7)
Return of leased items	8.6	2.3	-	2.2	-	13.1
Purchase of leased items	13.8	-	-	0.3	-	14.1
Other	-	-	-	(0.1)	-	(0.1)
FX translation differences	44.5	17.9	10.0	2.6	-	75.0
30 June 2024	(68.0)	(303.5)	(17.4)	(17.7)	(1.8)	(408.4)
Net value						
1 January 2024	734.1	641.6	49.6	10.4	0.4	1,436.1
30 June 2024	737.2	664.7	52.3	14.6	0.4	1,469.2

5.3 Investments in entities accounted for under the equity method

Investments in entities accounted for under the equity method

	Carrying amount	
	30 June 2025	31 December 2024
COSCO Shipping Lines (POLAND) Sp. z o.o.	0.8	0.5
Terminale Przeładunkowe Sławków - Medyka Sp. z o.o.	-	-
Transgaz S.A.	6.2	7.4
PKP CARGO CONNECT GmbH	2.7	3.0
PKP CARGO INTERNATIONAL SK s.r.o.	2.3	2.3
PKP CARGO INTERNATIONAL SI d.o.o.	2.0	4.8
Centralny Terminal Multimodalny Sp. z o.o.	-	0.5
Total	14.0	18.5

Investments in entities accounted for under the equity method

	6 months ended 30 June 2025	6 months ended 30 June 2024
As at the beginning of the reporting period	18.5	42.7
Share in the profit / (loss) of entities accounted for under the equity method	(0.6)	4.4
Movement in equity on account of dividends	(3.8)	(6.8)
FX differences from translation of financial statements of foreign operations	(0.1)	(0.2)
As at the end of the reporting period	14.0	40.1

5.4 Inventories

Structure of inventories

	30 June 2025	31 December 2024
Strategic inventories	38.4	34.6
Rolling stock designated for spare parts	7.5	8.0
Other inventories	105.8	119.0
Impairment losses	(2.8)	(3.9)
Net inventories	148.9	157.7

5.5 Trade receivables

Structure of trade receivables

	30 June 2025	31 December 2024
Trade receivables	645.1	699.8
Impairment losses for receivables	(143.3)	(141.3)
Total	501.8	558.5
Non-current assets	0.1	0.2
Current assets	501.7	558.3
Total	501.8	558.5



5.6 Other assets

Structure of other assets

	30 June 2025	31 December 2024
Financial assets		
Shares in unlisted companies	9.5	9.5
Non-financial assets		
Costs settled over time		
Prepayments for purchase of electricity	20.6	23.0
Insurance	13.9	8.8
IT services	6.7	7.7
Other costs settled over time	10.7	7.9
Investment property	4.8	5.0
Prepayments for purchase of non-financial non-current assets	8.9	0.6
Other	8.6	4.8
Other receivables		
VAT settlements	44.3	59.2
Collateral settlements (security deposits, bid deposits, guarantees)	19.5	19.8
Income tax receivables	1.0	5.7
Other	3.4	3.8
Intangible assets		
Licenses	17.2	17.4
Other intangible assets	0.7	0.7
Intangible assets during adjustment	7.2	9.1
Total	177.0	183.0
Non-current assets	42.8	46.1
Current assets	134.2	136.9
Total	177.0	183.0

5.7 Trade payables

Structure of trade payables

	30 June 2025	31 December 2024
Trade payables	1,069.7	1,099.5
Interest payable	90.2	91.0
Prepayments and accruals	43.3	31.6
Total	1,203.2	1,222.1
Non-current liabilities	1.1	2.1
Current liabilities	1,202.1	1,220.0
Total	1,203.2	1,222.1

5.8 Investment commitments

Structure of investment commitments

	30 June 2025	31 December 2024
Investment commitments related to rolling stock	128.8	132.7
Investment commitments related to property	0.3	1.4
Other	9.6	11.6
Total	138.7	145.7
Non-current liabilities	0.1	2.8
Current liabilities	138.6	142.9
Total	138.7	145.7

5.9 Provisions for employee benefits

As at 30 June 2025 and 31 December 2024, the actuarial valuation of provisions for employee benefits for the Parent Company was based on the following main assumptions:

	Valuation as at [%]	
	30 June 2025	31 December 2024
Discount rate	5.4	5.8
Assumed average annual growth of the base for calculation of provisions for retirement and disability severance pays and jubilee awards:		
2026	2.7	2.7
2027	2.8	2.8
2028	2.9	2.9
2029	3.0	3.0
2030	3.0	3.0
from 2031	2.5	2.5
Assumed growth of the price of transportation benefits		
2025	-	1.3
from 2026	2.5-3.0	2.5-3.0
Assumed average annual growth of the base for calculation of provisions on account of charge for the Company Social Benefits Fund	7.4	7.0
Weighted average employee mobility ratio	up to 4.5	up to 4.3

The value of provisions for employee benefits is materially impacted by the adopted assumptions for discount rate, the assumed salary growth and the expected decrease in average employment. The sensitivity analysis for changes in the foregoing assumptions may be found below. The analysis was conducted by changing only one variable while leaving the remaining assumptions unchanged.

Sensitivity analysis of provisions for employee benefits

	30 June 2025	Discount rate		Salary growth ratio		Employee mobility ratio	
		+0.30 pp.	-0.30 pp.	+0.25 pp.	-0.25 pp.	+0.25 pp.	-0.25 pp.
Jubilee awards	195.7	(2.7)	2.8	2.1	(2.1)	(2.1)	2.1
Retirement and disability severance pays	160.7	(2.1)	2.2	1.6	(1.6)	(1.2)	1.2
Post-mortem benefits	4.6	(0.1)	0.1	0.1	(0.1)	(0.1)	0.1
Company Social Benefits Fund	201.9	(7.8)	8.3	6.5	(6.1)	(0.6)	0.7
Transportation benefits	23.1	(0.7)	0.7	0.6	(0.6)	(0.1)	0.1
Total	586.0	(13.4)	14.1	10.9	(10.5)	(4.1)	4.2

	31 December 2024	Discount rate		Salary growth ratio		Employee mobility ratio	
		+0.30 pp.	-0.30 pp.	+0.25 pp.	-0.25 pp.	+0.25 pp.	-0.25 pp.
Jubilee awards	193.2	(2.7)	2.8	2.4	(2.3)	(2.2)	2.2
Retirement and disability severance pays	158.5	(2.1)	2.2	1.8	(1.8)	(1.3)	1.3
Post-mortem benefits	4.5	(0.1)	0.1	0.1	(0.1)	(0.1)	0.1
Company Social Benefits Fund	178.7	(6.6)	7.0	5.7	(5.4)	(0.5)	0.6
Transportation benefits	23.2	(0.7)	0.7	0.6	(0.6)	(0.1)	0.1
Total	558.1	(12.2)	12.8	10.6	(10.2)	(4.2)	4.3

5.9 Provisions for employee benefits (cont'd)

Movement in provisions for employee benefits

	Retirement and disability severance pays	Charges to ZFŚS for old-age and disability pensioners	Transportation benefits	Post-mortem benefits	Jubilee awards	Other employee benefits	Total provisions
1 January 2025	158.5	178.7	23.2	4.5	193.2	42.0	600.1
Current employment cost	2.9	1.3	0.1	0.2	4.8	-	9.3
Interest expense	4.0	5.0	0.7	0.1	5.3	-	15.1
Actuarial (gains) and losses recognized in comprehensive income	12.5	21.5	(0.3)	0.4	-	-	34.1
Actuarial (gains) and losses recognized in profit or loss	-	-	-	-	3.8	-	3.8
Provisions created	-	-	-	-	-	15.6	15.6
Provisions reversed	-	-	-	-	-	(1.5)	(1.5)
Benefits paid out	(17.2)	(4.6)	(0.6)	(0.6)	(11.4)	(1.4)	(35.8)
30 June 2025	160.7	201.9	23.1	4.6	195.7	54.7	640.7
Long-term provisions	124.0	193.1	21.7	3.8	159.2	-	501.8
Short-term provisions	36.7	8.8	1.4	0.8	36.5	54.7	138.9
Total	160.7	201.9	23.1	4.6	195.7	54.7	640.7

	Retirement and disability severance pays	Charges to ZFŚS for old-age and disability pensioners	Transportation benefits	Post-mortem benefits	Jubilee awards	Other employee benefits	Total provisions
1 January 2024	245.3	150.6	26.6	6.8	271.3	48.5	749.1
Current employment cost	3.8	1.3	0.2	0.2	6.0	-	11.5
Interest expense	5.4	3.8	0.7	0.2	6.7	-	16.8
Actuarial (gains) and losses recognized in comprehensive income	1.9	32.0	(2.7)	(0.2)	-	-	31.0
Actuarial (gains) and losses recognized in profit or loss	-	-	-	-	(0.5)	-	(0.5)
Provisions created	-	-	-	-	-	18.1	18.1
Provisions reversed	-	-	-	-	-	(7.4)	(7.4)
Benefits paid out	(19.0)	(3.9)	(0.7)	(0.4)	(16.6)	(1.3)	(41.9)
FX differences from translation	-	-	-	-	(0.1)	(0.1)	(0.2)
30 June 2024	237.4	183.8	24.1	6.6	266.8	57.8	776.5
Long-term provisions	174.5	175.7	22.9	5.6	216.8	-	595.5
Short-term provisions	62.9	8.1	1.2	1.0	50.0	57.8	181.0
Total	237.4	183.8	24.1	6.6	266.8	57.8	776.5

5.10 Other provisions

Structure of other provisions

	30 June 2025	31 December 2024
Provision for land reclamation	3.3	3.3
Restructuring provision	19.7	23.5
Other provisions	30.7	30.9
Total	53.7	57.7
Long-term provisions	13.9	15.0
Short-term provisions	39.8	42.7
Total	53.7	57.7

5.10 Other provisions (cont'd)

On 6 June 2025, the Management Board of the Parent Company adopted a Resolution regarding the intention to carry out mass layoffs and filed an application for a measure exceeding the scope of ordinary management, i.e. commencement of consultations with trade union organizations regarding the intention to carry out mass layoffs in the Units and the Head Office of PKP CARGO S.A. under restructuring pursuant to the Act of 13 March 2003 on the detailed principles of terminating employment for reasons not attributable to employees in conjunction with Article 300 of the Restructuring Law of 15 May 2015. On the same date, the Company's Administrator granted its consent to the commencement of consultations with Company Trade Union Organizations regarding the intention to carry out mass layoffs in the Parent Company. It was assumed that the layoffs would apply to no more than 2429 employees in various occupational groups and would be carried out until 30 September 2026, however the mass layoffs in 2025 would apply to no more than 1041 employees and would be carried out no later than by 31 July 2025.

The adopted resolution only indicated the intention to carry out mass layoffs and to commence the consultation process with trade unions, and did not predetermine that they would be implemented. As a result of these decisions, consultations were initiated with the trade unions operating in the Parent Company's Units and the Head Office, with the deadline for their completion set for 26 June 2025.

In its communications with employee representatives, the Parent Company's Management Board emphasized that decisions regarding the scope and final form of the mass layoffs had not yet been made, and that the proposals relating to mass layoffs constituted a legally required stage of preparation of the Restructuring Plan, but were not final. The Parent Company considered alternative scenarios for cost reduction, other than mass layoffs. During the discussions, the Parent Company's Management Board proposed to employee representatives that, by the end of July 2025, a memorandum of agreement be signed which would shorten the term of the Collective Bargaining Agreement for Employees Hired by PKP CARGO S.A. Units (the "CBA") to 31 October 2025. The Parent Company's Management Board believes that the withdrawal from the CBA would enable the Company to achieve savings comparable to those calculated for the mass layoffs planned for 2025.

As at 30 June 2025, due to the fact that:

- The Parent Company's Management Board had not yet made a decision to carry out mass layoffs, as it was still considering alternative scenarios,
- The Parent Company had not started implementing the layoff plan. It also had not communicated the main elements of such plan to employee representatives in sufficient detail to give employees valid expectations that the Parent Company would carry out the restructuring process through mass layoffs,

The Parent Company had not recognized a provision for restructuring costs related to mass layoffs.

On 31 July 2025, the deadline for agreeing with the trade unions on the reduced term of the terminated CBA expired. The Management Board of the Parent Company believes that the lack of response from the employee representatives indicated a lack of acceptance of this proposal; therefore, on 11 August 2025, the Parent Company's Management Board decided to start the announced restructuring in the employment area.

On 18 September 2025, the Restructuring Administrator of the Parent Company, after having obtained prior approvals from the Parent Company's Management Board and Supervisory Board and after having notified the Judge-Commissioner, issued a decision on the intention to undertake ad hoc remedial measures – to carry out mass layoffs at PKP CARGO S.A. under restructuring, pursuant to the Act of 13 March 2003 on the detailed principles of terminating employment for reasons not attributable to employees. On 19 September 2025, the Judge-Commissioner issued an order of no objection to the actions related to mass layoffs, noting that the Restructuring Administrator of PKP CARGO S.A. under restructuring could proceed with their implementation. Up to 500 employees of the Parent Company, across various occupational groups, will be covered by the mass layoffs. The estimated restructuring costs related to the mass layoffs will not exceed PLN 35 million and will be charged to the Q3 2025 results.

5.11 Other liabilities

Structure of other liabilities

	30 June 2025	31 December 2024
Financial liabilities		
Cash pool	14.3	14.3
Other liabilities		
Liabilities arising out of collateral (security deposits, bid deposits, guarantees)	39.4	38.3
Public law liabilities	210.4	224.8
Settlements with employees	139.8	167.1
VAT settlements	234.5	236.2
Current tax liabilities	11.3	6.4
Other settlements	92.9	66.1
Total	742.6	753.2
Non-current liabilities	0.2	0.2
Current liabilities	742.4	753.0
Total	742.6	753.2

6. Financial instruments

6.1 Financial instruments

Categories and classes of financial instruments

Financial assets by categories and classes	Note	30 June 2025	31 December 2024
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	Note 5.6	9.5	9.5
Financial assets carried at amortized cost			
Trade receivables	Note 5.5	501.8	558.5
Receivables from the sale of shares		0.7	1.4
Cash and cash equivalents	Note 4.3	482.5	589.1
Financial assets excluded from the scope of IFRS 9		12.0	12.3
Total		1,006.5	1,170.8

Financial liabilities by categories and classes	Note	30 June 2025	31 December 2024
Hedging financial instruments			
Bank loans and borrowings	Note 4.1	427.9	434.6
Financial liabilities carried at amortized cost			
Bank loans and borrowings	Note 4.1	951.5	946.0
Liabilities under funds received from the Guaranteed Employee Benefits Fund	Note 4.1	86.0	71.8
Trade payables	Note 5.7	1,203.2	1,222.1
Investment commitments	Note 5.8	138.7	145.7
Cash pool	Note 5.11	14.3	14.3
Financial liabilities excluded from the scope of IFRS 9	Note 4.1	1,308.6	1,380.2
Total		4,130.2	4,214.7

Impairment losses on trade receivables are presented in [Note 1.4](#) to these Interim Condensed Consolidated Financial Statements.

Hedge accounting

In the period from 1 January 2025 to 30 June 2025, the Group applied cash flow hedging accounting. The purpose of the hedging activity was to mitigate the impact of the FX risk within the EUR/PLN currency pair on future cash flows. The hedged item is a highly likely cash flow denominated in EUR.

As at 30 June 2025, the Group established hedging instruments in the form of investment loans denominated in EUR. The hedged cash flows will be realized until January 2035. As at 30 June 2025, the nominal amount of the hedging instrument was EUR 100.9 million, which is an equivalent of PLN 427.9 million.

Fair value hierarchy

As at 30 June 2025 and 31 December 2024, financial instruments measured at fair value were investments in equity instruments.

	30 June 2025		31 December 2024	
	Level 2	Level 3	Level 2	Level 3
Assets				
Investments in equity instruments – shares in unlisted companies	-	9.5	-	9.5

Measurement methods for financial instruments carried at fair value

a) Investments in financial instruments

This line item includes predominantly an equity stake in Euroterminal Sławków Sp. z o.o. worth PLN 8.7 million, the value of which was measured by an independent adviser using the modified Swiss method. The Swiss method is a mixed measurement method as it combines the asset value aspect with the ability to generate future cash flows. According to the Swiss method, the value of the enterprise is calculated as the weighted average of the values determined by the asset-based approach and the income-based approach. This method attaches a greater weight (twice as large) to the value determined by the income-based approach. The adoption of the Swiss method is justified on the grounds that Euroterminal Sławków Sp. z o.o. has a moderate ability to generate profits in the future but owns material assets in the form of land plots and property.

b) Other financial instruments

For the category of financial instruments that are not carried at fair value as at the balance sheet date, the Group does not disclose fair value because as at 30 June 2025 and 31 December 2024 fair value was not materially different from the value presented in the statement of financial position.

In the period of 6 months ended 30 June 2025 and 30 June 2024, there were no transfers between level 2 and level 3 of the fair value hierarchy.

6.1 Financial instruments (cont'd)

Revenues, costs, profits and losses in the consolidated statement of profit or loss and other comprehensive income by categories of financial instruments

6 months ended 30 June 2025	Hedging financial instruments	Financial assets carried at amortized cost	Financial assets excluded from the scope of IFRS 9	Financial liabilities carried at amortized cost	Total financial liabilities excluded from the scope of IFRS 9	Total
Interest income / (expense)	(5.6)	9.5	0.3	(20.1)	(35.3)	(51.2)
FX differences	-	(2.5)	0.4	0.3	0.1	(1.7)
Impairment losses / remeasurement	-	(3.9)	-	-	-	(3.9)
Effect of settlement of cash flow hedge accounting	(0.2)	-	-	-	-	(0.2)
Pre-tax profit / (loss)	(5.8)	3.1	0.7	(19.8)	(35.2)	(57.0)
Revaluation	3.1	-	-	-	-	3.1
Other comprehensive income	3.1	-	-	-	-	3.1

In the period of 6 months ended 30 June 2025, the effect of settling cash flow hedge accounting adjusted the value of revenues from contracts with customers in the amount of PLN (0.2) million. In the period of 6 months ended 30 June 2025, the change in the measurement of hedging financial instruments recognized in other comprehensive income included a change in the measurement of bank loans in the amount of PLN 3.1 million that are designated for hedge accounting applied by the Group.

6 months ended 30 June 2024	Hedging financial instruments	Investments in equity instruments	Financial assets carried at amortized cost	Financial assets excluded from the scope of IFRS 9	Financial liabilities carried at amortized cost	Total financial liabilities excluded from the scope of IFRS 9	Total
Dividends and profit-sharing	-	0.1	-	-	-	-	0.1
Interest income / (expense)	(9.3)	-	4.4	0.3	(72.0)	(41.9)	(118.5)
FX differences	-	-	(0.2)	(0.7)	0.6	0.2	(0.1)
Impairment losses / remeasurement	-	-	(6.3)	-	-	-	(6.3)
Transaction costs related to loans	-	-	-	-	(0.5)	-	(0.5)
Effect of settlement of cash flow hedge accounting	0.2	-	-	-	-	-	0.2
Pre-tax profit / (loss)	(9.1)	0.1	(2.1)	(0.4)	(71.9)	(41.7)	(125.1)
Revaluation	2.6	-	-	-	-	-	2.6
Other comprehensive income	2.6	-	-	-	-	-	2.6

In the period of 6 months ended 30 June 2024, the effect of settling cash flow hedge accounting adjusted the value of revenues from contracts with customers in the amount of PLN 0.2 million.

In the period ended 30 June 2024, the change in the measurement of hedging financial instruments recognized in other comprehensive income included a change in the measurement of bank loans in the amount of PLN 2.8 million and lease liabilities in the amount of PLN (0.2) million, recognized as part of the hedge accounting applied by the Group.

7. Other notes

7.1 Related party transactions

Transactions with the State Treasury and other parties related to the State Treasury

In the period of 6 months ended 30 June 2025 and 30 June 2024, the State Treasury was a higher-level parent entity of the PKP CARGO under restructuring Group. Accordingly, all companies owned by the State Treasury (directly or indirectly) are the Group's related parties and are presented separately as PKP Group related parties and other State Treasury related parties. In these Interim Condensed Consolidated Financial Statements, the Parent Company's Management Board has disclosed transactions with material related parties identified as such according to the best knowledge of the Management Board.

In the period of 6 months ended 30 June 2025 and 30 June 2024, there were no transactions effected between the PKP CARGO under restructuring Group and the State Treasury or other entities related to the State Treasury which would be significant due to a non-standard scope and amount. In the periods covered by these Interim Condensed Consolidated Financial Statements, the Group's most important clients among other parties related to the State Treasury were members of the following groups: PGE, PKN Orlen, Polska Grupa Górnicza, JSW, ENEA and AZOTY. In the period of 6 months ended 30 June 2025, the Group's most important suppliers related to the State Treasury were PGE Group entities.

Transactions with PKP Group related parties

In the periods covered by these Interim Condensed Consolidated Financial Statements, the Group entered into the following commercial transactions with PKP Group related parties:

	6 months ended 30 June 2025		30 June 2025	
	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Parent Company	0.3	40.8	0.5	623.1
Subsidiaries/co-subsiidiaries – unconsolidated	1.7	9.8	1.1	2.0
Associates	5.0	1.9	1.2	0.9
Other PKP Group related parties	9.5	178.0	2.7	428.3

	6 months ended 30 June 2024		31 December 2024	
	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Parent Company	0.2	49.8	1.4	600.5
Subsidiaries/co-subsiidiaries – unconsolidated	3.3	13.8	0.3	1.4
Associates	2.0	1.6	2.0	-
Other PKP Group related parties	17.1	222.9	2.8	429.9

Purchase transactions with the Parent Company (PKP S.A.) pertained in particular to lease and rental agreements treated as leasing contracts, the supply of utilities, costs of fees for membership in international railway organizations and occupational medicine services.

Sales transactions within the PKP Group included freight transport services, lease of equipment and sub-lease of real estate. Purchase transactions comprised, among other maintenance and repair of rolling stock, freight forwarding services, transshipment services and intermodal transport.

Sales transactions with other PKP Group related parties comprised, among others, train traction services, lease and operation of locomotives, services related to financial settlements with foreign rail freight companies, rolling stock maintenance services and sub-lease of property. Purchase transactions comprised, among others, access to rail infrastructure, lease of property, supply of utilities, maintenance of rail traffic facilities, purchase of network maintenance services, operation of IT systems.

In addition to commercial transactions, the Group had dividend receivables and cash pooling settlements disclosed in [Note 5.11](#) of these Interim Condensed Consolidated Financial Statements.

7.1 Related party transactions (cont'd)

Compensation of key management personnel

Compensation of key management personnel presented in this note include the amounts of benefits disbursed in the relevant period.

Compensation of Management Board Members	Parent Company		Subsidiaries	
	6 months ended 30 June 2025	6 months ended 30 June 2024	6 months ended 30 June 2025	6 months ended 30 June 2024
Short-term benefits	1.3	1.0	3.0	3.5
Post-employment benefits	-	0.4	0.4	0.1
Termination benefits	0.1	0.5	0.1	0.2
Total	1.4	1.9	3.5	3.8

Compensation of Supervisory Board Members	Parent Company		Subsidiaries	
	6 months ended 30 June 2025	6 months ended 30 June 2024	6 months ended 30 June 2025	6 months ended 30 June 2024
Short-term benefits	0.5	0.8	0.6	0.6
Total	0.5	0.8	0.6	0.6

Compensation of other members of key management personnel	Parent Company		Subsidiaries	
	6 months ended 30 June 2025	6 months ended 30 June 2024	6 months ended 30 June 2025	6 months ended 30 June 2024
Short-term benefits	3.6	3.7	11.0	11.7
Post-employment benefits	-	-	-	0.1
Termination benefits	-	0.1	-	0.2
Total	3.6	3.8	11.0	12.0

In the period of 6 months ended 30 June 2025 and 30 June 2024, members of the key management personnel of the Parent Company and the PKP CARGO under restructuring Group subsidiaries did not enter into any loan or guarantee transactions with the Group.

All related party transactions were effected on an arm's length basis.

7.2 Liabilities to incur expenditures for non-financial non-current assets

Structure of liabilities to incur expenditures for non-financial non-current assets

	30 June 2025	31 December 2024
Contractual liabilities on account of purchase and repairs of rolling stock and other property, plant and equipment	64.9	104.8
Total	64.9	104.8

The values of contractual liabilities presented represent the maximum levels possible under the concluded agreements.

7.3 Contingent liabilities

Structure of contingent liabilities

	30 June 2025	31 December 2024
Guarantees issued on the Group's order	98.3	114.6
Other contingent liabilities	226.1	171.9
Total	324.4	286.5

Guarantees issued on the Group's order

As at 30 June 2025, the Group included in contingent liabilities guarantees issued by banks and insurance companies at the request of companies belonging to the PKP CARGO under restructuring Group. This line item comprises mainly commercial contract performance bonds, customs guarantees and excise tax guarantees.

7.3 Contingent liabilities (cont'd)

Other contingent liabilities

This line item comprises the claims made against the Group in court proceedings in the case of which the probability of outflow of cash is assessed as low, and claims in the case of which it is not possible to make a reliable estimate of the payment amount in the future by the Group. The amounts presented in this note correspond to the value of the full claims reported by external entities. Assessment of the estimates may change in subsequent periods as a result of future events.

Under other contingent liabilities, the Group also presents interest accrued on some of the liabilities covered by the composition, calculated for the period from the opening date of the remedial proceedings to 30 June 2025. The Group believes that, in connection with the opening of the restructuring proceedings, the likelihood of a cash outflow due to the need to pay these interest amounts is lower than the likelihood that no payment will be required.

The increased contingent liabilities as at 30 June 2025 were mainly due to interest accrued on a portion of liabilities covered by the composition, calculated for the period starting on the opening date of the remedial proceedings.

7.4 Events after the balance sheet date

On 29 July 2025, the Parent Company received from audit company Grant Thornton Polska P.S.A. (hereinafter, the "Auditor"), the "Independent Auditor's Report on the Audit of the Annual Financial Statements" and the "Independent Auditor's Report on the Audit of the Annual Consolidated Financial Statements" for the year 2024, along with the opinions (hereinafter, the "Audit Reports"). Due to the submission to the court on 30 June 2025 of the Restructuring Plan of PKP CARGO S.A. under restructuring, and the delivery to the Auditor of additional audit evidence, the earlier absence of which had resulted in a disclaimer of opinion on the above financial statements, the Auditor issued new Audit Reports, which superseded the Audit Reports issued on 28 April 2025.

On 30 July 2025, the Ordinary Shareholder Meeting of PKP CARGO S.A. under restructuring adopted a resolution on the continuation of the Company and a resolution approving the Standalone and Consolidated Financial Statements of PKP CARGO S.A. under restructuring for the financial year ended 31 December 2024, prepared in accordance with EU IFRS.

On 31 July 2025, the Parent Company signed Annex no. 2 to the Letter of Intent of 12 June 2024 with PKP Polskie Linie Kolejowe S.A. (hereinafter, "PKP PLK"), the purpose of which is to continue joint activities aimed at the acquisition of 100% of shares in CARGOTOR Sp. z o.o. by PKP PLK from PKP CARGO. The Annex introduced the parties' obligation to complete the transaction by 30 September 2025 at the latest, and also set the validity date for the Letter of Intent until the date of acquiring shares of CARGOTOR Sp. z o.o. by PKP PLK or until the date of making a final decision by any of the parties to withdraw from the transaction but not longer than until 30 September 2025. Despite the expiry of the deadline specified in the Annex to the Letter of Intent, the Parent Company indicates that discussions regarding this project will continue. However, their outcome is difficult to predict.

Changes were made to the Parent Company's organizational structure starting on 1 August 2025. The Head Office of PKP CARGO S.A. under restructuring and all seven Parent Company units, previously operating as separate organizational units, were formally combined and operate as a single employer, PKP CARGO S.A. under restructuring. The changes are aimed at improving the effectiveness, operational efficiency and generating savings.

On 11 August 2025, the Parent Company and its subsidiary PKP CARGOTABOR executed a Letter of Intent with the Lubuskie Voivodship with its registered office in Zielona Góra ("Lubuskie Voivodship") with the purpose of launching negotiations on the potential purchase by the Lubuskie Voivodship, of an organized part of the PKP CARGOTABOR enterprise, i.e. the Locomotive Repair Unit in Czerwieńsk ("OPE"). A condition precedent to the conclusion of the acquisition agreement will be in particular:

- 1) a prior waiver by the State Treasury of its right to acquire PKP CARGOTABOR's assets comprising the organized part of the enterprise and used for defense and national security purposes, following the procedure set forth in Article 323 of the Restructuring Law of 15 May 2015,
- 2) a prior granting of the necessary consents by the Judge-Commissioner in PKP CARGOTABOR's restructuring proceedings or by PKP CARGOTABOR's Council of Creditors, to the extent such consents are required under applicable law.

The Parties declared their willingness to cooperate and to develop a solution that enables the continuation of operation of technical facilities and the provision of services related to the maintenance and repair of rolling stock. The planned transaction is one of the activities undertaken as part of the restructuring measures implemented at PKP CARGOTABOR.

The Letter of Intent is effective until 31 December 2026 and is not legally binding; however it is an important step towards further arrangements and potential cooperation between the Parties. The Parties reserve the right to shorten or extend the term of the Letter of Intent by mutual agreement.

Other events occurring after the balance sheet date are presented in [Notes 5.1](#) and [5.10](#) to these Interim Condensed Consolidated Financial Statements.

7.5 Approval of the financial statements

These Interim Condensed Consolidated Financial Statements were approved for publication by the Administrator of PKP CARGO S.A. under restructuring on 30 September 2025.

Administrator of PKP CARGO S.A. under restructuring

Izabela Skonieczna-Powałka
Administrator of PKP CARGO S.A. under restructuring
(license no. 772)

Warsaw, 30 September 2025