

H 1
2025



**Management
Board Report
on the activity of the
PKP CARGO S.A. CAPITAL GROUP
under restructuring**



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1. Organization of the PKP CARGO under restructuring Group

1.1. Highlights on the Company and the PKP CARGO Group along with changes in H1 2025

The PKP CARGO¹ under restructuring Group is a rail freight operator in Poland and the European Union ("EU") that has provided comprehensive logistics services for years. Apart from transport activity, the PKP CARGO Group provides complementary services supporting the Group in the area of rail freight, including siding and traction services, terminal or forwarding services.

The PKP CARGO Group holds licenses for the provision of rail freight services in the following 9 EU countries: Lithuania, Slovakia, Hungary, Slovenia, Austria, the Czech Republic, Germany, the Netherlands and Poland.



As at 30 June 2025, the PKP CARGO under restructuring Group consisted of the following entities besides PKP CARGO S.A. under restructuring:

- a) 20 subsidiaries of PKP CARGO, controlled directly or indirectly (by entities controlled by PKP CARGO), including:
 - 10 subsidiaries controlled directly by PKP CARGO,
 - 10 subsidiaries controlled directly by companies directly controlled by PKP CARGO (and indirectly controlled by PKP CARGO), including 3 companies directly controlled by PKP CARGO CONNECT sp. z o.o. and 7 companies directly controlled by PKP CARGO INTERNATIONAL a.s.;
- b) 1 jointly controlled subsidiary (in which a member of the PKP CARGO Group holds a 50% stake in the share capital), specifically:
 - 1 company jointly controlled by PKP CARGO CONNECT sp. z o.o., holding a 50% stake in its share capital (under an indirect joint control of PKP CARGO): TERMINALE PRZEŁADUNKOWE SŁAWKÓW MEDYKA sp. z o.o.

Moreover, as at 30 June 2025, PKP CARGO or PKP CARGO's (direct or indirect) subsidiaries held shares in 8 companies that were not controlled or jointly controlled by PKP CARGO or PKP CARGO's subsidiaries, including:

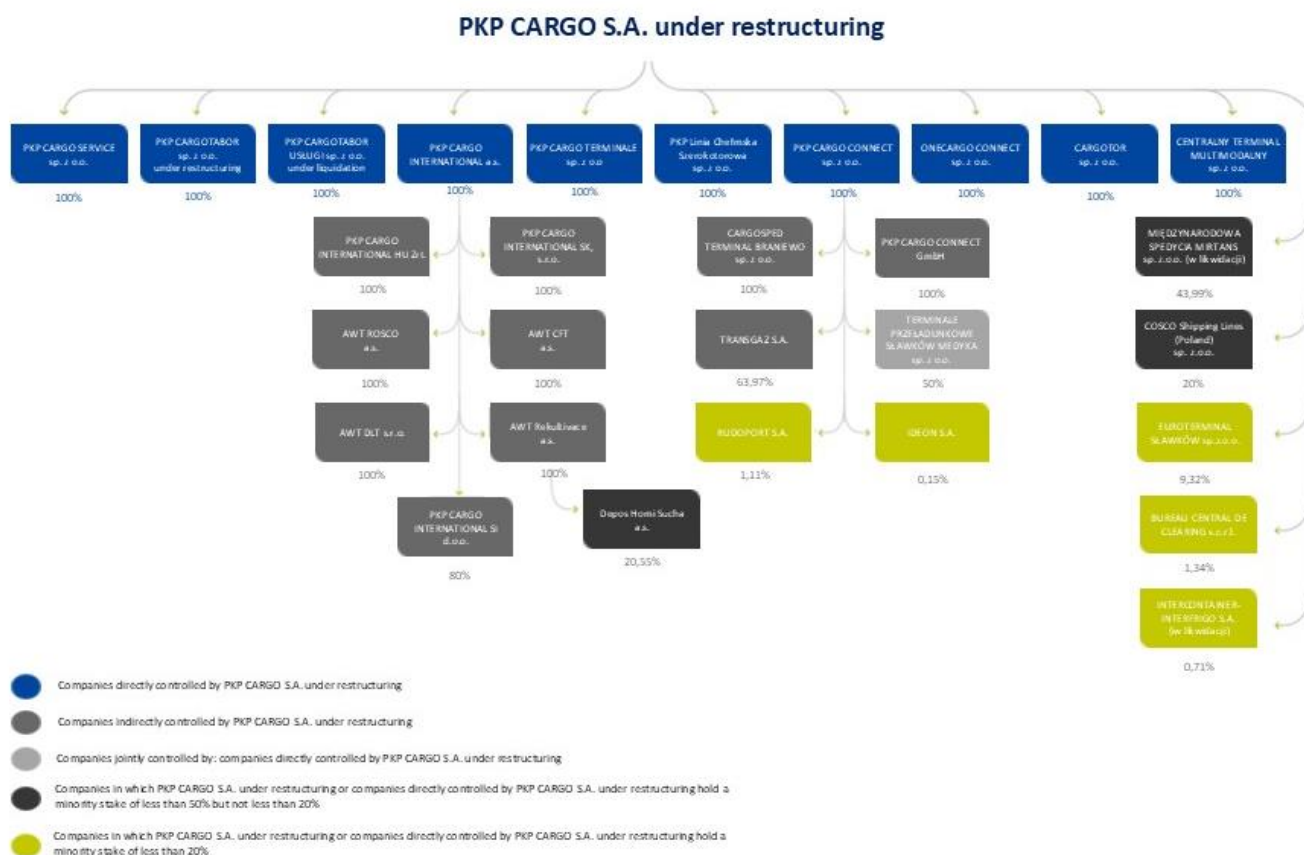
¹ Whenever this Report refers to:

- the Company, the Parent Company, PKP CARGO or PKP CARGO S.A., this should be construed as PKP CARGO S.A. under restructuring,
- the PKP CARGO Group or the Group, this should be construed as PKP CARGO S.A. under restructuring and all its subsidiaries.

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

The chart below presents the structure of capital links with companies in which PKP CARGO or its subsidiaries hold an equity stake – as at 30 June 2025:

Figure 1. Structure of capital links with companies in which PKP CARGO or its subsidiaries hold shares – as at 30 June 2025



Source: Proprietary material

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

On 16 May 2025, in connection with the decision of PKP CARGO CONNECT Sp. z o.o. to sell its 21,407 shares in Terminale Przeładunkowe Sławków–Medyka Sp. z o.o. with its registered office in Sławków, with a total par value of PLN 21.4 million, representing 50% of the company's share capital, the Management Board agreed to take steps to prepare the sale of all shares held by PKP CARGO S.A. under restructuring, that is 340,000 shares held in the subsidiary EUROTERMINAL SŁAWKÓW Sp. z o.o. with its registered office in Sławków, with a total par value of PLN 17 million, representing 9.316% of the company's share capital. Negotiations are currently underway to determine the transaction price.

Information on dividends paid or payable to PKP CARGO in H1 2025 and until the date of this report:

- The Ordinary Shareholder Meeting of COSCO SHIPPING Lines (Poland) Sp. z o.o. with its registered office in Gdynia, held on 27 May 2025, adopted Resolution No. 7/ZW/25 whereby it decided to allocate the company's net profit for the financial year 2024 of PLN 1,319,894.04 in full to the payment of dividends to the shareholders, pro rata to their stakes in the company's share capital. The dividend payable to PKP CARGO of PLN 263,978.81 was transferred to the Company's bank account on 4 June 2025.
- The Ordinary Shareholder Meeting of PKP CARGO SERVICE sp. z o.o. with its registered office in Katowice, by Resolution No. 13/2025 of 30 June 2025, decided to allocate the net profit of PLN 4,138,340.24 generated by PKP CARGO SERVICE sp. z o.o. in the financial year 2024 as follows: 50% of the net profit to be allocated to the dividend for the sole shareholder and 50% of the net profit to be allocated to increase the supplementary capital of PKP CARGO SERVICE sp. z o.o. to finance the company's capital expenditures. The dividend for the financial year 2024 payable to PKP CARGO of PLN 2,069,170.12 was transferred to the Company's bank account on 9 July 2025.

None of the member companies of the PKP CARGO Group has a limited term of operation, with the exception of PKP CARGOTABOR USŁUGI Sp. z o.o., which went into liquidation on 25 April 2024. PKP CARGOTABOR USŁUGI Sp. z o.o. does not carry out any significant business activities.

In H1 2025 and until the date of approval of this report, apart from the events enumerated above, no other changes were made to the Group's organization resulting from a merger, obtaining or losing control over subsidiaries or long-term investments, or a demerger, restructuring or discontinuation of business.

1.2. Consolidated entities

The Interim Consolidated Financial Statements of the PKP CARGO Group as at 30 June 2025 encompass PKP CARGO and 12 subsidiaries consolidated by the full method:

Table 1. Subsidiaries consolidated by the full method

Company name	Core business
PKP CARGO SERVICE Sp. z o.o. ("PKP CARGO SERVICE")	Comprehensive handling of rail sidings, rail freight and maintenance of rail infrastructure.
PKP CARGOTABOR Sp. z o.o. under restructuring ("PKP CARGOTABOR")	Repair and maintenance of rolling stock and physical liquidation of rail cars and locomotives, repairs of electrical machinery and wheel sets as well as weighing and adjustment of rolling stock.
PKP CARGOTABOR USŁUGI Sp. z o.o. in liquidation ("PKP CARGOTABOR USŁUGI w likwidacji")	As at the date of this report, the company does not conduct any operating activity.
PKP CARGO TERMINALE Sp. z o.o. ("PKP CARGO TERMINALE") (formerly CL Medyka-Żurawica and CL Małaszewicze)	Transshipment, storage, segregation, packaging, crushing and a variety of other border services. The company owns terminals that facilitate the transshipment of bulk and unit cargo, including containers. The company has the ability to offer rail gauge switching services and as the only company on the country's eastern border has a 6-chamber thaw room.
CARGOSPED TERMINAL BRANIEWO Sp. z o.o. ("CARGOSPED TERMINAL BRANIEWO")	Cargo handling, wholesale and retail sale of coal.
CARGOTOR Sp. z o.o. ("CARGOTOR")	Managing track and service infrastructure (rail sidings and track systems) along with the requisite plant and buildings, making infrastructure available to rail operators on commercial terms.
PKP CARGO CONNECT Sp. z o.o. ("PKP CARGO CONNECT")	Freight forwarding and logistics services in Poland and abroad. The company provides comprehensive logistics services using rail and vehicle, marine and inland water transportation by organizing transport, transshipment, storage, warehousing, packaging and distribution. Customs clearance services to customers of the PKP CARGO Group.

PKP CARGO INTERNATIONAL a.s. ("PKP CARGO INTERNATIONAL") (formerly Advanced World Transport a.s.)	Comprehensive handling of rail freight (the Czech Republic, Slovakia and Poland), rail freight forwarder in the whole Central and Eastern European region, manages an intermodal terminal located in the community of Paskov. Comprehensive services related to deliveries and pick-ups by road transport ("last mile"). Rolling stock management in the PKP CARGO INTERNATIONAL Group.
AWT ROSCO a.s. ("AWT Rosco")	Cleaning of rail and automobile cisterns.
AWT CFT a.s. ("AWT CFT")	International freight forwarding services. As at the date of this report, the company does not conduct any operating activity.
AWT Rekultivace a.s. ("AWT Rekultivace")	Construction engineering business, including management and revitalization of post-industrial areas (including mining areas), demolition works, management of waste treatment facilities, elimination of underground mining pits, decontamination of soil, etc.
PKP CARGO INTERNATIONAL HU Zrt. ("PKP CARGO INTERNATIONAL HU") (formerly: AWT Rail HU Zrt)	Rail transport services and rail siding handling services in Hungary on the basis of its own rail operator's license.

Moreover, the following 7 companies are measured using the equity method as at 30 June 2025 in the PKP CARGO Group's Interim Condensed Consolidated Financial Statements:

Table 2. Entities accounted for under the equity method

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

2. Information about the Parent Company

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

MANAGEMENT BOARD

Table 3. Composition of the PKP CARGO Management Board as at 30 June 2025 and as at the date of publication of this report

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

Source: Proprietary material

In H1 2025 and until the date of this report, the following changes occurred in the Company's Management Board:

On 20 December 2024, the PKP CARGO S.A. under restructuring Supervisory Board appointed the following individuals to the Management Board:

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

On 13 January 2025, the PKP CARGO S.A. under restructuring Supervisory Board adopted resolutions to:

- change the date of appointment of Ms. Agnieszka Wasilewska-Semail as President of the Company's Management Board to 20 January 2025,
- shorten the period of discharging the function of President of the Management Board by Mr. Paweł Miłek to 19 January 2025 and at the same time entrust Mr. Paweł Miłek, Management Board Member in charge of Restructuring, with discharging the function of Vice-President of the Management Board.

On 14 February 2025, the PKP CARGO S.A. under restructuring Supervisory Board adopted a resolution to appoint to the Management Board:

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

SUPERVISORY BOARD

Table 4. Composition of the PKP CARGO Supervisory Board as at 30 June 2025 and as at the date of publication of this report

Name	Position	Period in office	
		from	to
Bogusław Nadolnik	Supervisory Board Member	14 May 2024	to date
	Supervisory Board Chairman	6 February 2025	
Marcin Wojewódka	Supervisory Board Member	19 April 2024	to date
	Supervisory Board Vice-Chairman	13 January 2025	
Michał Wnorowski	Supervisory Board Member	29 June 2022	to date
Monika Starecka	Supervisory Board Member	19 April 2024	to date
Robert Stępień	Supervisory Board Member	14 May 2024	to date
Marzena Piszczek	Supervisory Board Member	21 November 2024	to date
Piotr Babski	Supervisory Board Member	3 February 2025	to date
Tomasz Pietrek	Supervisory Board Member – Employee Representative	7 May 2025	to date

Source: Proprietary material

In H1 2025 and until the date of this report, the following changes occurred in the Company's Supervisory Board:

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

SUPERVISORY BOARD AUDIT COMMITTEE

Table 5. Composition of the PKP CARGO Supervisory Board Audit Committee as at 30 June 2025 and as at the date of publication of this report

Name	Position	Period in office	
		from	to
Michał Wnorowski	Committee Chairman	23 August 2022	to date
Marzena Piszczek	Committee Member	27 November 2024	to date
Monika Starecka	Committee Member	1 February 2025	to date

Source: Proprietary material

In H1 2025 and until the date of publication of this report, the following changes occurred in the composition of the PKP CARGO S.A. Supervisory Board Audit Committee:

- on 30 January 2025, Mr. Władysław Szczepkowski, Supervisory Board Chairman, resigned from membership in the Supervisory Board as of 31 January 2025,
- on 30 January 2025, the Company's Supervisory Board appointed Ms. Monika Starecka to its Audit Committee, effective as of 1 February 2025.

NOMINATION COMMITTEE

Table 6. Composition of the PKP CARGO Supervisory Board Nomination Committee as at 30 June 2025 and as at the date of publication of this report

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

Source: Proprietary material

In H1 2025 and until the date of this report, the following changes occurred in the Nomination Committee of the PKP CARGO S.A. under restructuring Supervisory Board:

- on 30 January 2025, Mr. Władysław Szczepkowski, Supervisory Board Chairman, resigned from membership in the Supervisory Board as of 31 January 2025,
- on 6 February 2025, the Supervisory Board appointed Ms. Monika Starecka to the Nomination Committee.

STRATEGY, RESTRUCTURING AND SUSTAINABILITY COMMITTEE

By Resolution No. 226/VIII/2024 of 27 November 2024, the Supervisory Board suspended the operation of the Strategy and Sustainability Committee until 31 January 2025, due to the ongoing remedial proceedings.

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

Table 7. Composition of the PKP CARGO Supervisory Board Strategy, Restructuring and Sustainability Committee as at 30 June 2025 and as at the date of publication of this report

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

Source: Proprietary material

In H1 2025 and until the date of this report, the following changes occurred in the Strategy, Restructuring and Sustainability Committee of the PKP CARGO S.A. under restructuring Supervisory Board:

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

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

The structure of PKP CARGO's share capital as at 30 June 2025 is presented in the table below:

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

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

Source: Proprietary material

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

2.3. Shareholders holding at least 5% of the total votes

In the period from the date of publication of the previous periodic report, that is 30 May 2025, to the delivery date of this report for H1 2025, no changes occurred regarding entities holding, directly or indirectly, significant equity stakes in PKP CARGO:

Table 9. Shareholder structure of PKP CARGO S.A. under restructuring as at 30 May 2025 and 30 September 2025

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

* Nationale-Nederlanden Otwarty Fundusz Emerytalny, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2025, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2030, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2035, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2040, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2045, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2050, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2055, Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2060 and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny Nasze Jutro 2065

Source: Proprietary material

2.4. Listing of shares held by management and supervisory board members

In the period from the date of publication of the previous periodic report, that is 30 May 2025, to the delivery date of the report for H1 2025, the following changes occurred in the ownership of PKP CARGO shares by Management Board and Supervisory Board members:

Table 10. PKP CARGO shares held by Management Board members as at 30 May 2025 and 30 September 2025

Name	Number of PKP CARGO S.A. shares held by Management Board members
as at 30 September 2025	
Izabela Skonieczna-Powałka	0
Agnieszka Wasilewska-Semail	0
Paweł Miłek	26,192
Sebastian Miller	0
Artur Warsocki	0
Michał Łotoszyński	0
as at 30 May 2025	
Izabela Skonieczna-Powałka	0
Agnieszka Wasilewska-Semail	0
Paweł Miłek	11,492
Sebastian Miller	0
Artur Warsocki	0
Michał Łotoszyński	0

Source: Proprietary material

Table 11. PKP CARGO shares held by Supervisory Board members as at 30 May 2025 and 30 September 2025

Name	Number of PKP CARGO S.A. shares held by Supervisory Board members
as at 30 September 2025	
Bogusław Nadolnik	0
Marcin Wojewódka	83,651*
Monika Starecka	0
Michał Wnorowski	0
Marzena Piszczek	0
Robert Stępień	0
Piotr Babski	0
Tomasz Pietrek	46
as at 30 May 2025	
Bogusław Nadolnik	0
Marcin Wojewódka	65,336*
Monika Starecka	10,000**
Michał Wnorowski	0
Marzena Piszczek	0
Robert Stępień	0
Piotr Babski	0

Tomasz Pietrek

0

* including 3,300 shares held through Instytut Emerytalny Sp. z o.o. material

Source: Proprietary

** including all shares held through Equinox Consulting Sp. z o.o.

3. Key areas of operation of the PKP CARGO Group

3.1. Macroeconomic environment

According to the July 2025 forecast by the International Monetary Fund (IMF), global GDP growth in 2025 will be approx. +3.0% yoy (+0.2 p.p. compared to the reference data from April of this year), followed by +3.1% yoy in 2026 (+0.1 p.p. compared to earlier estimates). Among the drivers of acceleration in global economic growth will be the following: greater trade volumes related to the expected higher customs tariffs, which are noticeably lower than the customs rates announced in April of this year in agreements between the United States and its trading partners, a general improvement in financial conditions (including the weakening of the dollar) and the announcement of and increase in spending by a number of key economies (i.e., expansionary fiscal policy). IMF analysts expect inflation to decline to +4.2% yoy in 2025 and 3.6% yoy in 2026. In turn, GDP growth in rapidly developing Asian economies will be lower than last year (overall +4.1% yoy, including +6.4% yoy in India and +4.8% yoy in China). In highly developed countries, GDP is expected to increase by +1.5% yoy (compared to +1.8% yoy in 2024). It is estimated that this year the GDP growth rate in the United States and the Eurozone will be +1.9% and +1.0% yoy, respectively. In Germany, after the declines of previous years, GDP will improve by +0.1% yoy. In Poland, the GDP growth rate in 2025 is expected to be +3.2% yoy (after +2.9% yoy in 2024), and the Polish economy will continue to grow at a similar pace in 2026 (+3.1% yoy).²

Consumer goods and services prices (HICP) in the European Union in June 2025 were +2.3% higher year-on-year (after a +2.6% yoy increase in June 2024). Year-on-year price increases were recorded in all EU countries, with the highest rates in Romania (+5.8% yoy), Estonia (+5.2% yoy), Slovakia and Hungary (+4.6% yoy in both). In Poland, the increase was +3.4% yoy (the lowest since mid-2024), which is the eighth result within the EU. Among the largest EU economies, prices increased the fastest in Spain (+2.3% yoy) and Germany (+2.0% yoy).³

The high degree of uncertainty on global markets, the absence of realistic options for a lasting end to the war in Ukraine and numerous tensions across the globe are exerting a strong adverse impact on the situation of industry in Europe. The deals struck by the United States are reducing tensions in international trade, although the scale of the impact of changes on the organization of trade, and above all on the individual participants in international trade, is very substantial. This implies various economic and organizational problems, and generates additional expenses, thereby unfortunately reducing the scale of global consumption in real terms and, as a consequence, the demand for manufactured goods.

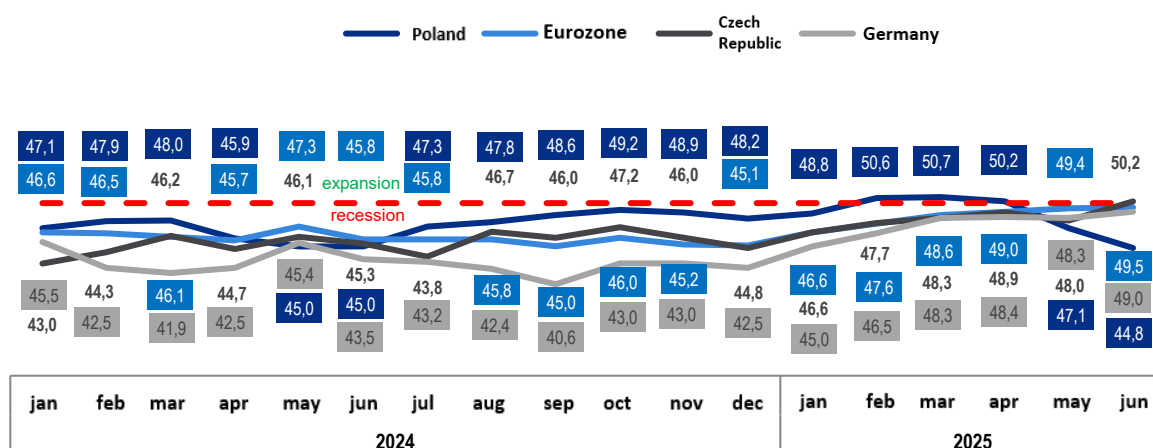
The gradual improvement in PMI values in the European Union is largely due to the proactive actions taken by companies that are entering into transactions before the expected trade restrictions take effect, but is also driven to a certain extent by the gradual recovery in manufacturing. The HCOB Eurozone Manufacturing PMI, a barometer of economic activity in the Eurozone manufacturing sector, reached 49.5 points in June 2025, indicate a lingering deterioration in the Eurozone manufacturing industry (below 50 points for the 36th month in a row). In June of this year, the PMI for the German industrial sector stood at 49.0 points. This marked a clear improvement in both indices compared to December of last year (+4.4 p.p. and +6.5 p.p., respectively).⁴

² [imf.org /en/Publications/WEO/Issues/2025/07/29/world-economic-outlook-update-july-2025?cid=ca-com-compd-pubs_belt](https://www.imf.org/en/Publications/WEO/Issues/2025/07/29/world-economic-outlook-update-july-2025?cid=ca-com-compd-pubs_belt)

³ Statistics Poland (ssgk.stat.gov.pl/Sytuacja_spoleczno-gospodarcza_kraju_06.2025.pdf, p. 104)

⁴ IHS Markit (www.pmi.spiglobal.com/Public/Release/PressReleases – reports for each month)

Figure 2. PMI for the manufacturing sector (Markit IHS)



Source: Proprietary material based on Markit IHS data

In H1 2025, foreign trade turnover (expressed in EUR) was higher than the year before in the vast majority of European Union countries, with exports having improved in eighteen countries and imports in twenty-one EU countries.⁵

Severe disruptions in international trade resulting from increasing customs barriers and other forms of non-tariff restrictions are effectively slowing down the volume of commercial exchange, thus fundamentally affecting international trade and globalization. Unfortunately, this also exerts a significant impact on the volume of investment and the ability of businesses to plan their development, suppressing the rate of growth in the coming years. Consumers, who are also affected in various ways by these changes, are reluctant to significantly increasing their spending, which further exacerbates the problems experienced by countries and their economies.



Polish industry and economy

Slight increase in industrial output in H1 2025 by +1.4% yoy (compared to +0.1% yoy in H1 2024). Economic performance in Q2 of this year was slightly better than in Q1 (+1.9% yoy, compared to +0.8% yoy). The positive growth of industrial processing (which accounts for over 4/5 of the sector's revenue), which improved by +1.7% yoy, and that of the water supply, sewage disposal, waste management and reclamation section (up +2.2% yoy), translated into growth for the industry. Unfortunately, the sections of electricity, gas, steam and hot water supply (-0.9% yoy) and mining and quarrying (-6.6% yoy) posted a decline in output.⁶

Yoy production growth in H1 2025 in 22 out of 34 industrial sectors, including: manufacture of rubber and plastic products (+0.3%), motor vehicles, trailers and semi-trailers (+0.9%), paper and paper products (+1.9%), furniture (+2.7%), metal products (+4.1%), wood products (+4.7%), metals (+5.8%) and other non-metallic mineral products (+6.4%). A decrease was recorded in 12 industry sectors, including those significant for the PKP CARGO Group, such as chemicals and chemical products (-2.1%) and extraction of hard coal and lignite (-2.6%).

According to Statistics Poland's preliminary estimates, the rate of **GDP growth in 2024** was +2.9% yoy (compared to +0.2% yoy in 2023).⁷

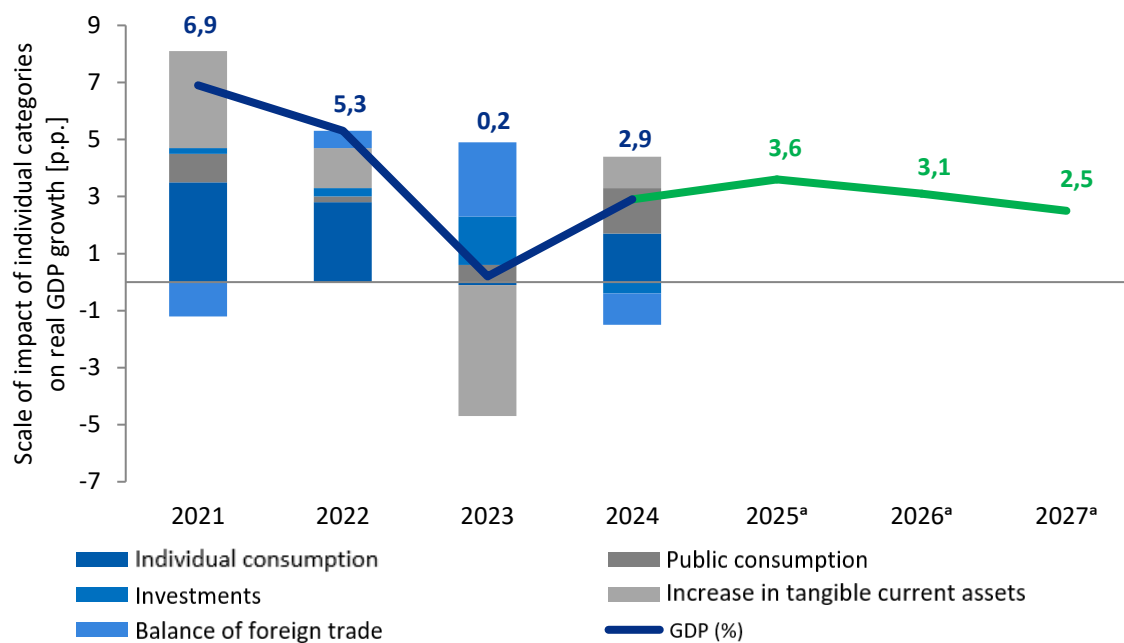
⁵ Statistics Poland (sngk.stat.gov.pl/Sytuacja_spoleczno-gospodarcza_kraju_06.2025.pdf, p. 108)

⁶ Statistics Poland (sngk.stat.gov.pl/Sytuacja_spoleczno-gospodarcza_kraju_06.2025.pdf; in entities with more than 9 employees)

⁷ Statistics Poland (stat.gov.pl/obszary-tematyczne/rachunki-narodowe/kwartalne-rachunki-narodowe/wstepny-zacunek-produktu-krajowego-brutto-w-1-kwartale-2025-r-3,91.html)

The growth rate of Poland's GDP in year-on-year terms in subsequent quarters has remained at a similar level since Q2 of last year (at approx. 3% yoy), when GDP increased by +3.2% yoy, until Q2 2025 with a growth rate of +3.4% yoy (only in Q3 of last year did the growth rate fail to reach +3% yoy and stood at +2.8% yoy).⁸

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



^a – macroeconomic forecasts of the National Bank of Poland for 2025-2027 (July 2025)

Source: Proprietary material based on data published by Statistics Poland and the National Bank of Poland

Price changes in H1 2025: consumer goods and services prices increased by +4.5% yoy (compared to +2.7% yoy in H1 2024).⁹ At the same time, industrial output prices dropped by -1.4% yoy (compared to a decline of -8.7% yoy in H1 of last year), with a noticeable increase in construction and assembly output prices of +3.4% yoy (compared to +7.0% yoy in H1 of last year).¹⁰

A discernible deterioration in the readings of the PMI leading indicator for industrial processing in the last months of H1 of this year – since May, the PMI has again been below the 50.0-point threshold marking the technical border between recovery and recession in the industrial processing sector. From February to April 2025, the index remained above the threshold – after hitting 48.8 points in January, it shifted to 50.6, 50.2 and 50.2 points in the respective months of that period. However, the last two readings for H1 2025 were clearly disappointing, with the PMI at 47.1 points and 44.8 points, respectively. The effect of the revival of demand for semi-finished products for manufacturing in Western Europe, related to the planned introduction of tariffs by the United States, led to a short-term significant improvement in the economic performance in Poland. However, a further slowdown in the inflow of new orders and a slowdown in capacity utilization contributed to a noticeable decline in the optimism expressed by members of the Polish business community. While the index for Q1 of this year reached an average monthly result of 50.0 points, the reading for Q2 of this year was worse than the quarterly figures for H2 of last year, having reached only 47.4 points. However, the deterioration in sentiment is likely to be only temporary: in the coming months, a noticeable correction should ensue to a level similar to that of other key European economies, to around 50 points.¹¹

⁸ Statistics Poland (<https://stat.gov.pl/obszary-tematyczne/rachunki-narodowe/kwartalne-rachunki-narodowe/wstepny-szacunek-produktu-krajowego-brutto-w-2-kwartale-2025-r-3,92.html>)

⁹ Statistics Poland (ssgk.stat.gov.pl/Ceny_towarow_i_uslug_konsumpcyjnych.html) – 23 July 2025)

¹⁰ Statistics Poland (ssgk.stat.gov.pl/Ceny_produkcyjnej_sprzedanej_przemyslu_oraz_budowlano-montazowej.html) – 23 July 2025)

¹¹ IHS Markit (www.pmi.spiglobal.com/Public/Release/PressReleases) – reports for each month)

Significant changes in the business climate index for industrial processing (GUS) in 2025: the index improved from -13.0 in December of last year to -6.2 in April of this year (best result since May of last year), only to deteriorate again to -7.7 in June of this year. The average value of the index for Q1 of this year (-8.0) was noticeably improved by the average result for Q2 of this year (-6.8), which in turn was disrupted by the noticeably deteriorated index values compared to April of this year. This means a renewed decline in the number of business executives expecting an improvement in the economic situation in the coming months in relation to those expecting a deterioration, with a fairly good index reading compared to the quarterly values of recent years (the recent weakening of the index is mainly due to a decrease in the number of new orders, including export orders, received by the industry).¹²

Forecasts: the current projection of inflation and economic growth by the National Bank of Poland (published in July of this year) anticipates a decline in the GDP growth rate in 2025-2027. According to the forecast, GDP growth is expected to be +3.6% yoy in 2025, +3.1% yoy in 2026 and +2.5% in 2027. The current projection anticipates a noticeable decline in inflation compared to previous forecasts (particularly strong this year: by -1.0 p.p. yoy), with the central path anticipating consumer price growth at +3.9% yoy in 2025, +3.4% yoy in 2026 and +2.4% yoy in 2027.¹³



Czech industry and economy

Industrial output in the Czech Republic in Q2 2025 increased by +0.4% yoy (current prices, unadjusted data), following an increase by +0.1% yoy in Q1 of this year. In Q2 2025, a noticeable decrease was recorded in hard coal and lignite mining (-20.1% yoy) along with a decline in the sold output of machinery and equipment (-1.8% yoy). At the same time, an increase was recorded in the sold output of motor vehicles, trailers and semi-trailers (+0.7% yoy), paper and paper products (+1.3% yoy), rubber and plastic products (+2.8% yoy), metal products (+2.9% yoy), wood and wood products (+3.0% yoy) and metals (+3.2% yoy).¹⁴

The value of new orders in Q2 2025 increased by +1.8% yoy (current prices, unadjusted data), following a -0.5% yoy decline in Q1 of this year. The increase in value was the outcome of a slight decline in the value of domestic orders (-0.3% yoy) and an increase in foreign orders (+3.0% yoy).¹⁵ The noticeable increase in Q2 of this year was partly driven by improved demand from companies in the Eurozone (including goods later destined for the US market), which generated additional demand for production capacity in the Czech Republic. However, due to the imposition of tariffs and agreements in this area, it is difficult to assess whether the recovery is sustainable.

According to preliminary estimates by the CZSO, **GDP growth adjusted for price and seasonal effects in Q2 2025 was +2.4% yoy** (at a similar level to Q1 of this year). Year-on-year GDP growth was supported by domestic demand, including higher household consumption expenditure and increased accumulation. At the same time, GDP growth was +0.2% qoq.¹⁶

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

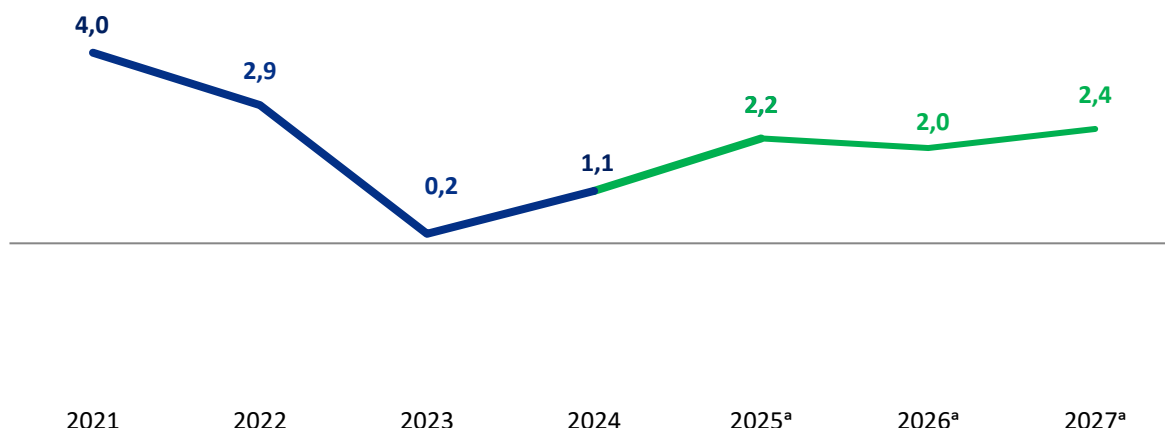
¹² Statistics Poland, Statistical Bulletin, Table 62, column C

¹³ National Bank of Poland (nbp.pl/projekcja-inflacji-i-pkb-july-2025/)

¹⁴ Czech Statistical Office / Sales from industrial activity: unadjusted data – published on 6 August 2025.

¹⁵ Czech Statistical Office / New industrial orders by selected CZ-NACE divisions: unadjusted data – published on 6 August 2025

¹⁶ Czech Statistical Office (csu.gov.cz/rychle-informace/gdp-preliminary-estimate-2-quarter-of-2025)



^a – Macroeconomic forecasts of the Czech Ministry of Finance (August/September 2025)

Source: Proprietary material based on data from the Czech Statistical Office/Eurostat and the Czech Ministry of Finance

In Q2 2025, inflation reached +2.4% yoy (+2.7% yoy in Q1 2025), which means that for six quarters now, price growth has remained below the +3.0% yoy threshold.¹⁷

Forecasts by the Czech Ministry of Finance (from August/September 2025) predict GDP growth (seasonally adjusted and adjusted for the number of business days) of: +2.2% yoy in 2025, +2.0% yoy in 2026 and +2.4% yoy in 2027. In this period, consumer inflation (as measured by CPI) should remain close to the inflation target (of approx. 2% yoy), with a slight downward trend from +2.1% yoy in 2025 to +2.0% yoy in 2027.¹⁸

A noticeable improvement in the PMI in H1 2025 in the Czech Republic – the average PMI value in Q2 of this year reached 49.0 points (after 47.5 points in Q1 of this year, which was the best result since Q2 2022), and at the same time, the index rose to 50.2 points in June (having exceeded the 50.0 point threshold for the first time since May 2022). This means that after thirty-six months below the threshold of 50.0 points, marking the technical boundary between recovery and recession in the industrial sector, there is now a visible sign of economic improvement and optimism among business executives. The subsequent improvement in economically related PMI readings of West European countries (monthly readings for Germany and the Eurozone are gradually approaching the 50.0 point threshold), together with an increased inflow of new orders to manufacturers in recent months (with still ambiguous readings for export orders), indicate a further possibility of improvement in the sector's performance in H2 of this year.¹⁹

3.2. Freight transportation activity

Rail transport market in Poland

3 members of the PKP CARGO Group, namely PKP CARGO S.A. under restructuring, PKP CARGO SERVICE sp. z o.o. and PKP CARGO International a.s., render rail freight services on the Polish market. According to data from the Office of Rail Transport, at the end of June 2025, 133 companies held an active license for rail freight transport (compared to 133 operators at the end of June 2024).²⁰

H1 2025 will be another half-year with limited demand for rail freight transport services in Poland. In this period, freight volume on the rail freight market decreased by -5.7 million tons yoy (-5.1% yoy to 104.9 million tons), while freight turnover

¹⁷ vdb.czso.cz / Statistics > Prices, Inflation (Consumer price index according to ECOICOP – year-on-year index) – data published on 4 August 2025.

¹⁸ mfcz.cz/en/fiscal-policy/macroeconomic-analysis/macroeconomic-forecast/2025

¹⁹ Markit PMI (www.pmi.spglobal.com/Public/Release/PressReleases)

²⁰ Office of Rail Transport (dane.utk.gov.pl/sts/rejstry/rejestr-licencjonowanyc/16733,Wykaz-przedsiębiorców-posiadających-licencje-przewoźnika-kolejowego-wydana-przez.html)

decreased by nearly -2.2 billion tkm yoy (-7.4% yoy to 27.0 billion tkm).²¹ The average haul remained quite high, although it decreased by -2.4% compared to H1 of last year, having reached 257 km. This parameter shows a noticeably higher level compared to the years before Russia's aggression in 2022, as a result of changes in the structure of rail transport (among other factors, the increased importance of transport from Polish seaports to the south and east, which gained in importance at the expense of east-west transport).

The weakest month for rail transport in H1 2025 was February, when rail operators transported only 16.7 million tons of cargo, and the rate of decline reached -6.4% yoy (or -1.1 million tons yoy). However, the largest decline in transport was recorded in April of this year (-8.6% yoy), which translated into the largest decrease in volume in year-on-year terms (by -1.6 million tons). The largest freight volume was achieved in May of this year (slightly above 18 million tons), which translated into the second lowest rate of change in freight volume after January of this year (-0.6% yoy), down by -3.6% yoy. All monthly results during H1 2025 – in terms of freight volume, freight turnover and operational turnover – were worse for the rail freight market than the results for each month of last year.

The results published²² by UTK concerning intermodal transport indicate a gradual decrease in transport intensity, while maintaining a fairly good economic situation in Q1 2025 (that is, maintaining favorable results on the container transport market and continuing the positive performance that began in Q4 2023). Container freight turnover at 6.6 million tons (-2.5% yoy) and freight turnover above 2.2 billion tkm (-3.9% yoy) do not differ significantly from the record results of 2024, and significantly exceed the performance generated in the corresponding quarter of 2021-2022 (which was the previous peak in transport). Moreover, in this period, the number of ITUs increased to nearly 433,000 (+1.1% yoy), as did TEUs to nearly 681,000 (+3.6% yoy).

In Q1 2025, PKP CARGO S.A. under restructuring transported 1.3 million tons of cargo (or +2.4% yoy), with freight turnover at the level of 0.4 billion tkm (or -14.8% yoy), which translated into a 19.2% market share in terms of freight volume and an 18.8% market share in terms of freight turnover. This means a significant strengthening of PKP CARGO S.A. under restructuring in this area compared to Q4 of last year (when the results were 16.2% and 17.1%, respectively). In terms of freight volume, the Company is only slightly behind the market leader, PCC Intermodal (with a 19.5% share), while in terms of freight turnover, the difference is already clearly noticeable at over 3 p.p. There is strong competition on the intermodal market to win transport contracts, which exerts an adverse impact on service margins, especially given the limited demand in other areas of rail transport. In Q1 of this year, services were provided by 33 operators (compared to 29 in Q1 last year), including one company that is new in the market (Rail STM).²³

Transport operations carried out by the rail industry in H1 2025 confirm the sector's stagnation, related, among other factors, to weak demand in Western Europe, which unfortunately translates into a direct impact on the number of orders for rail freight transport operations. In addition to the poor performance of EU economies, the key factors contributing to the reduction in the scale of transport continue to be: the war in Ukraine, disruptions and restrictions in global trade (including increases in customs tariffs) and relatively high prices in Europe (compared to other economically competitive areas) for electricity supplied to industry and transport.

When analyzing the structure of cargo transported by rail in Poland during the first 6 months of 2025, it should be noted that hard coal (the share of which in the transport structure is gradually decreasing) was still the largest cargo category²⁴, accounting for 28.5% of total transport. The following changes in rail transport year-on-year performance were recorded over that period in the cargo categories defined by Statistics Poland:²⁵

- hard coal (down -1.7% yoy to 29.8 million tons),
- aggregates, stone, sand and gravel (down -5.2% yoy to 24.4 million tons),
- refined petroleum products (down -7.8% yoy to 9.6 million tons),
- chemicals, chemical products (down -3.5% yoy to 5.3 million tons),
- metals and metal products (up +4.7% yoy to 5.2 million tons),

²¹ Office of Rail Transport

²² As of the date of publication of the report, data on intermodal transport are available only for Q1 2025

²³ Office of Rail Transport (dane.utk.gov.pl/sts/transport-intermodalny)

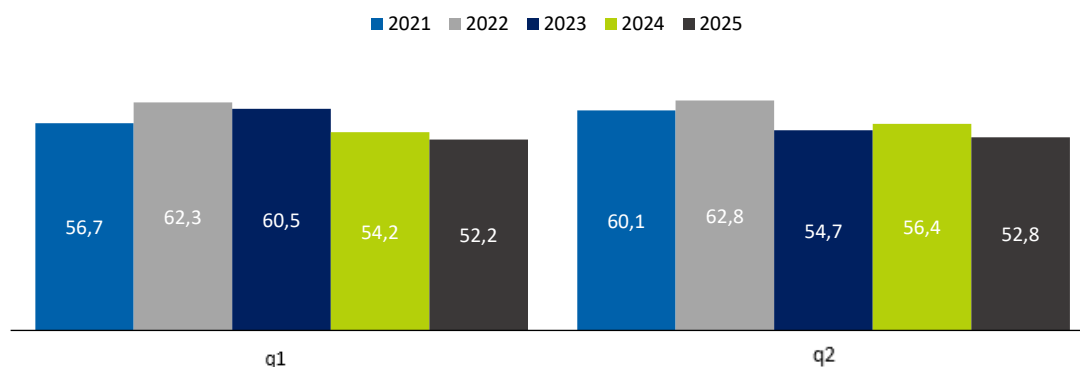
²⁴ Based on the NST classification – data from Statistics Poland

²⁵ Statistics Poland

- coke, briquettes, gases (down -15.7% yoy to 4.3 million tons),
- iron ore (up +6.9% yoy to 3.0 million tons),
- agricultural products (down -40.6% yoy to 2.0 million tons).

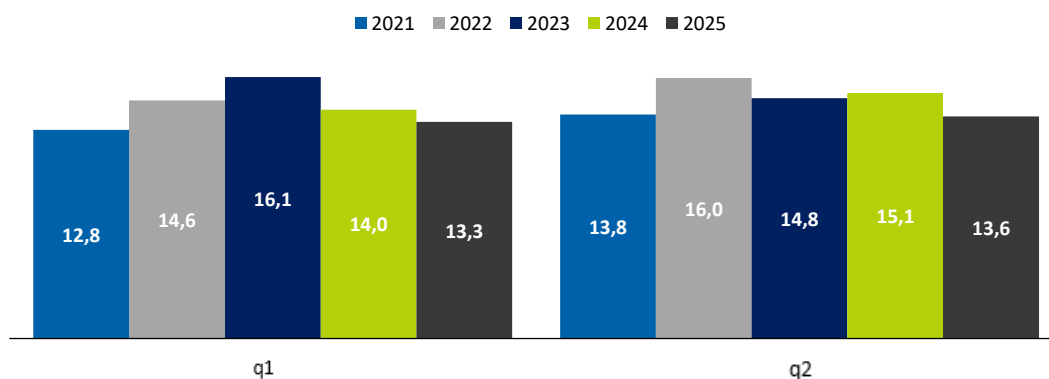
The decrease in freight volume transported by rail compared to the results for the same period in 2024 was mainly recorded in the following categories: other cargo (-1.5 million tons), agricultural products (-1.4 million tons), aggregates, sand and gravel (-1.3 million tons), petroleum refining products and coke, briquettes, gases (-0.8 million tons each) and to a lesser extent hard coal (-0.5 million tons) and chemicals (-0.2 million tons). At the same time, in H1 of this year, the market saw a noticeable year-on-year increase in rail transport, including in the following categories: other construction materials (+0.3 million tons), metals, metal products and iron ore (+0.2 million tons each).²⁶

Figure 5. Quarterly rail freight volumes in Poland (million tons) in 2021-2025



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

Figure 6. Rail freight turnover in Poland (billion tkm) broken down by quarter in 2021-2025



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

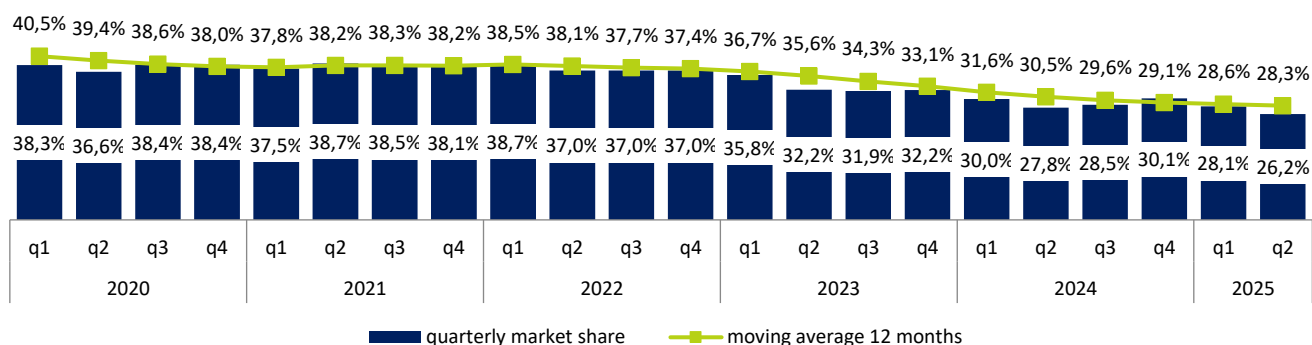
²⁶ Statistics Poland (data for the first 6 months of 2025)

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

In H1 2025, according to data from the Office of Rail Transport, 34 rail carriers performed transport operations whose market share in terms of freight volume transported exceeded the 0.5% threshold (compared to 31 carriers in H1 2024). These included two members of the PKP CARGO Group: PKP CARGO S.A. under restructuring and PKP CARGO Service Sp. z o.o.²⁷

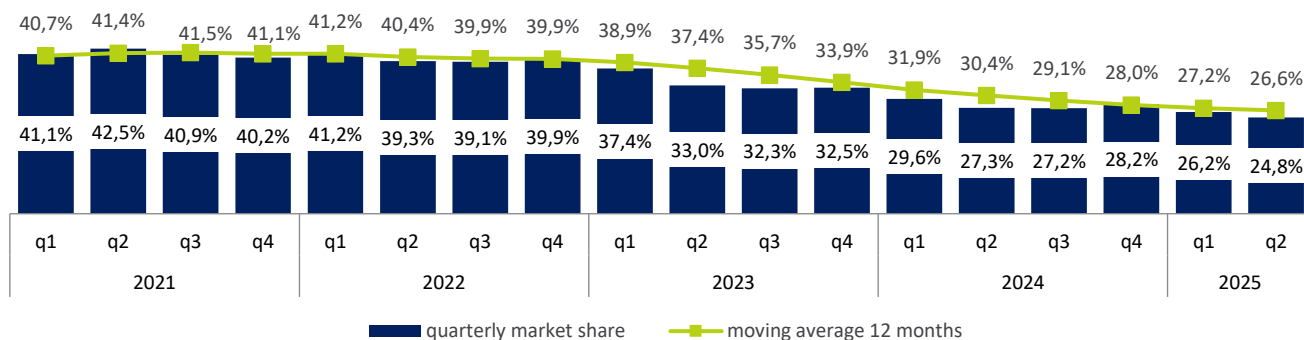
The PKP CARGO Group²⁸ continues to be the leader in the rail freight market in Poland both in terms of share in the transported freight volume and generated freight turnover. The market share of the PKP CARGO Group in H1 2025 was 27.2% (-1.7 p.p. yoy) in terms of freight volume and 25.5% in terms of freight turnover (-2.9 p.p. yoy).²⁹ At the same time, the market share of the PKP CARGO Group's parent company, that is PKP CARGO S.A. under restructuring, was 26.0% (-1.6 p.p. yoy) in terms of freight volume and 25.3% (-2.9 p.p. yoy) in terms of freight turnover.³⁰

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



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

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



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

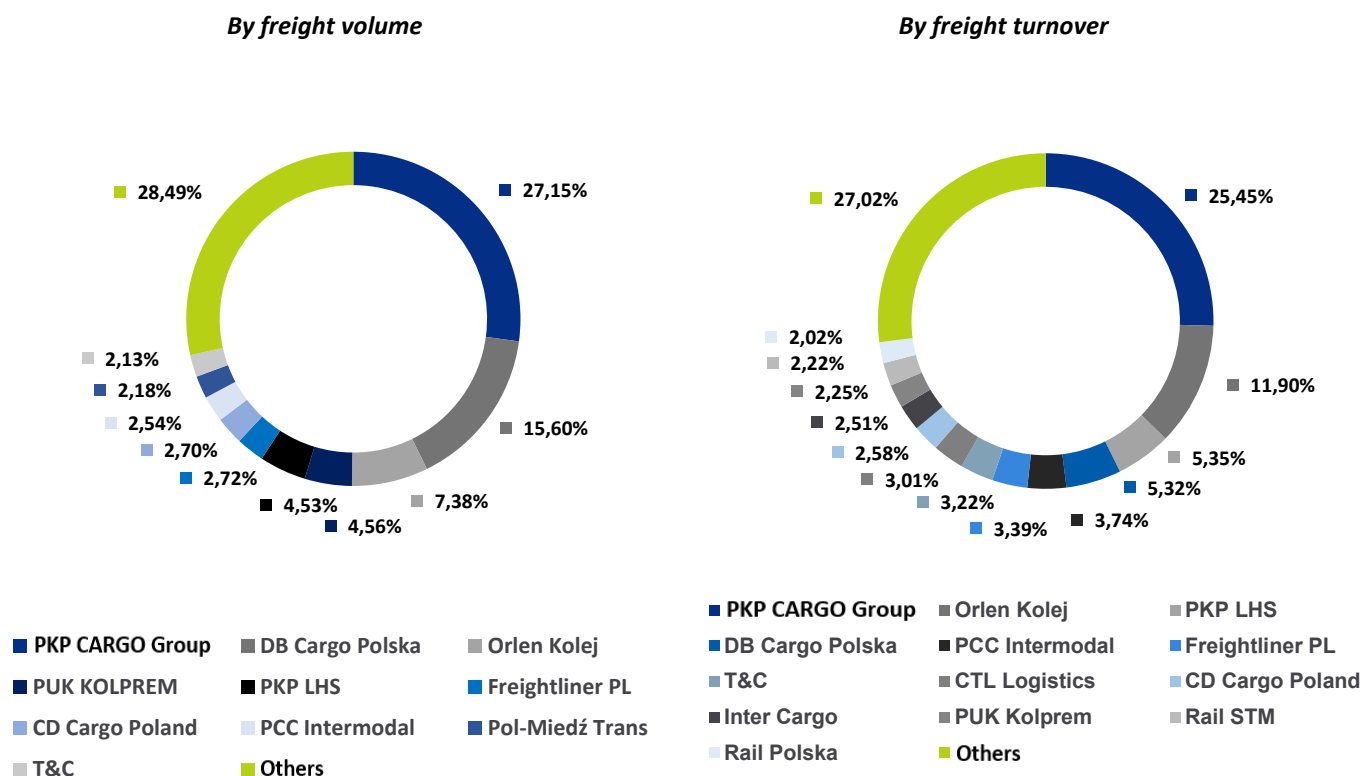
²⁷ Office of Rail Transport

²⁸ The PKP CARGO Group's freight volume includes cargo transported by PKP CARGO International a.s. in the territory of Poland.

²⁹ PKP CARGO Group and Office of Rail Transport data

³⁰ Office of Rail Transport

Figure 9. Market shares of the largest rail operators in Poland in H1 2025



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

The Group's main competitors on the Polish rail freight market in H1 2025 in terms of freight volume were the following operators: DB Cargo Polska, Orlen Kolej, PUK Kolprem, PKP LHS, Freightliner PL, CD Cargo Poland, PCC Intermodal, Pol-Miedź Trans and T&C. These are operators with a share of over 2% in the rail transport market volume.

In H1 2025, competing rail carriers transported a total of 76.4 million tons of cargo (-2.9% yoy) on the Polish market. The largest competitor in terms of volume handled was DB Cargo Polska, with a 15.6% market share and 16.4 million tons transported in H1 of this year (+1.1 million tons, or +7.0% compared to the volume transported in the same period of 2024). In H1 2025, this carrier gained nearly +1.8 p.p. yoy in market share (this was the largest increase in market share among the PKP CARGO Group's competitors). The largest decline in market share in H1 of this year was recorded by PKP LHS (-0.9 p.p. yoy) with a volume decline of -21.2% yoy and by T&C (-0.6 p.p. yoy).³¹

At the same time, in the period under analysis, freight turnover of PKP CARGO Group's competitors decreased by -3.6% yoy to 20.1 billion tkm. In this respect, the market shares of PCC Intermodal (+0.8 p.p.) and IGL (+0.6 p.p.) increased the most in year-on-year terms. Other small carriers combined achieved a market share increase of +0.8 p.p. yoy. Significant declines in market share among competitors were recorded by PKP LHS (-0.8 p.p. yoy) and T&C (-0.7 p.p. yoy).³²

Rail freight transport market in the Czech Republic

In Q1 2025, a total of 120.1 million tons of cargo (-1.4% yoy) were transported in the Czech Republic, and 20.3 billion tkm (+0.9% yoy) of freight turnover was performed.³³ In this period, a noticeable yoy decline was recorded in water transport (or -14.2% yoy in terms of freight volume and -6.6% yoy in terms of freight turnover). At the same time, freight turnover in road

³¹ proprietary material based on Office of Rail Transport data

³² proprietary material based on Office of Rail Transport data

³³ Ministry of Transport of the Czech Republic, Czech Statistical Office. Data for Q2 2025 will be available at the turn of Q4 2025 (data for rail, road and water transport)

transport increased by +2.2% yoy, with a decrease in freight volume by -2.2% yoy. In contrast, rail transport showed different trends, with an increase in freight volume by +2.6% yoy and a decrease in freight turnover by -4.9% yoy.

The average haul of freight transported on the market in Q1 2025 increased by +2.3% yoy to 169.3 km, with a +4.6% yoy increase in road transport (to 168.9 km) and a -7.3% yoy decrease in rail transport (to 168.6 km).³⁴

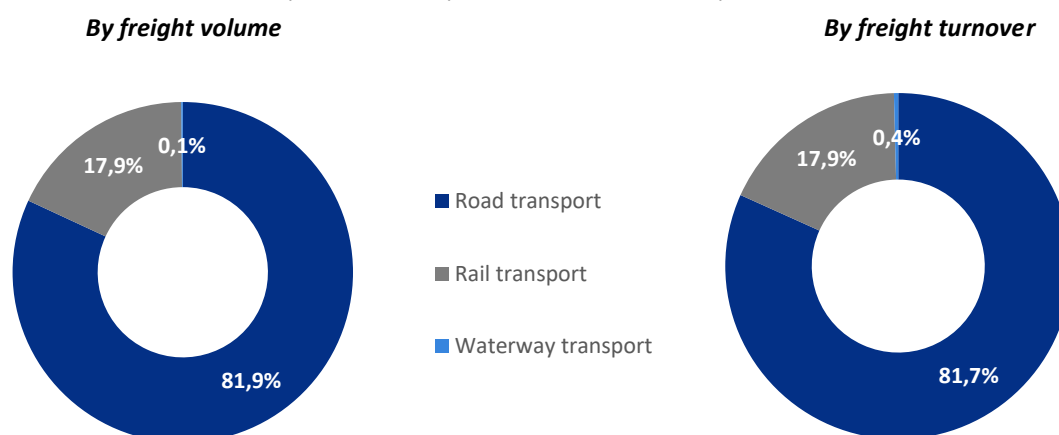
Table 12. Freight transport market in the Czech Republic in Q1 2025

Item	FREIGHT VOLUME			FREIGHT TURNOVER			AVERAGE HAUL		
	Volume (million tons)	Change yoy	Change % yoy	Volume (billion tkm)	Change yoy	Change % yoy	Distance (km)	Change yoy	Change % yoy
Total transport market	120.1	-1.7	-1.4%	20.3	0.2	0.9%	169.3	3.8	2.3%
Road transport	98.4	-2.2	-2.2%	16.6	0.4	2.2%	168.9	7.4	4.6%
Rail transport	21.6	0.5	2.6%	3.6	-0.2	-4.9%	168.6	-13.2	-7.3%
Waterway transport	0.2	-0.03	-14.2%	0.1	-0.01	-6.6%	459.6	37.1	8.8%

* Source: Proprietary material based on data published by the Ministry of Transport of the Czech Republic (data for rail, road and water transport).

In Q1 2025, rail transport in the Czech Republic recorded a slight increase in freight volume to 21.6 million tons (+2.6% yoy) with a slight decrease in freight turnover to 3.6 billion tkm (-4.9% yoy).³⁵ At the same time, freight transport by road fell by -2.2% (to 98.4 million tons) in terms of freight volume and increased by +2.2% (to 16.6 billion tkm) in terms of freight turnover. These results translated into a noticeable increase in the share of rail transport in terms of freight volume (+0.7 p.p. yoy), with a corresponding decrease in the share of road transport (-0.7 p.p. yoy). At the same time, rail recorded a decrease in its share in terms of freight turnover (-1.1 p.p. yoy), with an increase in the share of road transport (+1.1 p.p. yoy).

Figure 10. Shares of various modes of transport in the transport market in the Czech Republic in Q1 2025:

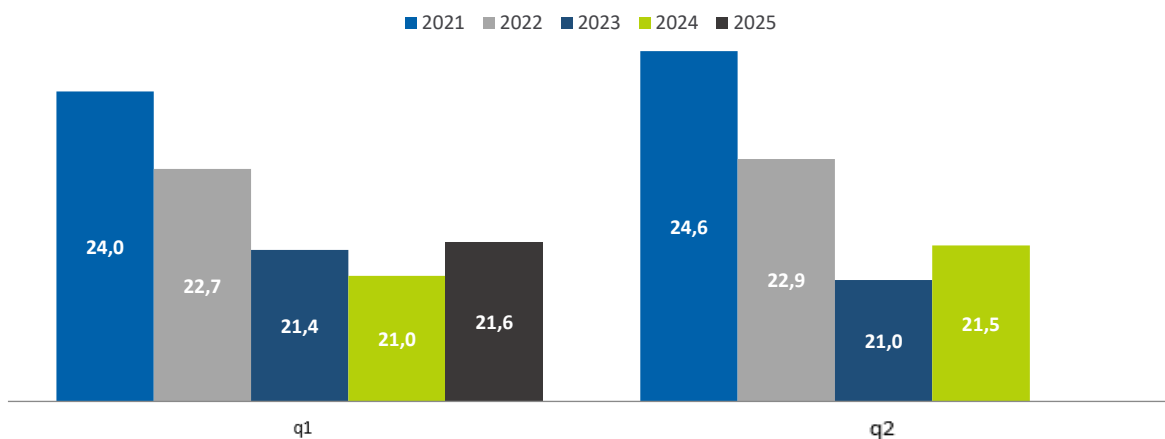


Source: Proprietary material based on data published by the Ministry of Transport of the Czech Republic and the Czech Statistical Office

³⁴ Ministry of Transport of the Czech Republic, Czech Statistical Office (data are for rail, road and water transport)

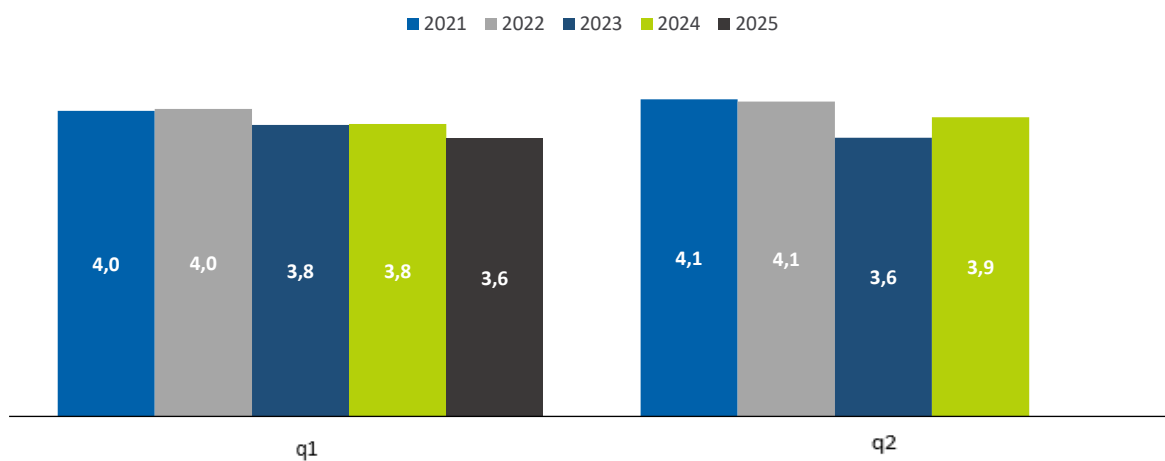
³⁵ Ministry of Transport of the Czech Republic, Czech Statistical Office (data are for rail, road and water transport)

Figure 11. Quarterly rail freight transport in the Czech Republic by freight volume in 2021-2025 (million tons)



Source: Proprietary material based on data published by the Ministry of Transport of the Czech Republic and the Czech Statistical Office

Figure 12. Quarterly rail freight transport in the Czech Republic by freight turnover in 2021-2025 (billion tkm)



Source: Proprietary material based on data published by the Ministry of Transport of the Czech Republic and the Czech Statistical Office

Position of PKP CARGO Group companies in the rail transport market in the Czech Republic

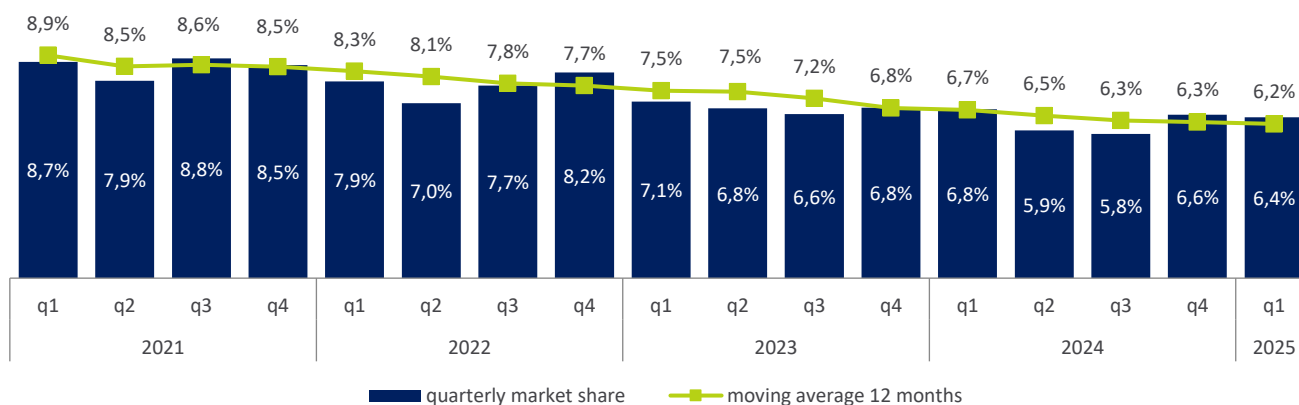
According to data from the Czech rail infrastructure manager (SŽDC), at the end of June 2025, there were 112 operators licensed to transport cargo on the Czech rail freight market, including two PKP CARGO Group companies: PKP CARGO S.A. under restructuring and PKP CARGO International a.s.³⁶

PKP CARGO International a.s. and the entire Czech rail industry are waiting for the economic recovery in the European Union, which should provide a new momentum to the country's whole sector, which is strongly focused on the export of manufactured goods. Unfortunately, despite a clear improvement in economic outlook readings and even results indicating a return to growth, there was no significant improvement in output performance and no associated improvement in transport demand in H1 of this year.

In H1 2025, PKP CARGO International a.s. transported 2.7 million tons of cargo (+0.3% yoy) with freight turnover of less than 0.3 billion tkm (-6.6% yoy). At the same time, PKP CARGO International's average haul decreased to 103.8 km (-6.9% yoy).³⁷ Solid fuels remained the largest cargo category in terms of freight volume, their share in the company's transport structure having declined from 54.5% in H1 2024 to 50.1% in H1 2025 (or -4.5 p.p. yoy). Intermodal transport remains in second place in terms of significance, with its share in the total volume down in H1 of this year to 15.8% (from 18.7% in H1 2024).

The largest increase in volume in this period was recorded in the transport of metals and ores (+189,000 tons, or +122.6% yoy), aggregates and construction materials (+32,100 tons, or +62.4% yoy) and other goods (+24,400 tons, or +47.0% yoy). In turn, the largest decrease in volume was recorded in the solid fuels segment (-115.8 thousand tons, or -7.9% yoy), intermodal transport (-78.8 thousand tons, or -15.6% yoy) and liquid fuels (-58.2 thousand tons, or -24.7% yoy). It should be emphasized that in H1 of this year, despite the decline in the volume of solid fuels, the company increased its hard coal freight turnover (up +32.6 thousand tons, or +4.2% yoy) and its share in the transport structure accounted for 29.8% of all freight (up +1.1 p.p.).³⁸

Figure 13. PKP CARGO International's quarterly market shares in total freight volume in the Czech Republic in 2021-2025*



* Data for Q2 2024 will be available at the turn of Q4 2024.

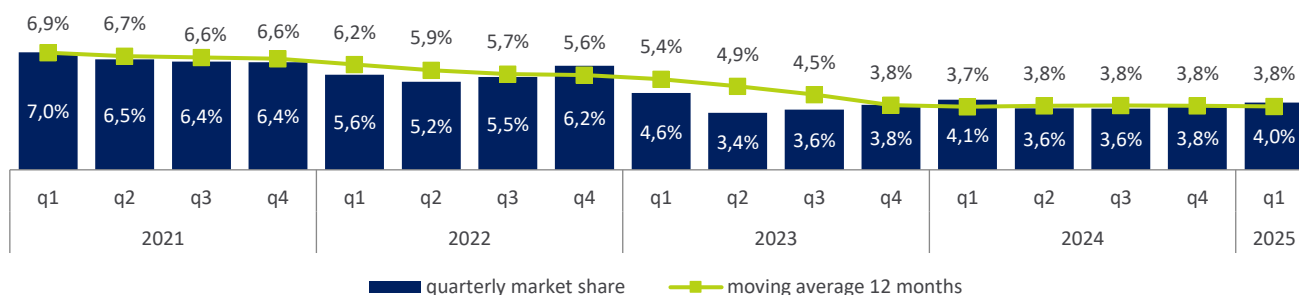
Source: Proprietary material based on data from the Czech Ministry of Transport, the Czech Statistical Office and PKP CARGO International

³⁶ SŽDC (list of carriers on national and regional tracks, updated on 28 April 2025)

³⁷ PKP CARGO International's own statistics

³⁸ PKP CARGO International's own statistics

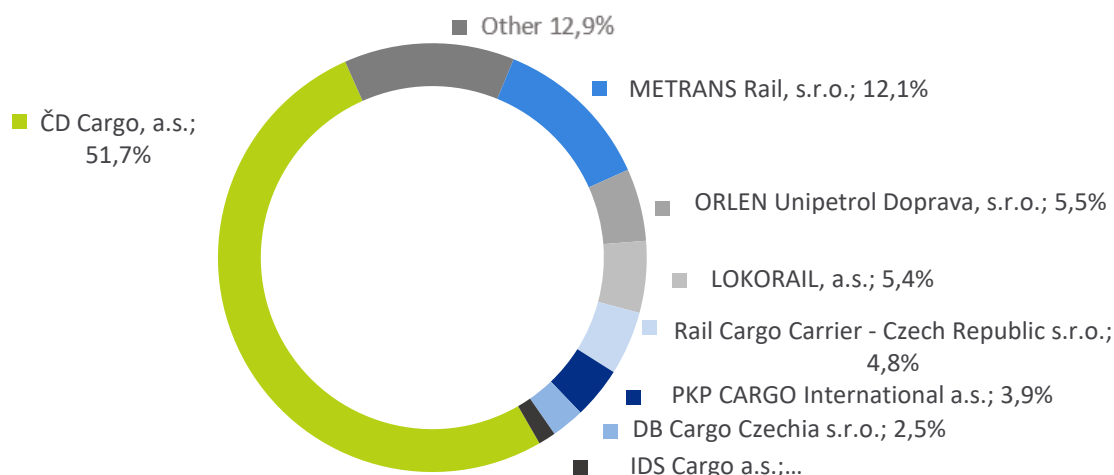
Figure 14. PKP CARGO International's quarterly market shares in terms of freight turnover in the Czech Republic in 2021-2025*



* Data for Q2 2025 will be available at the turn of Q4 2025.

Source: Proprietary material based on data from the Czech Ministry of Transport, the Czech Statistical Office and PKP CARGO International

Figure 15. Market shares of the biggest rail operators by operational freight turnover in the Czech Republic in H1 2025 (tkm)



Source: SŽDC (Czech rail infrastructure manager)

According to SŽDC data on market shares in rail transport in terms of freight turnover, in H1 2025, PKP CARGO International recorded a further year-on-year decrease in market share (-0.4 p.p. to 3.9%).³⁹ Due to the deterioration of its market share, the company's rank was lowered among operators on the Czech market, having slid to 6th place (compared to 5th place after Q1 of this year), with significant fluctuations in the performance reported by individual carriers.

ČD Cargo a.s. increased its market share yoy to 51.7% (+1.1 p.p.), which translated into a clear leading position on the Czech rail freight market in terms of freight turnover. Metrans Rail recorded a high year-on-year increase in market share in H1 2025 (+1.9 p.p. and an increase in share to 12.1%, strengthening its position as the market runner-up). Positive results were also reported by ORLEN Unipetrol Doprava (+0.5 p.p. yoy to nearly 5.5%; the carrier is a member of the Orlen Group, which still ranks third on the market, despite the continuing difficult situation on the Czech chemical and liquid fuel market) and DB Cargo Czechia s.r.o. (+0.2 p.p. yoy to 2.5%).⁴⁰

In turn, the following companies saw a significant decrease in their market share yoy: IDS Cargo a.s., a logistics operator providing transport services in the Czech Republic and Slovakia (-0.8 p.p. to 1.3%), Rail Cargo Carrier – Czech Republic (-0.7 p.p., a decrease in market share to 4.8%) and LOKORAIL a.s. (-0.03 p.p. and a slight decrease in market share to 5.4%). Retrack Czech s.r.o., which still had a 1.4% market share in Q1 of this year, was not included in the ranking, having recorded a result in terms

³⁹ SŽDC

⁴⁰ SŽDC

of train-kilometers traveled below 1% of the market, which translated into the carrier not being included in the results of freight turnover in tkm.⁴¹

Other smaller operators combined recorded a noticeable increase in market share during this period (+0.4 p.p. voy), which translated into a nearly 12.9% share in freight turnover in the Czech Republic.⁴²

The list of the largest rail operators on the Czech market for H1 2025, compiled by SŽDC, does not include the independent performance of PKP CARGO S.A., as it did not exceed the threshold of 1% market share in terms of operational turnover, which is expressed in train-kilometers (which implies that the result is also not presented in terms of share in total freight turnover in tkm). In H1 2025, compared to the same period last year, PKP CARGO's independent transport in the Czech Republic increased slightly. Transit transport of paper, automotive products and metals increased. Fertilizer was transported to the Czech Republic and in transit to Slovakia, which was not the case in 2024.⁴³

PKP CARGO Group's rail transport

Data on transport activities carried out by the PKP CARGO Group for H1 2025 and H1 2024 include consolidated data for PKP CARGO S.A., PKP CARGO SERVICE sp. z o.o. and the companies of the PKP CARGO International Group. Transport services within the Group are provided by six companies: PKP CARGO S.A., PKP CARGO SERVICE sp. z o.o., PKP CARGO International a.s., PKP CARGO International HU Zrt., PKP CARGO International SK s.r.o. and PKP CARGO INTERNATIONAL SI d.o.o.

Table 13. Freight turnover of the PKP CARGO Group in H1 and Q2 2025 and 2024

Item	H1 2025	H1 2024	Change H1 2025/ H1 2024		H1 2025	H1 2024	Q2 2025	Q2 2024	Change Q2 2025/ Q2 2024	
	(million tkm)		%		percentage of total (%)		(million tkm)		%	
Solid fuels ¹	2,636	3,194	- 557	-17.5%	34%	35%	1,135	1,446	-312	-21.5%
<i>of which hard coal</i>	2,256	2,562	-305	-11.9%	29%	28%	956	1,145	-189	-16.5%
Aggregates and construction materials ²	1,678	2,113	-435	-20.6%	22%	23%	948	1,206	-259	-21.4%
Metals and ores ³	653	569	84	14.8%	9%	6%	347	294	53	17.8%
Chemicals ⁴	770	870	-101	-11.6%	10%	10%	380	441	-61	-13.9%
Liquid fuels ⁵	160	334	-174	-52.2%	2%	4%	89	155	-67	-42.9%
Timber and agricultural produce ⁶	258	429	-171	-39.9%	3%	5%	121	181	-59	32.7%
Intermodal transport	1,256	1,362	-106	-7.8%	16%	15%	625	685	-61	-8.8%
Other ⁷	250	246	4	1.5%	3%	3%	129	138	-9	-6.2%
Total	7,659	9,116	-1,457	-16.0%	100%	100%	3,774	4,547	-774	-17.0%

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

⁴¹ SŽDC

⁴² SŽDC

⁴³ PKP CARGO S.A.'s own statistics

Table 14. Freight volume of the PKP CARGO Group in H1 and Q2 2025 and 2024

Item	H1 2025	H1 2024	Change H1 2025/ H1 2024		H1 2025	H1 2024	Q2 2025	Q2 2024	Change Q2 2025/ Q2 2024	
	(million tons)		%		percentage of total (%)		(million tons)		%	
Solid fuels ¹	14.7	16.0	-1.3	-8.3%	47%	46%	6.5	7.3	-0.8	-10.9%
<i>of which hard coal</i>	13.2	13.7	-0.5	-3.7%	42%	39%	5.8	6.2	-0.4	-6.3%
Aggregates and construction materials ²	6.2	8.1	-1.8	-22.5%	20%	23%	3.5	4.5	-1.0	-21.8%
Metals and ores ³	2.4	2.3	0.1	5.6%	8%	6%	1.3	1.1	0.1	10.5%
Chemicals ⁴	2.2	2.7	-0.4	-16.6%	7%	8%	1.1	1.3	-0.3	-19.2%
Liquid fuels ⁵	0.7	1.2	-0.4	-38.6%	2%	3%	0.3	0.5	-0.2	-33.7%
Timber and agricultural produce ⁶	0.9	1.1	-0.2	-17.6%	3%	3%	0.4	0.5	-0.1%	-17.4%
Intermodal transport	3.1	3.1	0.1	2.8%	10%	9%	1.6	1.5	0.1	5.6%
Other ⁷	0.9	0.7	0.2	26.0%	3%	2%	0.5	0.4	0.1	18.9%
Total	31.1	35.0	-3.8	-10.9%	100%	100%	15.1	17.1	-2.0	-11.7%

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

Table 15. Average haul of the PKP CARGO Group in H1 and Q2 2025 and 2024

Item	H1 2025	H1 2024	Change H1 2025/ H1 2024		Q2 2025	Q2 2024	Change Q2 2025/ Q2 2024	
	(km)		%		(km)		%	
Solid fuels ¹	180	200	-20	-10.0%	175	198	-24	-12.0%
<i>of which hard coal</i>	171	187	-16	-8.5%	165	185	-20	-10.9%
Aggregates and construction materials ²	269	262	6	2.4%	271	269	1	0.5%
Metals and ores ³	274	252	22	8.7%	276	259	17	6.6%
Chemicals ⁴	346	326	20	6.0%	356	334	22	6.6%
Liquid fuels ⁵	224	288	-64	-22.2%	276	321	-45	-14.0%
Timber and agricultural produce ⁶	291	399	-108	-27.0%	285	350	-65	-18.6%
Intermodal transport	399	445	-46	-10.3%	400	464	-63	-13.7%
Other ⁷	286	355	-69	-19.4%	286	362	-76	-21.1%
Total	246	261	-15	-5.7%	250	266	-16	-6.0%

¹ Includes hard coal, coke and lignite.

² Includes all kinds of stone, sand, bricks and cement.

³ Includes ores and pyrites, as well as metals and metal products.

⁴ Includes fertilizers and other chemicals.

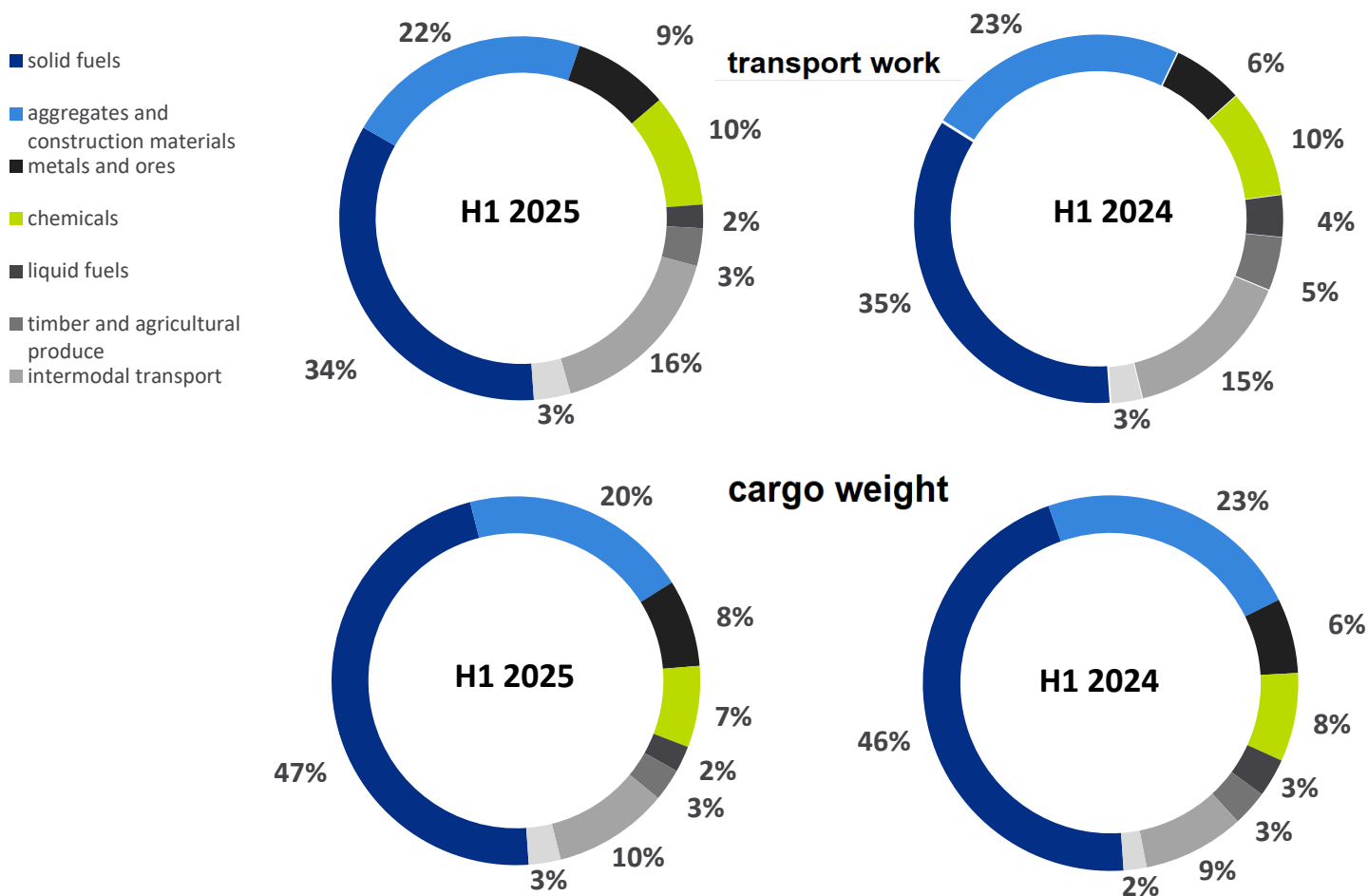
⁵ Includes crude oil and petrochemical products.

⁶ Includes grain, potatoes, sugar beets, other produce, wood and wooden products.

⁷ Includes other freight.

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

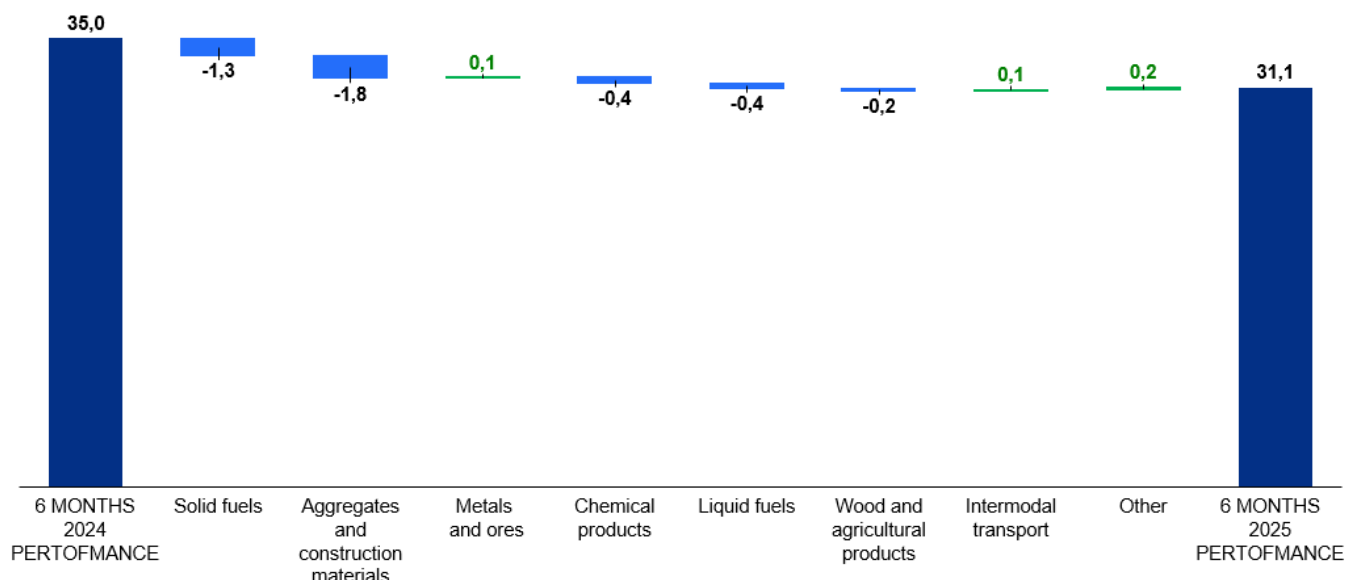
Figure 16. Structure of the PKP CARGO Group's freight turnover and freight volume in H1 2025 and 2024



Source: Proprietary material

In H1 2025, the PKP CARGO Group transported a total of 31.1 million tons.

Figure 17. Freight volume of the PKP CARGO Group for H1 2025 compared to the corresponding period in 2024.



Source: Proprietary material

Key factors that affected the volume of transport in individual cargo categories in H1 2025:



- Gradual decline in the share of hard coal as a fuel due to the adaptation of companies' activities to climate policy requirements,
- growing competitiveness of other fuels, development of electricity generation from renewable energy sources and implementation of transition policies resulting in lower demand for this commodity,
- Reduced demand for coal for coke production for the metallurgical sector due to lower steel production and, also, lower demand for heating (climate change and accumulation of coal stocks),
- competition from other rail and road carriers,
- PKP CARGO INTERNATIONAL – lower transport volumes for the energy and industrial production sectors,
- decrease in the average haul of hard coal transport by 20 km (-10.0%) due to a change in delivery directions – reduction in the share of transport via ports and a significant number of transport operations over shorter distances under the contract obtained.



- Reduced deliveries of limestone used in flue gas desulfurization installations for the Polish and German energy sectors due to weather conditions favorable for electricity generation from renewable sources and a general decline in demand for electricity,
- technological and maintenance breaks in several Lower Silesian aggregate mines; decrease in output at the Radkowice mine due to the depletion of the deposit,
- competition from rail carriers with spare capacity due to a decline in demand for transport of coal (among other categories) and road carriers benefiting from greater availability of drivers and means of transport following restrictions on access to eastern markets,
- PKP CARGO INTERNATIONAL – lower demand for transport – reduction in the production level of one of the customers in Hungary,
- increase in the average transport haul by 6 km (+2.4%) due to a change in the structure/directions of deliveries, mainly for the needs of infrastructure investments in various parts of Poland.



**METAL
AND ORES**

- Acquisition of unplanned transport to the Czech Republic, increased demand for scrap metal from the steel industry,
- PKP CARGO INTERNATIONAL – increased customer demand,
- increase in the average haul by 22 km (+8.7%) – change in the structure of freight routes.



**LIQUID
FUELS**

- Reduced number of orders for petroleum coke to Ukraine,
- PKP CARGO INTERNATIONAL – lower volume of transport from Germany,
- average haul down by 64 km (-22.2%).



**WOOD AND
AGRICULTURAL
PRODUCTS**

- Reduced transit shipments of grain from Ukraine to West European countries due to the redirection of grain exports from Ukraine through the port of Odessa and Romanian ports,
- Reduced demand for wood for paper production; transport carried out by one of the customers under its own license,
- decrease in the average haul by 108 km (-27.0%) as a result of a decrease in the share of transit transport of grain, feed and timber.



**CHEMICAL
PRODUCTS**

- Reduced hydrocarbon transport operations – limited delivery of shipments from the East due to the embargo in force,
- transport carried out by one of the customers using its own carrier,
- increase in the average haul by 20 km (+6.0%) – decrease in the share of short-distance transport to Ukraine near the border.



**INTERMODAL
TRANSPORT**

- Slight decrease in intermodal transport compared to H1 2024. Decrease in the transport of wood chips for power plants,
- PKP CARGO INTERNATIONAL – reduced transport from Bratislava and Budapest to the port of Koper,
- increased customer demand for transport through Polish seaports, signing of new contracts,
- decrease in the average haul by 46 km (-10.3%) due to a change in the structure of transport operations.



OTHERS

- Transportation services in connection with a new customer contract for the export of mining waste,
- decrease in the average haul by 69 km (-19.4%).

3.3. Information on business segments

The PKP CARGO Group does not distinguish between operating segments of its business, as it has one key product to which all significant services provided are assigned. The Group conducts its business within one main segment – domestic and international cargo freight and provision of comprehensive logistics services related to rail freight. Moreover, the Group provides services related to rolling stock repairs, infrastructure maintenance and reclamation services, but these are not significant from the point of view of the Group's operations and are not treated as separate operating segments.

3.4. Headcount

Since the beginning of 2025, the PKP CARGO Group has recorded a decrease in headcount by 560 staff, including 291 staff in PKP CARGO S.A. under restructuring.

Figure 18. Headcount in PKP CARGO Group as at 30 June 2025 and 31 December 2024

Employment in the group (persons) as of:	Worker positions in the group (persons) as of:	Non-worker positions in the group (persons) as of:
30/06/2025	30/06/2025	30/06/2025
14 174	10 528	3 646
31/12/2024	31/12/2024	31/12/2024
14 734	10 997	3 737

Source: Proprietary material

3.5. PKP CARGO Group's investments

In 6M 2025, the PKP CARGO Group incurred capital expenditures of PLN 172.3 million, down 60.5% compared to the corresponding period of 2024. These expenditures were spent on the acquisition of property, plant and equipment and intangible assets in the form of procurement, modernization and the overhaul component (periodic repairs of P4 and P5 rolling stock and periodic checkups of P3 rolling stock). Capital expenditures also include right-of-use assets (mainly lease of real estate) resulting from IFRS 16.

The majority capital expenditures are related to rolling stock, mainly repairs and periodic inspections of rolling stock (the number of periodic repairs and periodic inspections of rolling stock performed during this period results from the rolling stock DSU cycles approved by the UTK) and locomotive upgrades – a total of PLN 138.2 million (or 80.2% of total capital expenditures).

Moreover, the Group incurred capital expenditures on construction projects of PLN 1.3 million, purchases of machinery, equipment and other workshop equipment in the amount of PLN 2.4 million, and on computerization, that is the purchase of computer hardware and intangible assets (software) in the amount of PLN 1.6 million, and PLN 28.8 million on right-of-use assets, including: PLN 25.7 million on property leases and PLN 3.1 million on other rights.

Table 16. Capital expenditures on property, plant and equipment, intangible assets and right-of-use assets in the PKP CARGO Group in 6M 2025, as compared to 6M 2024 (PLN million)

Item	6 months 2025	6 months 2024	Change 2025-2024	Change 2025-2024 %
Investment construction activity	1.3	3.0	-1.7	-56.7%
Locomotive upgrades	15.1	0.0	15.1	-
Workshop machinery and equipment	1.9	6.1	-4.2	-68.9%
ICT development	1.6	2.9	-1.3	-44.8%
Other	0.5	0.9	-0.4	-44.4%
Components in overhaul, including:	123.1	300.2	-177.1	-59.0%

<i>Repairs and periodic inspections of locomotives</i>	40.3	56.6	-16.3	-28.8%
<i>Repairs and periodic inspections of wagons</i>	82.8	243.6	-160.8	-66.0%
Right-of-use assets*, of which related to:	28.8	122.9	-94.1	-76.6%
<i>Real properties</i>	25.7	63.3	-37.6	-59.4%
<i>Locomotives</i>	0.5	51.1	-50.6	-99.0%
<i>Other rights*</i>	2.6	8.5	-5.9	-69.4%
Total	172.3	436.0	-263.7	-60.5%

* Expenditures on right-of-use assets do not include increases resulting from the sale and leaseback of transport/transshipment equipment for 6M 2024 in the amount of PLN 6.2 million.

Source: Proprietary material

3.6. Key information and events in H1 2025 and until the date of this report

3.6.1 Submission of the Restructuring Plan and Composition Proposals for Creditors to the court

On 30 June 2025, the Company's Restructuring Administrator submitted to the competent court a Restructuring Plan prepared in compliance with Article 10 of the Restructuring Law (Journal of Laws of 2022, item 2309, as amended). The Restructuring Plan provides for the implementation of restructuring measures aimed at restoring the Company's profitability, ensuring its long-term development and helping it regain its ability to settle its liabilities. The scheduled horizon for the implementation of key restructuring initiatives covers the period from July 2025 to December 2026.

The Plan provides in particular for:

- stabilization of the financial situation in the short term through measures aimed at optimizing cash flows, renegotiating financial liabilities, reducing costs and increasing revenues, including through the development of cooperation with key customers,
- implementation of comprehensive restructuring measures covering the period until 2031,
- further development of core activities, that is rail transport, while reducing its presence in declining markets, including through the gradual phasing out of operations in the coal transport segment,
- focusing on the intermodal and specialized transport segment, which is characterized by higher margins and less susceptibility to economic fluctuations.

The plan includes, among other measures, the restructuring of:

- key operational processes affecting the unit costs of service provision and their profitability,
- the Company's organizational structure,
- division of powers between the Company and its subsidiaries in the PKP CARGO Group,
- fixed assets,
- sales activities.

According to the assumptions adopted in the Restructuring Plan, if the planned measures are successfully implemented:

- in 2031, it will be possible to achieve EBITDA of approximately PLN 1,296 million,
- the share of employee benefits in the total cost structure may be reduced from approximately 45% to approximately 31%,
- the revenue structure will change, including through a decrease in the share of revenue from hard coal transport to 13% and an increase in the share of intermodal transport to 19% in 2031.

The Restructuring Plan contains information that the main shareholder of PKP CARGO S.A. under restructuring is considering the possibility of granting a loan of up to PLN 500 million for operating activities. An important condition for PKP S.A. to grant support is the prior approval of settlement proposals with creditors as an element of the Restructuring Plan. Moreover, these funds will only be permitted to be used for development activities enabling the strengthening of the potential and market position of PKP CARGO S.A. in the future and not for the repayment of Creditors.

On 30 June 2025, the PKP CARGO Management Board also submitted Composition Proposals for Creditors to the competent court. The Composition Proposals, which are an integral part of the Restructuring Plan, provide for the breakdown of Creditors into groups corresponding to specific categories of interests. The purpose of the proposed breakdown into nine groups is to enable a more flexible approach to different categories of liabilities, increasing the likelihood of the composition being accepted and effectively implemented.

The Composition Proposals have been prepared taking into account:

- the Company's current and projected financial capabilities,
- need to restore its long-term ability to settle its liabilities,
- need to maintain operational continuity and carry out its core business activities,
- principle of equal treatment of creditors within a given group.

The purpose of the proposed breakdown into nine groups is to enable a more flexible approach to different categories of liabilities – both in terms of their repayment date and the possible cancellation of part of the receivables or spreading the payments into installments – increasing the likelihood of the composition being accepted and effectively implemented.

3.6.2 Optimization measures in the employment area at PKP CARGO S.A. under restructuring

On 6 June 2025, the Company's Management Board decided to carry out mass layoffs at the units and head office of PKP CARGO S.A. under restructuring. The mass layoffs announced at the time were scheduled to affect up to 1,041 employees in 2025 and up to 1,388 in 2026 in various professional groups. The layoffs were to be carried out by 30 September 2026, with the mass layoffs planned for 2025 to be completed by the end of July 2025. On the same day, the Company informed the inter-company trade unions about the commencement of consultations at the unit level, that is in each of the PKP CARGO S.A. under restructuring 7 units and head office, regarding its intention to carry out mass layoffs due to the need to report them as one of the restructuring measures in the Restructuring Plan, which was due to be submitted to the court by June 30 of this year.

On 17 June 2025, the Company's Management Board decided to begin the process of introducing new Organizational Bylaws for PKP CARGO S.A. under restructuring. The primary objective of the proposed changes was to transform the structure of PKP CARGO into a uniform entity with concentrated management centers and defined core, support and management processes by standardizing the employment structure. On 1 August 2025, the new Organizational Bylaws of PKP CARGO S.A. under restructuring were put in place.

On 25 June 2025, a proposal was made to the Social Party – the inter-company trade union organizations – to enter into a memorandum of agreement between the Parties by the end of July 2025, which would result in shortening the validity of the Collective Bargaining Agreement for Employees Hired by PKP CARGO S.A. ("CBA") until 31 October of this year (compared to the 24-month notice period of the CBA, which expires on 11 June 2026). The Company's intention was to commence negotiations on a new agreement after the signing of the memorandum of agreement, which would include job evaluations and the development of an incentive system. Moreover, it was estimated that the savings generated by shortening the term of the existing CBA would enable the implementation of cost reductions to an extent that would make it possible to depart from the decision on mass layoffs announced on 6 June of this year. The draft memorandum of agreement was submitted to the trade unions on 23 July 2025. Due to the absence of response from the Social Party to the proposed agreement on shortening the provisions of the CBA within the set deadline, that is 31 July 2025, the PKP CARGO Management Board decided, on 11 August 2025, to commence the announced restructuring in the employment area. According to the assumptions of the Restructuring Plan, the process of mass layoffs was to take place by 30 September 2025 and affect up to 765 employees.

Moreover, in July 2025, measures were also taken to regulate the operation of trade unions at PKP CARGO S.A. units undergoing restructuring, in connection with the implementation of the single employer concept and the formal transfer of the units' employees to the head office of PKP CARGO S.A. undergoing restructuring on 1 August 2025, under Article 23¹ of the Labor Code. Due to the legal automatism adopted in the Labor Code exclusively in relation to individual labor law relations, binding only the employee and the employer, and the absence of legal grounds for the simultaneous transfer of a trade union organization in the event of a transfer of a workplace, a procedure is underway to include the new employer in the trade union's scope of activity.

At the same time, in connection with the reorganization of the Company towards a single employer, the Company trade unions received drafts of the new Bonus Bylaws at PKP CARGO S.A. under restructuring and the new Labor Bylaws at PKP CARGO S.A. under restructuring for the purpose of preparing and submitting a joint stance.

On 29 August of this year, the statutory 30-day period for all trade unions to present a joint stance on the agreement of the Bonus Bylaws expired. In view of the successful agreement with the organization representing the largest number of employees, these Bylaws came into force. However, the provisions of the Labor Bylaws were still subject to consultation with the trade unions. The new Labor Bylaws were communicated to employees on 17 September 2025 and will come into force on 1 October 2025.

On 1 August of this year, the Company implemented new Organizational Bylaws at PKP CARGO S.A. under restructuring, according to which the Company operates as a single employer, without a unit-based structure – Resolution No. 152/2025 of the PKP CARGO S.A. under restructuring Management Board of 27 June 2025. The new, homogeneous and more integrated organizational structure consists of organizational units directly subordinate to the members of the Company's Management Board (offices, departments, occupational health and safety team), within which there are executive sections: transport, rolling stock maintenance, infrastructure maintenance, organized into field areas of operation. The detailed competences of the Company's organizational units and their internal structures are specified in the organizational bylaws of these units.

On 18 September 2025, the Restructuring Administrator of PKP CARGO S.A. under restructuring, after having obtained prior approvals from the Management Board and the 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, pursuant to the Act of 13 March 2003 on the detailed principles of terminating employment for reasons not attributable to employees. Up to 500 employees of the Company, across various professional groups, will be covered by the mass layoffs by 30 September 2025. The mass layoffs in the Company will be financed from the proceeds of the sale of freight wagons removed from operational use, up to PLN 35 million.

On 22 September 2025, in the absence of an agreement on mass layoffs between the Company and the trade union organizations, the Bylaws on Mass Layoffs at PKP CARGO S.A. under restructuring were published. The mass layoffs will affect a total of up to 500 employees in the following professional groups: train engineers – up to 120 employees; dispatchers and agents – up to 129 employees; shunting teams – up to 59 employees; inspectors – up to 13 employees; administrative positions – up to 89 employees; traction fleet maintenance – up to 88 employees; other station employees, including drivers – up to 2 employees. The dismissal will be carried out on a one-off basis for all employees covered by the mass layoff, which means that employees will receive statements from PKP CARGO regarding the termination of their employment contracts no earlier than on the day following the date of notification to the Country Labor Office. In cases where it will be impossible to deliver the termination notice to specific employees for reasons not related to the Company, in particular due to the employee's absence, the termination notice will be delivered immediately after the obstacle has been removed. The criteria for selecting employees for dismissal are as follows: liquidation of the job position, long-term failure to perform work in the position held, insufficient level of specialist knowledge, insufficient professional qualifications/licenses, unpunctuality, low attendance, failure to comply with labor bylaws, lack of availability, high cost of maintaining the position, entitlement to social security benefits, limited qualifications preventing wider use of the employee's competences in multi-disciplinary tasks, individual circumstances of the employee affecting their professional opportunities. Employees covered by the mass layoff procedure may be offered a change in their employment conditions in terms of their place of work or position, in accordance with their qualifications and the employer's needs. The following will not be covered by the mass layoffs: pregnant women, employees raising minor children on their own, employees raising disabled children under 16 or children over 16 with a significant degree of disability, employees in a special health situation requiring intensive treatment. If employees selected for the mass layoffs run a joint household, only one of them will be covered by the layoff. An employee who is made redundant as part of mass layoffs will be entitled to severance pay depending on the length of service with the employer:

- less than 2 years – severance pay equal to one month's salary,
- 2 to 8 years – severance pay equal to two months' salary,
- more than 8 years – severance pay equal to three months' salary.

The employees being dismissed have been offered training and counseling assistance as part of the assistance program for employees affected by the mass layoffs. The PKP CARGO Management Board is also actively working to secure employment for the Company's employees in other companies in non-competitive industries, such as transport. In recent weeks, PKP CARGO has signed several such letters of intent.

3.6.3 Judicial restructuring of the subsidiary PKP CARGOTABOR Sp. z o.o. under restructuring

Since 2 September 2024, PKP CARGOTABOR sp. z o.o. has been undergoing restructuring proceedings. In connection with the restructuring activities, the company's production activities have been reduced from 16 to 12 section locations. As a result of the liquidation of regional branches, mass layoffs were carried out by the end of 2024, following which, on 1 January 2025, the company's organizational structure was changed.

On 14 March 2025, the company submitted to the District Court for the Capital City of Warsaw in Warsaw a Restructuring Plan ("Plan") prepared for the purposes of the restructuring proceedings conducted under reference number WA1M/GRs/8/2024, which was approved by the Judge-Commissioner on 11 June 2025. The company's Plan provides for comprehensive measures in four key areas: management, human resources, operations and finance. It provides for the implementation of restructuring measures aimed at restoring the company's profitability and ability to settle its liabilities.

The Plan identifies two main groups of restructuring measures, including strategic measures covering two potential restructuring scenarios:

- continuing operations while implementing optimization measures and generating funds to repay liabilities from operating profits over the coming years.
- attracting an investor and increasing the share capital or selling the company or an organized part of the enterprise ("OPE") if such a solution proves to be more economically effective and in the interest of creditors, and supporting measures, that is restructuring of units and repair sections as well as employment, property, organizational, operational and financial restructuring.

The final path of the company's restructuring will depend on the further course of the process.

On 11 September 2025, the Restructuring Administrator of PKP CARGOTABOR Sp. z o.o. under restructuring sent a request for proposals regarding the possibility of acquiring the entire enterprise – the company, indicating that the company is ready to sell its assets both as an operating enterprise and as elements of distinct units. Therefore, as part of one of the restructuring scenarios, the company took steps to explore the possibility of selling its assets.

3.6.4 Sale of assets – wagons put out of service

On 9 September 2025, an online auction was held as part of proceedings concerning the sale of freight wagons no longer in operational use. In the proceedings concerning the sale of 7,801 wagons, one bidder submitted an offer for 6 of the 7 parts (regions) specified in the proceedings, offering a price in line with the minimum price set by the Commissioner Judge. By Resolution No. 288/2025, the Management Board of PKP CARGO decided to sell 6,696 wagons for a total net price of PLN 123.3 million. The sale of freight wagons that have been taken out of service is one of the restructuring measures. The proceeds will improve the Company's liquidity, including the implementation of further remedial measures with a view to improving the financial standing of PKP CARGO S.A. on a permanent basis.

3.6.5 Other key information and events

- On 28 February 2025, the Company's Restructuring Administrator presented a list of creditors to the District Court for the Capital City of Warsaw in Warsaw, 18th Commercial Division.
- On 28 February 2025, the Restructuring Administrator obtained the approval of the Judge-Commissioner to extend the deadline for submitting the Company's Restructuring Plan to the case file until 30 June 2025.
- On 25 March 2025, the Company's Management Board decided to enter into commercial agreements with companies from the Azoty Group for the transport of goods in domestic traffic, export, import and on foreign routes, as well as agreements with Grupa Azoty Zakłady Azotowe Puławy S.A. and Grupa Azoty S.A. for the lease of the Company's wagons. The agreements will remain in force until 31 August 2027. The maximum estimated net total value of these agreements during their term will be PLN 233.45 million.
- On 3 April 2025, a meeting was held between the Management Board of the subsidiary PKP CARGOTABOR Sp. z o.o. and the Trade Unions, at which an agreement was signed together with the Rules for Awarding Bonuses to Employees of PKP CARGOTABOR sp. z o.o. under restructuring.
- On 17 April 2025, a notice was published on the National List of Debtors about the date of filing a list of Creditors' Claims a list of disputed Creditors' Claims.
- On 19 April 2025, the Judge-Commissioner issued a Decision pursuant to Article 298 sec. 1, 2 and 3 of the Restructuring Law, accepting fully the Administrator's petition and granting consent for the Restructuring Administrator to withdraw from the mutual agreement, i.e. the Agreement on mutual obligations of the Parties to Company Collective Bargaining Agreement for Employees of PKP CARGO S.A. Units of 14 February 2005 (the "Valentine's Day Agreement"), with subsequent annexes to the Agreement, with effect from the date of commencement of remedial proceedings with respect to the Company, i.e. from 25 July 2024. The decision is not legally binding.
- On 29 July 2025, the Management Board of PKP CARGO received from Grant Thornton Polska P.S.A., the audit company appointed to audit the financial statements of the Company and its Group (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. In connection with the submission of the Restructuring Plan to Court on 30 June 2025 and the provision of additional audit evidence to the Auditor, the lack of which had previously resulted in the refusal to express an opinion on the above-mentioned Statements, the Auditor issued new Audit Reports invalidating those issued by the Auditor on 28 April 2025. The Reports were submitted to the Ordinary Shareholder Meeting of PKP CARGO S.A. on 30 July 2025.
- On 16 May 2025, in connection with the decision of PKP CARGO CONNECT Sp. z o.o. to sell its 21,407 shares in Terminale Przeładunkowe Sławków-Medyka Sp. z o.o. with its registered office in Sławków, with a total par value of PLN 21.4 million, representing 50% of the company's share capital, the Management Board agreed to take steps to prepare the sale of all shares held by PKP CARGO S.A. under restructuring, that is 340,000 shares held in the subsidiary EUROTERMINAL SŁAWKÓW Sp. z o.o. with its registered office in Sławków, with a total par value of PLN 17 million, representing 9.316% of the company's share capital. Negotiations are currently underway to determine the specific terms and conditions of the transaction.
- On 30 July 2025, the Ordinary Shareholder Meeting of PKP CARGO S.A. under restructuring which had been convened for 30 June 2025, after resuming its session, adopted a resolution on amending the Company's Articles of Association,

including § 26 sec. 2 thereof. The amendment to the Company's Articles of Association is related to the transposition into Polish law of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022, amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (CSRD), and, consequently, the Company's Articles of Association stipulate that the Audit Committee of the Supervisory Board of PKP CARGO S.A. will be responsible for supervising sustainability reporting. The amendments to the Company's Articles of Association were registered in court on 6 August 2025.

- On 31 July 2025, the Company's Management Board and PKP Polskie Linie Kolejowe S.A. signed Annex 2 to the Letter of Intent of 12 June 2024, the purpose of which is to continue joint activities aimed at the acquisition by PKP Polskie Linie Kolejowe S.A. from the Company of 100% of shares in CARGOTOR Sp. z o.o. In line with the Annex, the parties are obliged to execute this transaction no later than by 30 September 2025. Despite the expiry of the deadline specified in the Annex to the Letter of Intent, the Company indicates that discussions regarding this project will continue. However, their outcome is difficult to predict. The Company will inform of any significant decisions made in this regard in a current report.
- On 11 August 2025, PKP CARGO and its subsidiary PKP CARGOTABOR Sp. z o.o. under restructuring executed a Letter of Intent with the Lubuskie Province, with its registered office in Zielona Góra. This trilateral document is the starting point for negotiations concerning the potential acquisition by the Lubuskie Province of an organized part of PKP CARGOTABOR Sp. z o.o. under restructuring, namely the Locomotive Repair Section in Czerwieńsk. The Letter of Intent shall remain binding on PKP CARGOTABOR Sp. z o.o. under restructuring and the Lubuskie Province until 31 December 2026.

3.7. Description of the key threats and risks

Going concern risk of the Company

In 2024, demand for the Company's services decreased significantly, which affected financial position and liquidity of PKP CARGO S.A. under restructuring and the Company's 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 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. As a result, the restructuring proceedings were initiated on 25 July 2024. In the opinion of the Company's Management Board, the purpose of the restructuring proceedings is to improve the financial and liquidity position of the Parent Company.

The submission of the Restructuring Plan on 30 June 2025 was an important milestone in the restructuring proceedings. The 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 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. 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.

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 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 Company will have sufficient funds generated from current operations to cover current liabilities (without the liabilities included in the composition proceedings). 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 Management Board, 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 PKP CARGO stakeholders.

At the same time, in the event of negative deviations from current cash flow projections, the Company may be compelled to implement even more stringent restrictions on operating expenses and to reduce or postpone capital expenditures to later accounting periods.

The above cash flow projections are based on the assumption that the remedial proceedings currently pending against PKP CARGO 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, PKP CARGO 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 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 Management Board of PKP CARGO S.A. assesses the above risks to be low. This approach was also supported by the Company's shareholders. On 30 July 2025, the Ordinary Shareholder Meeting of PKP CARGO S.A. under restructuring adopted Resolution No. 37/2025 on the Company's continued operations. PKP CARGO 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. PKP CARGO S.A. settles its current liabilities related to its ongoing operations during the remedial process, with the exception of certain employee liabilities (which also include liabilities to the Guaranteed Employee Benefits Fund and write-offs for the Company Social Benefits Fund), as well as liabilities that are negotiated as part of agreements to change payment dates, including those due to a subsidiary. Liabilities to business partners providing services and materials necessary for the operation of rail transport are settled 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 Company complies with the instructions of the Judge-Commissioner and the Court. 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 of the composition proposals should be greater than in the case of bankruptcy proceedings of the Parent Company. Therefore, the above assumption that the composition agreement will be adopted on terms consistent with the current financial projections of the Parent Company is reasonable.

PKP CARGO S.A. believes that deferring the repayment of liabilities incurred before the commencement of the restructuring proceedings, combined with the actions taken by the Parent Company, 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.

Risk resulting from the macroeconomic situation

- A significant number of economic disputes in the international environment, negatively affecting international trade and global economic growth, which is curtailing the economic activity in Poland and the Czech Republic, among other countries;
- high volatility in the economic environment, limited demand in Europe, increased inflation, significant fluctuations of energy prices, and a reduced number of new orders in the industry;
- limited capacity utilization resulting from deglobalization and lower economic growth of key business partners;
- elevated uncertainty in commodity markets affecting investments and development of cooperation between enterprises;
- higher inflation in Poland than in the case of its main partners which generates additional capital costs;
- legal instability and tax regulations stifling investment;
- deferred effects of the energy crisis in Europe;
- increased fuel and energy costs (due, inter alia, to high CO₂ emission costs), as well as Poland's energy mix, which differs from the European standard (due to the high share of fossil fuels, especially coal), may have a strong negative impact on producers, as well as on the development and even reduction of production capacity in selected areas;
- reduced demand for bulk cargo which is of key importance to the PKP CARGO Group's transport operations (including, in particular, transports of hard coal as well as aggregates, coke, ores and metals), in industries of major interest to the Polish economy (such as the power sector, construction and metallurgy) contributes to a reduction in demand for rail transport services in these areas, which affects the transport and financial results of PKP CARGO Group companies;
- further restrictions on globalization and trade between countries (including through trade barriers such as tariffs), growing protectionism in particular economies, and a real escalation of trade disputes;
- continuing high macroeconomic imbalances in Poland – growing public finance deficit, deepening debt and very high debt servicing costs, additionally increased interest rates compared to competitive economies (which also results from expansionary fiscal policy and, consequently, increased inflation), very high defense and social spending (with no plan to slow down their growth), effectively reducing the growth rate of the Polish economy and potentially slowing down the country's development in the coming years;
- economic policy pushing for high spending on transition, which should lead to greater energy independence in the long term, but during the transition period there will be increased pressure for active state involvement, which may generate increased debt and deepen the country's macroeconomic imbalance.

Risks arising from geopolitical conditions

- Escalating geopolitical tensions and regional conflicts (including armed conflicts) in many parts of the world, including regions that are important for economic development, are leading to a gradual erosion of international cooperation and exchange;
- escalating problems in the operation of supply chains (including disruptions in sea, land, and air transport) are affecting global economic growth, as well as reshaping economic relationships and contribute to the development of new major economies, with a noticeable shift of the global economy towards Asia;
- fluctuating influence of the United States and China on global supply chains generates economic conflicts and leads to instability in individual commodity markets, especially as a result of tariffs and restrictions on international trade;
- a weak position of the European Union, despite its significant share in international trade and global GDP, generates numerous problems for its Member States, due to the EU's low decision-making power and limited negotiating power with major global players, which unfortunately has a negative impact on economic performance and scale of production;
- the ongoing conflict in Ukraine still contributes to the negative perception of the region as an area of increased business risk, which may effectively limit development opportunities and disrupt the positive growth momentum in the coming years, even after the end of the war,
- the war in Ukraine has resulted in a sharp decline in trade with Russia and Belarus and a noticeable increase in trade with Ukraine. At the same time, emerging conflicts (including those purely economic) may reduce the potential scale of trade in the years to come. Another important issue is the "New Silk Road" which may contribute to an increase in transport volumes in the future, especially if conflicts in the region are resolved and high trade volumes between the EU and China are maintained (at the same time, alternative versions of the route to Europe, not including Poland, are already under construction, which may significantly reduce the scale of container transport through Belarus and potentially through Ukraine to Poland in the future);

- the closing of the Polish-Belarusian border between 12 and 24 September 2025 forced the rail operators to manage traffic and look for alternative routes, especially for intermodal and container transport. PKP CARGO S.A. has been performing its contracts on this route mainly via Brześć-Terespol crossing and the terminal in Małaszewicze. Possible further border closures may compel the Company to redirect traffic and rail transport to longer alternative routes, which will increase the time and cost of contract performance and thus reduce its competitiveness. In addition to operating expenses (i.e., fuel, labor, rolling stock), costs related to infrastructure may increase. Also, customers require high predictability and punctuality of service, and any delays in rail transport result in market loss. If border closures become part of a national security policy and the standard response to emergencies, it will be necessary to develop plans to diversify rail traffic and routes in order to find alternatives for customers and avoid losing market share;
- the sanctions imposed on Russia and Belarus by the US and the European Union are affecting the economies of the aggressor states, reducing their potential and causing numerous economic problems. However, the restrictions are partially circumvented (inter alia, through numerous intermediaries), which results in the period of military operations being extended and the pressure less efficient. The Middle East remains one of the key hotspots due to the accumulation of conflicting interests in a relatively small area. This region is crucial for the supply of goods, due to the location of important trade routes, but also for the cost of energy supplies to Europe.

Risk associated with rail infrastructure

- Numerous instances of track works (including repairs and modernization) and the construction of new rail infrastructure significantly reduce the capacity of many routes, which unfortunately lengthens the duration of selected services and leads to a significant increase in costs, as well as a temporary decline in service quality and competitiveness compared to other modes of transport. The decrease in throughput also causes longer transport times and generates significantly increased traffic on alternative routes, which are not adapted to a significant increase in the scale of transport (which, unfortunately, also leads to their degradation in many cases);
- a 'wave-like' accumulation of work in the area of rail infrastructure is now seen in Poland. It is related to the lack of long-term planning of national funds and the expenditure of EU funds, for which no bridging funds are provided during transitional periods. As a result, the ongoing work is prolonged, which further limits the capacity of rail lines and reduces the competitiveness of the railroads compared to other forms of transport. Moreover, contractors are not able to finance the necessary technical facilities for the investment and maintain the appropriate staff, with downtime lasting as long as several months or years.
- uneven development of the various forms of transport in the rail market, which includes favoring passenger transport, given priority since it involves transporting people according to pre-arranged schedules (with an increase in the volume of transports), leads to limitation of opportunities for development and poorer competitiveness of freight transport (which, despite the ongoing decarbonization, may become only of secondary, auxiliary importance to other modes of transport);
- as the length of Polish rail lines does not really change and new projects are implemented on a very limited scale, while the freight traffic and passenger traffic grow quite dynamically, delays in the freight transport may occur frequently and its duration may be prolonged; Extended waiting times for the possibility of continuing transport, a lack of available slots, or even waiting areas for freight trains to continue their journey, and thus further lengthening the duration of transportation, can efficiently discourage the use of freight rail carriers, redirecting customers to road transport, among other options.

Risks associated with competition between road transport and rail transport

- Thanks to a well-developed road network and active competition between many service providers, road transport is the most flexible mode of transport, which presents a challenge and the main threat to the potential development of rail transport. The main advantages of the road transport operators over rail operators consist in their flexibility in adapting to the changing market conditions and ability to respond immediately to market needs. Rail transport is distinguished by its ability to carry significant volumes in a single shipment (which is a significant competitive advantage), but due to the limited need to transport such large quantities of goods, this does not allow rail operators to significantly increase the scale of their services (this is also caused, among other things, by network constraints);
- the upward trend, continuing in recent decades, in the market share of road transport at the expense of declining shares of other modes of transport⁴⁴;

⁴⁴ Statistics Poland, Czech Statistical Office

- significant unbalance of the transport system brings about a reduction in the scale of rail transport (relatively low transport volumes in the last 17 years)⁴⁵, while the road transport in Poland is constantly developing (resulting, inter alia, from the extensive road network in Poland and the small number of rail lines separating local and interregional transport, the lack of construction of a larger number of new lines and modernization that does not generate an increase in line capacity or a reduction in transport time),
- the dominance of road freight transport in Poland is the result of a number of competitive advantages over rail transport, including:
 - high disparities in the fluctuations of prices of energy sources for rail (electricity) and road (diesel fuel) transport, and the fact that in the case of electricity CO₂ emissions have been subject to taxation for many years and there is no such taxation for fuels,
 - diversification in the level of fees for the use of rail infrastructure (payment for using each section of public network) and public road infrastructure (taxes imposed only on selected sections) recalculated per 1 ton of transported goods,
 - highly developed road network in Poland and Czechia,
 - relatively low costs of access to road infrastructure in Poland (the roads where the toll applies represent a low percentage of the road network in Poland as a whole), while the entire railway network is subject to tolls based on time spent on the network, even if no transport is provided),
 - high flexibility of road operators with respect to changes in transport volumes,
 - significantly greater average commercial speed as compared to rail transport coupled with the possibility of providing direct door-to-door transport services,
 - limited involvement of rail operators in the energy transition.

Risks arising from the Group's high dependence on a small number of industries and associated companies

- A large number of agreements signed with customers by the PKP CARGO Group are long-term and renewable agreements. This results from customers' demand for transporting considerable volumes of bulk cargo, including coal, aggregates, metals, ores and chemicals, as well as other raw materials, components and ready goods, on a regular basis. This creates a need for the Group companies to own and prepare an adequate level of resources (including rolling stock and qualified personnel) to enable them to provide transportation services on a relatively regular basis and in line with fluctuations in demand.
- major role (measured by market share) played by specialized companies providing transport services to affiliated manufacturing companies, and their gradual acquisition of transport contracts outside their core segment, significantly reduces the volume of goods available for acquisition on the competitive market;
- given the specific nature of the rail transport market, there is a likelihood that many groups of potential customers will be excluded, and in the future, even with a significant increase in the scale of operations, they may choose not to use rail, considering it to be an inflexible mode of transport based on complicated procedures (hindering the transportation), which results, inter alia, from a number of restrictions on traffic and still very low transport speeds.

In view of the constantly intensifying competition on the rail freight market in Poland and the Czech Republic, the PKP CARGO Group companies strive to customize their offer and consistently improve the quality of their services, as well as prepare offering as part of comprehensive customer service. Key factors for the offer's improvement include: construction and modernization of logistics centers, acquisition of modern rolling stock, operator trains, cooperation in the scope of multimodal transport, and development of international transport (including as part of the "Three Seas Initiative"). A gradual decline in coal mining and use is inevitable, which in turn will cause a significant reduction in the volume of rail transport of this raw material in Poland (which has so far been the most important bulk cargo, with relatively regular traffic). Therefore, due to the lack of cargo this will entail, it is necessary to focus on the development of prospective rail transport segments (including, in particular, cross-border and domestic transport, e.g., containers, semi-trailers, cars, chemicals).

Risks associated with the Polish rail freight sector

- The dynamically developing market and the growing number of rail operators performing freight transport result in a more intense competition. According to data presented by the Office of Rail Transport (UTK), there are currently 133

⁴⁵ Office of Rail Transport

rail operators active on the Polish rail freight market holding an active license issued by the UTK President (as at 30 June 2025).⁴⁶ Among these companies are also three members of the PKP CARGO Group: PKP CARGO S.A., PKP CARGO SERVICE sp. z o.o. and PKP CARGO International a.s.⁴⁷ In the corresponding period of 2024, there were 133 rail operators,⁴⁸ i.e. during last year (despite a significant slowdown in the economy, a decline in demand for rail freight transport services, suspension of licenses for several rail operators, and consolidation of some entities into groups), there has been a noticeable surge in new active players, which leads to a growing competition for dispatches that can be transported by rail;

- according to the Office of Rail Transport's data, in H1 2025, 34 rail carriers conducted transport operations whose market share in terms of transported freight volume exceeded the 0.5% threshold (in 2024, the corresponding figure was 31 rail operators)⁴⁹, which shows further strengthening of many players with lower market share, with increasing pressure on the market leaders;
- elevated competition in the market for intermodal rail transport in Q1 2025 – 33 rail operators provided intermodal transport services (compared to 29 operators in Q1 2024). In spite of the continued poor demand in the European Union and the ongoing war in Ukraine, this sector has been performing well since Q4 2023 (with historic annual records set in 2024 in terms of both freight volume and freight turnover), and the current Q1 of this year is proving to be better than the results of the first quarters of 2022 and 2023 (i.e., the period of the previous market boom). Furthermore, during this period, intermodal transport accounted for the largest share of total transport, which was also due to the plummeting global transport volumes (resulting from the economic downturn) and a year-on-year decline in rail freight transport. Although intermodal transport has significant upward potential (with a large increase in transport through Polish harbors expected in the coming years), the high level of competition and limited adjustment of infrastructure to the noticeably growing scale of transport may effectively reduce the margins on transport operations and result in cargo being taken over by other modes of transport. Services provided in the East region also remain problematic as the volume of transport performed there will depend on the intensity of trade between the European Union and China, as well as political and military responses to the war in Ukraine.⁵⁰ The closing of the Polish-Belarusian border between 12 and 24 September was quite an important development; a short-term closing should not significantly disrupt operations, but a potential closing for a longer period at a later date might hinder transportation of goods from China and generate additional costs for the Company;
- increasing environmental requirements regarding rolling stock (including noise levels, which translates into the need to install composite inserts), as well as the need to make significant investments in shunting locomotives (which in most cases are based on combustion engines, forcing the search for solutions to reduce emissions and alternative drives not related to the combustion of fossil fuels), create additional pressure on rail operators;
- highly competitive environment, combined with the decreasing availability of qualified personnel (due to, inter alia, the increasing age of employees, lack of vocational schools, lack of people willing to take up physical work) generates increasing employment costs, which, combined with technological progress on the market, requires increased expenditure on human resources, including the need for increasingly advanced training, while at the same time increasing expenditure on financing and modernizing the logistics and rolling stock base in this area, which necessitates the maximum efficient operation of rolling stock, which is often several decades old;
- last year, the number of locomotives at the disposal of rail operators increased by +9.0% yoy to nearly 3,300 units, with a similar percentage increase for each of the main categories, i.e., diesel locomotives and electric locomotives (with a +10.1% yoy increase in the number of dual-mode locomotives, as well as the appearance of the first hydrogen locomotive on the market), unfortunately, the average age in the two main categories remains high, and is even noticeably increasing for diesel traction (an increase from 34 years in 2021 to 39 years in 2024), with a significant decrease for electric traction (from less than 35 years in 2021 to over 29 years in 2024, mainly due to the introduction of new vehicles into service);⁵¹
- slowdown in 2023 of the declines that began in 2018 (growth of +2.6% yoy) and the increase in the number of trailers to 85,700 in 2024 (i.e., +0.1% yoy) were also related to slow structural changes in the rolling stock. During last year, three out of eleven types of wagons (i.e., special-build coal wagons, special-build covered wagons, and special-build flatcars on bogies) lost their significance (by -3.7% yoy, -5.9% yoy, and -16.8% yoy, respectively), while the other eight

⁴⁶ Office of Rail Transport (as at 30 June 2025), the statistics take into account entities providing transport services under a license issued by the President of the Office of Rail Transport. Moreover, there are companies operating in the market under an international license, including a PKP CARGO Group member, PKP CARGO International.

⁴⁷ Office of Rail Transport

⁴⁸ Office of Rail Transport

⁴⁹ Office of Rail Transport

⁵⁰ Office of Rail Transport (dane.utk.gov.pl/sts/transport-intermodalny)

⁵¹ Office of Rail Transport - "Rail Transportation Market Report 2024" (p. 228)

types of wagons recorded an increase in rolling stock, with the largest increase in standard flatcars on axles (+32.2% yoy) and standard flatcars on bogies (+31.8% yoy). The changes are related, among other things, to the gradual reduction in the scale of coal transport, as well as the shift in the rail operators' interest towards intermodal transport, which is growing noticeably and gaining in importance;⁵²

- risk of continued high prices of energy and also of diesel fuel in the future may effectively curtail competitive position of rail operators as the services they provide are characterized by low flexibility;
- operators providing services within groups of companies (i.e., providing transport services for related companies being manufacturers) are offering an increasingly wide range of transport and transport-related services (including the transport of solid and liquid fuels, aggregates, metallurgical products, and chemicals, as well as providing services related to freight forwarding), which increases the attractiveness and comprehensiveness of their offerings and pushes other competitors out of the market. At the same time, only some entities perform dispersed transport services and highly specialized transport services (including goods crossing the gauge or requiring rail cars with a recessed floor);
- the main competitors of the PKP CARGO Group in the Czech market are ČD CARGO (the national rail operator and the leader of the country's transport market), Metrans Rail (an international logistics operator specializing in the intermodal transports in the countries of the Three Seas Initiative), ORLEN Unipetrol Doprava (operator specialized in fuel transportation, a member of the Orlen Group), LOKORAIL (a member of the Budamar Group), Rail Cargo Carrier – Czech Republic (a subsidiary of the international carrier Rail Cargo), and DB Cargo Czechia (a subsidiary of DB Cargo AG in the Czech market).⁵³ These entities, operating within groups of companies or under ad hoc arrangements, account for a significant share of international transport, including cross-border transport across the Polish border and via Polish seaports. Highly competitive market favors intensified competition in all segments of rail transport, including such key areas as solid and liquid fuels, chemicals, and intermodal transport.
- the railway transport market in Poland (but also in Germany and Czechia where PKP CARGO S.A. under restructuring carries out its transport operations) is gradually becoming decentralized, i.e., the market share of numerous new operators and independent transport terminals which effectively respond to market needs and whose competitive advantage is based on service customization, is increasing.

Risk related to the inability to recruit appropriate staff

In H1 2025, the Company carried out internal and external recruitment processes based on justified business needs. Because of the continuing restructuring process, the risk of problems with acquiring highly qualified staff has been identified. PKP CARGO S.A. under restructuring is not perceived by candidates as an employer of "first choice", which makes it difficult to conduct recruitment processes. To minimize the risk, the Company has taken activities for candidates with a relatively short professional training but distinguished by a high level of motivation and desire to develop. The professional potential of such employees has been developed by, among others, participation in internal training courses. Those employees have had opportunities to obtain new qualifications to carry out work in key positions for the provision of transport services, including as a train driver, rolling stock auditor or shunter.

In summary, thanks to the Company's actions taken so far in order to manage this area the risk associated with the inability to recruit appropriate staff has been minimized.

Risk of a shortage of trained personnel

The risk associated with a shortage of trained personnel at the Company is monitored on an ongoing basis. As a result of the completed process of mass layoffs, headcount structures were optimized, adjusting them to current and available needs. The staff employed now have knowledge and skills making it possible to perform tasks effectively.

In the Company, an adaptation program was also carried out, in an on-site form or remote (online) form – depending on the needs and expectations of various groups of positions: administrative employees, non-administrative employees working in the Company's facilities and managerial staff. A carefully selected professional training program was aimed at ensuring that new employees are integrated into the organization and familiarized with their duties as soon as possible and to help them adapt to the working environment, which influenced the effectiveness of the performed works.

The rail transport industry, and in particular positions associated with rail transport safety, require updating knowledge and acquisition of skills on an ongoing basis. This objective has been achieved through obligatory training courses delivered in the

⁵² Office of Rail Transport - "Rail Transportation Market Report 2024" (p. 228)

⁵³ SŽDC

form of e.g. periodic knowledge updates, tutorials and examinations. The effect of the continuous training process was the obtaining of licenses and improvement of qualifications by the personnel.

In H1 2025, a series of training courses were also continued to acquire skills in the use of MS Office. The training courses were conducted remotely (online).

In summary, thanks to the Company's actions taken so far in order to manage this area, the risk associated with shortage of trained personnel is correctly managed in the Company.

Risk of collective disputes and strike

Currently, the Company has not yet completed the procedure of the industrial dispute from December 2023. The last meeting between the Parties ended with the signing of a statement of differences of opinion, and at the moment talks are not continuing.

In H1 2025, social dialog continued to be shaped by key remedial measures and organizational transformations that became inevitable due to difficult business, financial and HR situation of PKP CARGO. It should be emphasized that despite the very challenging framework for social dialog, communication with trade unions was conducted in a long-term, continuous and multifaceted manner. No mass industrial actions were diagnosed which would prevent or periodically suspend the performance of the Company's transport processes and its other business activities, which in the above circumstances should be regarded as a positive aspect of performed activities and avoidance of direct adverse impact of social dialog on the operations of PKP CARGO S.A. under restructuring. On 28-31 July and 1 August 2025, the Train Drivers' Trade Union in Poland carried out a nationwide industrial action to respond to systemic neglect and discrimination against rail transport and favoring road transport intentionally. Demonstrations and pickets conducted all over Poland did not disturb the Company's basic activity.

The Company remains in a period of change and intense restructuring activities. PKP CARGO nevertheless assesses the risk of impact of social dialog on the business in 2025 to be lower than in 2024 because the Trade Unions have shown a better understanding of current restructuring activities compared to the previous year.

Financial risks

Liquidity risk

The Group is exposed to liquidity risk ensuing from the ratio of current assets to net current liabilities (current liabilities less short-term provisions).

In connection with the identification of the risk of periodic financial difficulties at PKP CARGO, the Group is taking steps to ensure its current liquidity, including through cost optimization. In the course of managing the liquidity position, the levels of trade receivables and payables are monitored on an ongoing basis.

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 agreement. PKP CARGO S.A. 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 (which also include liabilities to the Guaranteed Employee Benefits Fund (FGŚP) and charges to Company Social Benefits Fund (ZFŚS)) as well as 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 standing of PKP CARGO S.A. under restructuring, the Company's Management Board decided also that some employee benefits, such as retirement severance pay and jubilee awards, would not be paid when due.

FX risk

The PKP CARGO Group is exposed to market risks associated with fluctuations of exchange rates and interest rates. The objective of the market risk management process is to limit undesirable impact of changes of market risk factors on the cash flows and results in the short and medium term. The Group manages the market risk following from the aforementioned factors on the basis of internal procedures which define the rules of measurement of individual exposures, parameters and time horizon.

The principles of market risk management are implemented by designated organizational units under the supervision of the Parent Company's Management Board. Market risk management is executed based on developed strategies, with partial utilization of derivative instruments. Derivatives are used only to limit the risk of a change in the carrying amount and the risk of cash flow changes. Derivative instrument transactions are entered into only with reliable partners, admitted to participation as a result of application of internal procedures.

In H1 2025, PKP CARGO Group was exposed to FX risk resulting from the receivables, payables and cash denominated in foreign currencies. The Group's receivables expressed in foreign currencies are short-term receivables with the maturity up to 1 month and payables expressed in foreign currencies are mostly short- and long-term liabilities on account of investment loan agreements with maturities over 5 years. Most of the Group's currency loans are loans of PKP CARGO which are not subject to repayment now because of the pending restructuring proceedings. The balance sheet valuation of receivables and some current and non-current liabilities expressed in foreign currencies, settlements in foreign currencies both on the side of receivables and liabilities, lead to financial revenues (positive FX differences) and financial expenses (negative FX differences). The level of financial revenues and financial expenses fluctuates during the year, which is caused by changes in the exchange rates. Cash in foreign currencies deposited on bank accounts follow from timing mismatch of receipts and expenditures and the surplus of receipts over expenditures. In the long run, the valuation risk matches the risk of change of cash flows, therefore it is the cash flows, not balance sheet items, that are subject to hedging transactions.

For the EUR/PLN exchange rate, there is partial natural hedging due to the fact that proceeds in EUR are partly balanced out by expenditures in the same currency.

The Company used hedge accounting for all EUR loans.

Interest rate risk

The PKP CARGO Group is exposed to the risk of volatility of interest rate cash flows following from bank loans, leasing based on variable interest rates. In H1 2025, interest on financing agreements was accrued according to the reference rates increased by the financing party's margin. The reference rate for lease contracts denominated in PLN was WIBOR 1M. The interest rate risk in lease contracts is executed through revaluation of lease installments in one-month periods.

In H1 2025, interest on loan agreements were accrued according to the WIBOR 1M, WIBOR 3M and EURIBOR 3M reference rate plus the banks' margin. The interest rate risk in loan agreements was executed through revaluation of loan installments in monthly, quarterly and semi-annual periods.

Credit risk

PKP CARGO Group conducts its commercial activity by selling services to businesses with a deferred payment date. This may lead to the risk that receivables from counterparties for services provided may not be received. In order to minimize credit risk, the Group manages this risk by applying a customer creditworthiness assessment procedure. This assessment is carried out for all customers who use deferred payment dates. As part of its internal policy, the Company makes application of the deferred term of payment conditional on acceptability of the counterparty's condition and positive history of cooperation.

Receivables from business partners are monitored on a regular basis. In the case of overdue receivables, in accordance with prevailing procedures, the delivery of services is suspended and debt collection procedures are triggered.

Concentration of risk associated with trade receivables is limited due to the large number of business partners with commercial credit dispersed among different sectors of economy. In addition, to reduce the risk of problems with recovery of trade receivables, the Company accepts security interests from its customers in the form of, among others: bank/insurance guarantees, assignment of contracts, security deposits and promissory notes.

The credit risk associated with cash and bank deposits is perceived as low. All the entities in which the Group invests free cash operate in the financial sector.

The maximum exposure to credit risk is represented by balance sheet balances of trade and other receivables, cash and other financial assets. This exposure is limited through securities established in favor of the Group (in the form of, inter alia, bank/insurance guarantees, guarantee deposits).

4. Analysis of the financial situation and assets of the PKP CARGO Group

4.1. Key economic and financial figures of the PKP CARGO Group

Financial highlights of the PKP CARGO Group and PKP CARGO S.A. under restructuring

Table 17. Financial highlights of the PKP CARGO Group

PKP CARGO Group	PLN million ⁵⁴		in EUR million	
	6M 2025	6M 2024	6M 2025	6M 2024
Exchange rates (PLN/EUR)			4.2208	4.3109
Operating revenue	1,850.5	2,325.0	438.4	539.3
Operating profit / loss	54.7	-463.2	13.0	-107.4
Profit / loss before tax	-15.2	-555.8	-3.6	-128.9
Net profit/loss	-17.9	-453.1	-4.2	-105.1
Total comprehensive income attributable to the owners of the parent company	-36.4	-489.7	-8.6	-113.6
Weighted average number of shares	44,786,917	44,786,917	44,786,917	44,786,917
Weighted average number of shares taken into account to calculate diluted profit	44,786,917	44,786,917	44,786,917	44,786,917
Earnings / losses per share (PLN)	-0.40	-10.12	-0.09	-2.35
Diluted earnings / losses per share (PLN)	-0.40	-10.12	-0.09	-2.35
Net cash flow from operating activities	145.5	501.7	34.5	116.4
Net cash flow from investing activities	-132.9	-297.8	-31.5	-69.1
Net cash flow from financing activities	-120.5	-295.0	-28.6	-68.4
Movement in cash and cash equivalents	-107.9	-91.1	-25.6	-21.1
	30 June 2025	31 Dec 2024	30 June 2025	31 Dec 2024
Exchange rates (PLN/EUR)			4.2419	4.2730
Non-current assets	5,048.8	4,996.3	1,190.2	1,169.2
Current assets	1,268.8	1,443.0	299.1	337.7
Non-current assets classified as held for sale	23.4	0.3	5.5	0.1
Share capital	2,239.3	2,239.3	527.9	524.1
Equity attributable to the owners of the parent company	709.8	746.2	167.3	174.6
Non-current liabilities	2,201.8	2,378.7	519.1	556.7
Current liabilities	3,429.4	3,314.7	808.4	775.7

Source: Condensed Consolidated Financial Statements of the PKP CARGO Group for the period of 6 months ended 30 June 2025, prepared according to EU IFRS

⁵⁴ To facilitate the reading of this document, some figures have been rounded off, which will not cause any significant deviations in the presented data. In all cases of possible distortions, the data are presented with greater accuracy.

Table 18. Financial highlights of PKP CARGO S.A. under restructuring

PKP CARGO S.A. under restructuring	PLN million ⁵⁵		in EUR million	
	6M 2025	6M 2024	6M 2025	6M 2024
Exchange rates (PLN/EUR)			4.2208	4.3109
Operating revenue	1,311.1	1,773.4	310.6	411.4
Operating profit / loss	72.7	-407.0	17.2	-94.4
Profit / loss before tax	-37.9	-494.4	-9.0	-114.7
Net profit/loss	-43.4	-402.7	-10.3	-93.4
Total comprehensive income attributable to the owners of the parent company	-67.4	-424.4	-16.0	-98.4
Weighted average number of shares	44,786,917	44,786,917	44,786,917	44,786,917
Weighted average number of shares taken into account to calculate diluted profit	44,786,917	44,786,917	44,786,917	44,786,917
Earnings / losses per share (PLN)	-0.97	-8.99	-0.23	-2.09
Diluted earnings / losses per share (PLN)	-0.97	-8.99	-0.23	-2.09
Net cash flow from operating activities	96.2	492.8	22.8	114.3
Net cash flow from investing activities	-118.4	-282.2	-28.1	-65.5
Net cash flow from financing activities	-104.7	-293.9	-24.8	-68.1
Movement in cash and cash equivalents	-126.9	-83.3	-30.1	-19.3
	30 June 2025	31 Dec 2024	30 June 2025	31 Dec 2024
Exchange rates (PLN/EUR)			4.2419	4.2730
Non-current assets	4,774.8	4,716.6	1,125.6	1,103.8
Current assets	797.6	995.4	188.0	233.0
Non-current assets classified as held for sale	23.4	0.3	5.5	0.1
Share capital	2,239.3	2,239.3	527.9	524.1
Equity	443.5	510.9	104.5	119.6
Non-current liabilities	1,877.7	2,046.0	442.6	478.8
Current liabilities	3,274.6	3,155.4	772.0	738.5

Source: Interim Condensed Standalone Financial Statements of PKP CARGO S.A. for the 6 months ended 30 June 2025, prepared in accordance with EU IFRS

The following average PLN to EUR exchange rates set by the National Bank of Poland have been used to translate selected financial data in the periods covered by the Interim Condensed Consolidated Financial Statements of the PKP CARGO S.A. under restructuring Group and the Interim Condensed Standalone Financial Statements of PKP CARGO S.A. under restructuring for the period of 6 months ended 30 June 2025:

- Exchange rate in force on the last day of the reporting period: 30 June 2025: EUR 1 = PLN 4.2419; 31 December 2024: EUR 1 = PLN 4.2730;
- Average exchange rate in the period calculated as the arithmetic mean of the exchange rates prevailing on the last day of each month in the respective period: 1 January – 30 June 2025: EUR 1 = PLN 4.2208, 1 January – 30 June 2024: EUR 1 = PLN 4.3109

⁵⁵ To facilitate the reading of this document, some figures have been rounded off, which will not cause any significant deviations in the presented data. In all cases of possible distortions, the data are presented with greater accuracy.

4.2. Rules for preparing the interim financial statements

The Interim Standalone Financial Statements and the Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard no. 34 Interim Financial Reporting as endorsed by the European Union ("EU").

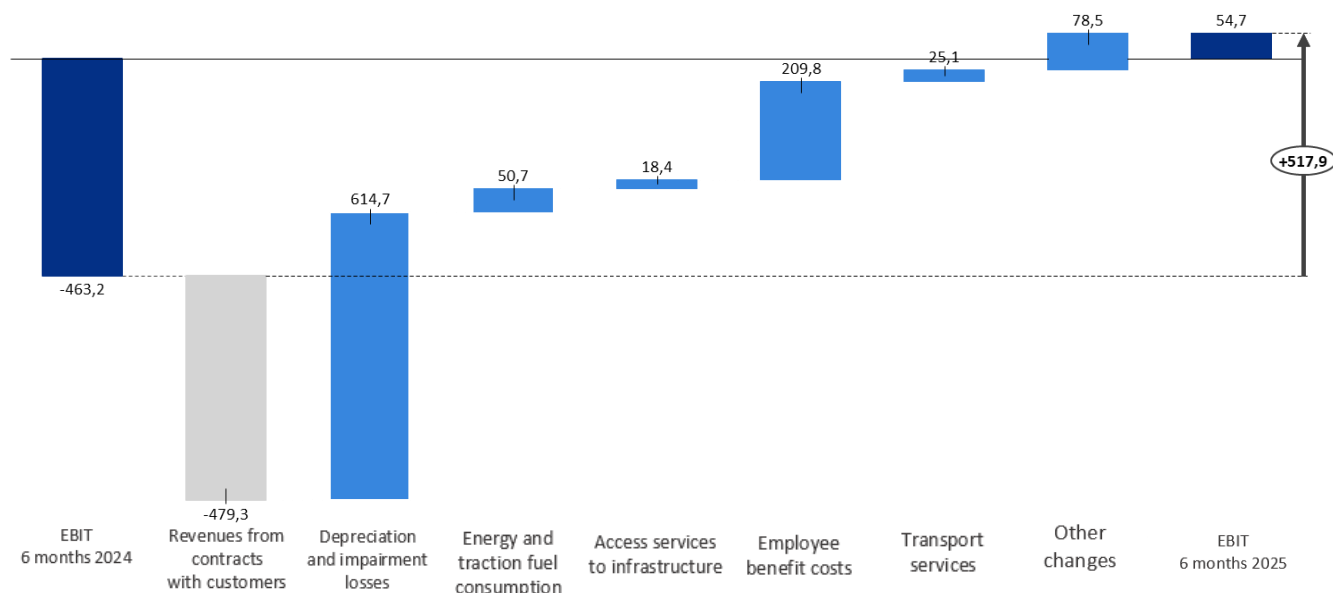
The Interim Standalone Financial Statements of PKP CARGO for the 6 months ended 30 June 2025 and the Interim Consolidated Financial Statements of the PKP CARGO Group for the 6 months ended 30 June 2025 have been prepared in accordance with the historical cost principle, except for investments in equity instruments measured at fair value.

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

Statement of profit or loss of the PKP CARGO Group

During the first 6 months of 2025, EBIT reached PLN 54.7 million, marking an increase compared to the corresponding period of 2024 by PLN 517.9 million.

Figure 19. EBIT in 6M 2025 as compared to the corresponding period in 2024 (PLN million)



Source: Proprietary material

The following is a description of the most significant deviations affecting EBIT in the first 6 months of 2025 as compared to the first 6 months of 2024:

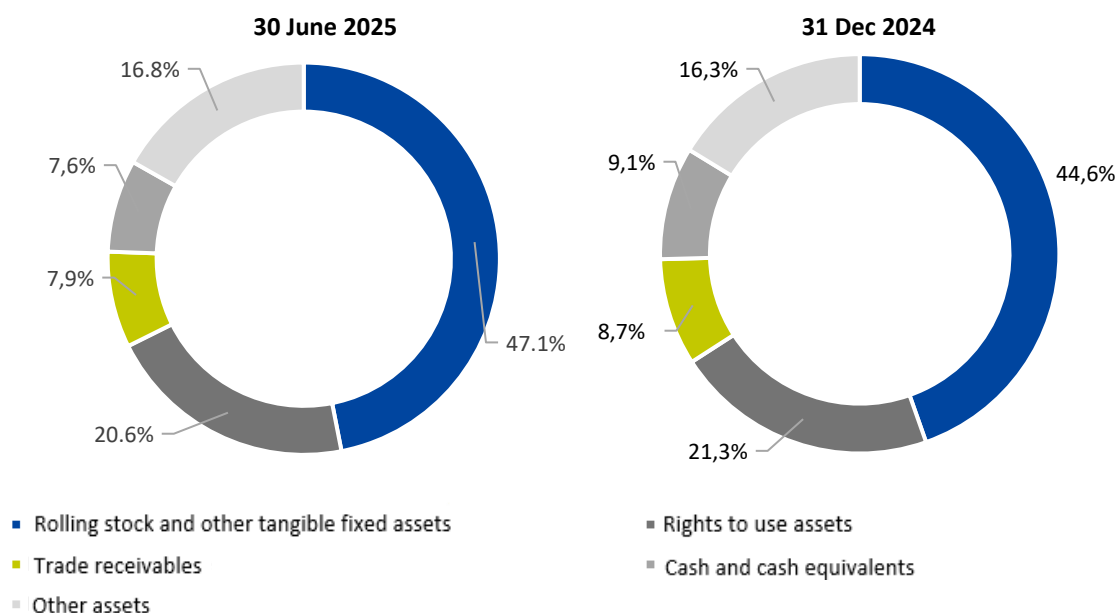
- decrease in revenues from contracts with customers (including predominantly revenues from transport and freight forwarding services) as a direct consequence of a decline in freight volume and unit freight rates. The details pertaining to PKP CARGO Group's transport services are described in the chapter **3.2 Freight transportation activity**;
- decrease in depreciation and impairment losses, mainly as a result of impairment losses recognized in 2024 and H1 2025, which resulted in a lower base of depreciable fixed assets;
- decrease in the costs of consumption of traction energy and traction fuel correlated with the decline in freight turnover;
- decrease in the costs of access services to the infrastructure in connection with the decline in freight turnover;
- decrease in the costs of transport services (including, in particular, freight forwarding) correlated mostly with the decline in freight turnover;
- decrease in employee benefit costs as a result of the Group's restructuring and the furlough program carried out in 2024. Detailed information on the changes in headcount is presented in section **3.4 Headcount**;
- decrease in costs in "other changes", mainly due to a decrease in interest expenses on trade payables and other liabilities, a decrease in the value of rents and fees for the use of real estate and rolling stock, and a decrease in the value of materials and goods sold.

Statement of financial position of the PKP CARGO Group

ASSETS

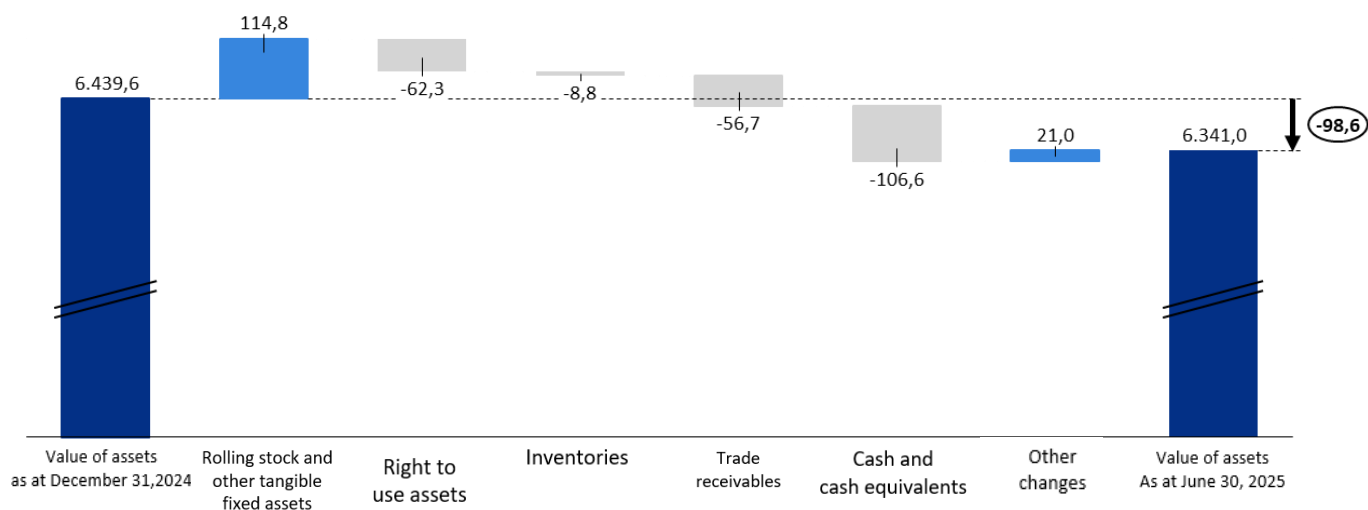
The biggest share in the PKP CARGO Group's asset structure as at 30 June 2025 was held by rolling stock and other property, plant and equipment, which in aggregate accounted for 47.1% of total assets, compared to 44.6% as at 31 December 2024. Among current assets, the biggest share in total assets during the period was attributable to trade receivables, the value of which accounted for 7.9%, compared to 8.7% as at 31 December 2024.

Figure 20. Structure of assets – as at 30 June 2025 and 31 December 2024



Source: Proprietary material

Figure 21. Movement in the Group's assets in the first 6 months of 2025 (PLN million)



Source: Proprietary material

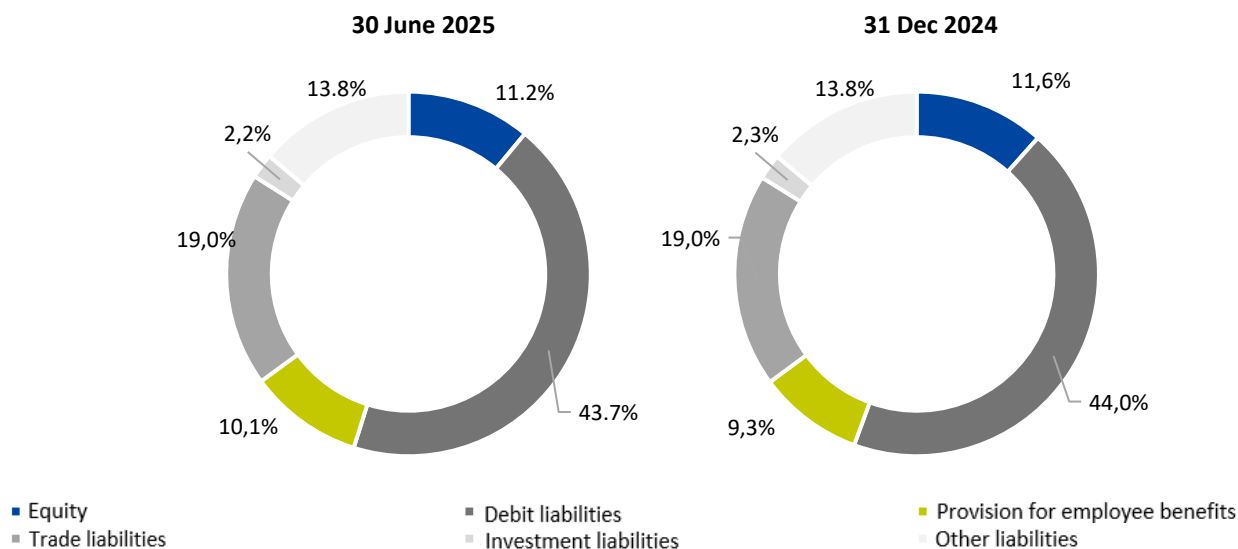
The most significant changes affecting the value of assets as at 30 June 2025 as compared to 31 December 2024 are discussed below:

- increase in the value of rolling stock and other property, plant and equipment, mainly as a result of repairs and periodic inspections of rolling stock required by the law, reversal of impairment losses and transferring the Company's properties planned to be sold to the item of Non-current assets classified as held for sale;
- decrease in the right-of-use assets as a result of higher depreciation cost exceeding the over new rights;
- decrease in the value of trade receivables related to a decrease in transport revenue;
- decrease in cash as a result of lower inflows from operating activities, with simultaneous expenditures of PLN 155.9 million and expenses for loan and leasing repayments at the level of PLN 131.6 million;
- increase in the value of other changes, mainly as a result of an increase in the value of non-current assets classified as held for sale – transferring a real property held for sale from Other property, plant and equipment, with a simultaneous increase in deferred tax assets.

EQUITY AND LIABILITIES

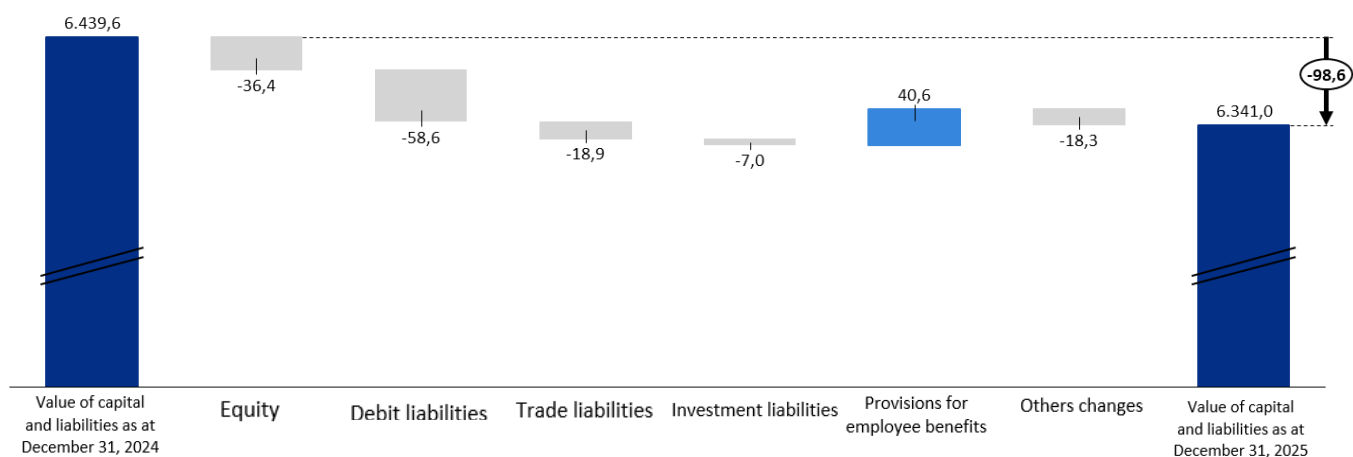
The largest share in the structure of the PKP CARGO Group's equity and liabilities was held by debt liabilities, which accounted for 43.7% of total equity and liabilities as at 30 June 2025, compared to 44.0% as at 31 December 2024. In this period, equity accounted for 11.2% of total equity and liabilities, compared to 11.6% as at 31 December 2024.

Figure 22. Structure of the Group's equity and liabilities as at 30 June 2025 and 31 December 2024



Source: Proprietary material

Figure 23. Movement in the Group's equity and liabilities in the first 6 months of 2025 (PLN million)



Source: Proprietary material

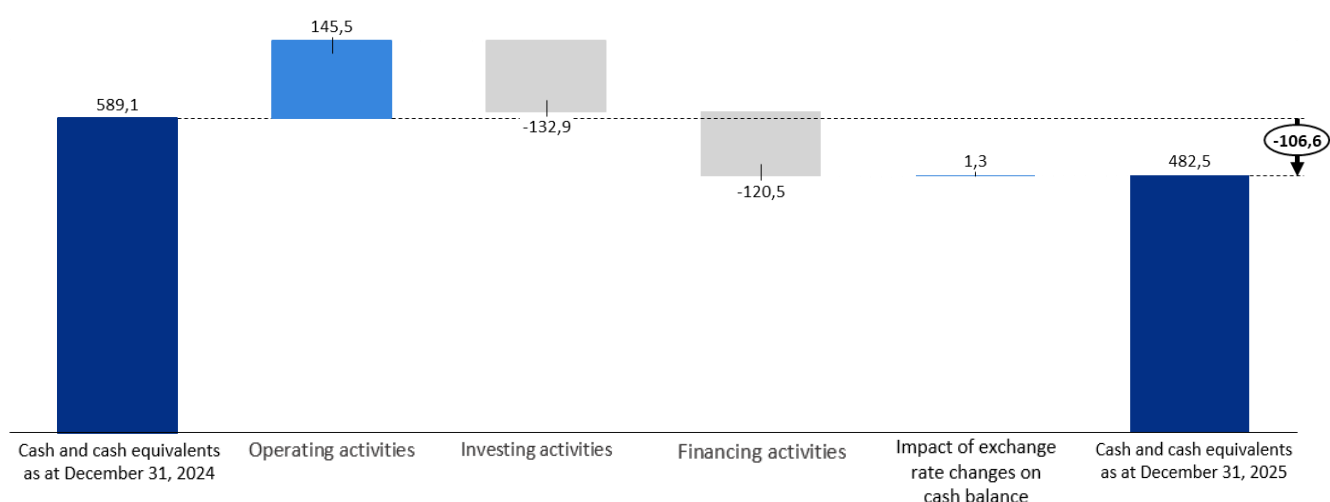
The most significant changes affecting the value of equity and liabilities as at 30 June 2025 compared to 31 December 2024 are explained below:

- decrease in equity, primarily due to the net loss reported by the PKP CARGO Group for the first 6 months of 2025 (item: retained earnings/uncovered losses) and a decline in other equity assets, including mainly actuarial profits / (losses) related to employee benefits;
- decrease in debt liabilities as a result of loan and lease repayments in 6M 2025;
- decrease in trade payables, mainly as a result of a decrease in trade and related service liabilities caused by a decrease in freight turnover and gradual repayment of liabilities;
- rise in the value of provisions for employee benefits as a result of amendments made during the actuarial valuation as at 30 June 2025, whereby the discount rate was lowered from 5.8% to 5.4% and an increase in the basis for calculating charges to the Company Social Benefits Fund.

STATEMENT OF CASH FLOWS OF THE PKP CARGO GROUP

The value of cash and cash equivalents as at 30 June 2025 decreased by PLN 106.6 million compared to 31 December 2024.

Figure 24. Cash flows of the PKP CARGO Group in 6M 2025 (PLN million)



Source: Proprietary material

The most significant factors affecting the value of cash and cash equivalents in 6M 2025 compared to 31 December 2024 were:

- positive cash flows from operating activities were achieved concurrently with, among others, loss before tax of PLN 15.2 million, depreciation and impairment allowances of PLN 85.5 million and positive cash flows from changes in working capital of PLN 66.7 million;
- negative cash flows from investing activities, primarily as a result of expenditures on the acquisition of non-financial non-current assets in the amount of PLN 155.9 million (mainly rolling stock investments);
- negative cash flows from financing activities, mainly as a result of the repayment of loans and leases with interest in the amount of PLN 131.6 million, with simultaneous inflows from the Guaranteed Employee Benefits Fund in the amount of PLN 10.2 million.

4.4. Selected financial and operating ratios of the PKP CARGO Group

The table below presents the PKP CARGO Group's key financial and operating ratios in the first 6 months of 2025 compared to the corresponding period of the previous year.

Table 19. Key financial and operating ratios of the PKP CARGO Group in 6M 2025 as compared to the corresponding period of the previous year

Item	6M 2025	6M 2024	Change	Rate of change
			2025-2024	2025-2024
EBITDA margin ¹	7.6%	10.2%	-2.6	-25.7%
Net profit margin (ROS) ²	-1.0%	-19.5%	18.5	-
ROA ³	-31.2%	-6.0%	-25.2	-
ROE ⁴	-278.6%	-17.7%	-260.9	-
Average distance covered per locomotive (km per day) ⁵	183.7	184.8	-1.1	-0.6%
Average gross train tonnage per operating locomotive (tons) ⁶	1,422.0	1,436.0	-14.0	-1.0%
Average running time of train locomotives (hours per day) ⁷	11.2	11.5	-0.3	-2.6%
Freight turnover per employee (thousands tkm/employee) ⁸	528.3	471.3	57.0	12.1%

Source: Proprietary material

1. Calculated as the ratio of the operating result plus depreciation and amortization (EBITDA) to total operating revenue.
2. Calculated as the ratio of net result to total operating revenue.
3. Calculated as the ratio of net result for the last 12 months to total assets.
4. Calculated as the ratio of net result for the last 12 months to equity.
5. Calculated as the quotient of vehicle-kilometers (i.e. distance covered by PKP CARGO Group's vehicles in the given period) / vehicle-days (i.e. product of the number of active vehicles and number of calendar days in the given period)
6. Calculated as the quotient of gross ton-kilometers and train-kilometers in train work in relation to the locomotives driving the train (in dual traction or pushing the train in the given period).
7. Calculated as the quotient of vehicle-hours (i.e. number of hours of work of PKP CARGO Group's vehicles in the given period) and vehicle-days (i.e. the product of the number of active vehicles and number of calendar days in the given period).
8. Calculated as the ratio of freight turnover to the average headcount (in FTEs) in the Group in the given period.
- 9.

The indicators presented in the Management Board's opinion serve as a source of additional valuable information (apart from the data presented in financial statements) on financial and operational standing and also facilitate analysis and assessment of the financial performance and operational results generated by the Company in each reporting period. The selection of the indicators – alternative performance measures – was preceded by analysis of their relevance with regard to providing investors with useful information on the Company's and Group's financial and operational standing, which allows for their optimal assessment.

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

The factors which had the highest impact on the above indicators in the first 6 months of 2025 compared to the corresponding 6 months of 2024 were as follows:

- in 6M 2025, the EBITDA margin deteriorated, mainly due to a decrease in operating revenue. Detailed information on the reasons for movement in EBITDA and the net result is presented in section **4.1. Key economic and financial figures of the PKP CARGO Group**;
- in 6M 2025, ROA and ROE ratios decreased, mainly as a result of impairment losses on assets in 2024 and in H1 2025;
- decrease in average daily mileage of locomotives as a result of a decrease in freight turnover;
- decrease in the average gross train tonnage per locomotive as a result of the transport process being carried out with a decrease in transport volumes;
- increase in the freight turnover per employee ratio, mainly due to a 25.9% decrease in average employment accompanied by a 17.0% decrease in freight turnover.

4.5. Factors that will affect the financial performance in the next quarter

Intensification of activities in the trade area

In H1 2025, there occurred significant changes in the trade division of PKP CARGO S.A. New offices and departments were established corresponding to specific cargo categories, aiming to bring trade services closer to the market and to shorten the response path to business partners' expectations and to decision making. A regional office was set up to intensify acquisitions of small and medium-sized regional business partners. As a strategic area of the Company's development, the International Transport Department was separated and put under direct supervision of the Management Board Member in charge of Commerce. In the trading area, a program of operational excellence was also prepared and implemented, involving, among others, individual monitoring of transport parameters of specific customer, general monitoring of parameters of scheduled transports, monitoring in the intermodal and automotive segments. In the operational division, a 24-hour logistical position has been set up to serve customers. Furthermore, to increase effectiveness in the trading area, a new process of forecasting transports has been introduced. The process which is currently in force was introduced in May 2025 as a new forecasting tool aimed to provide coherent information for the operational area, rolling stock resources and controlling. At the initiative of the trading division, a new tool has prepared and implemented for active sales management – "Pipeline" and "Business Map" – for more effective market management. Furthermore, intensive work is going on to implement an AI application to support generating sales leads and planning and optimizing transport routes. Effects of the introduced changes may be seen already in H1 2025 because PKP CARGO S.A. entered into 84 new commercial contracts (here "new contracts" are understood as acquisitions of new customers, winning back a customer and other ones which do not continue previous agreements).

Hiring

In connection with the continuing decrease in rail transports, resulting in a fall in revenues and a reduction in available contracts, on 6 June 2025, the PKP CARGO S.A. under restructuring Management Board announced its intention to carry out further mass layoffs. After subsequent consultations with the trade unions held in August 2025, which ended in failure to reach a consensus among the parties on 18 September 2025, a final decision was made to carry out mass layoffs as part of corrective measures which will affect up to 500 employees of the Company doing various kinds of jobs.

Situation related to the war in Ukraine

The impact of the war in Ukraine on the market of rail transport in Poland and in the region continues to be high, which unfortunately affects the performance of companies from the PKP CARGO Group, including PKP CARGO S.A. under restructuring. The war causes a decrease in the freight volume and revenues (as well as an increase in costs because of longer transport routes) compared to a period potentially devoid of military conflicts. The failure of attempts at peace talks points to the aggressor's ability to continue, unfortunately, hostilities for a long time. A noticeably reduced exchange with Russia and Belarus, with a simultaneous increase in importance of Poland as a logistical "hub" and growth of trade turnover with Ukraine in recent years, set up a completely new framework for conducting logistical operations in the area. The beneficiary of the changes and the growth in the Ukrainian direction is road transport, with significant problems regarding infrastructure on both sides of the border. On the other hand, transports along the north-east direction show a clear decline, which has consequences in many branches of the industry, including road and rail transport. This may lead to a durable marginalization of rail transport on the eastern line, especially as the long-term conflict continues. At the same time, it is still possible, although not highly

expected by analysts, that the conflict will escalate significantly, which may effectively reduce the trade with Ukraine as well as considerably raise costs of performing transports alongside this direction.

Sanctions on the Russian Federation are felt by the country but their limited tightness and severity cannot force the aggressor to terminate the "special operation." Budget income of the Federation is significantly exacerbated, mainly as a result of lower sales of energy resources to absorptive European markets (the raw materials are subject to restrictions only to a limited extent, although they are planned to be tightened). Bulk cargo subject to restrictions include fuel, ores, metals and metal products, cement and wood. Companies from the PKP CARGO Group naturally participated in the transports before the outbreak of the full-scale conflict but at the moment the transports reach the country by sea (via countries of intermediaries), which caused a considerable decrease in transports in the east of Poland. If the conflict and sanctions continue for a longer time, this may effectively cut off Polish companies from Belarusian and Russian markets, and therefore permanently reduce earning opportunities and transport potential of entities and organizational units performing transports in the area. On the other hand, this establishes foundations for closer economic relations with Lithuania, Latvia and Estonia, and also naturally with Ukraine. Therefore, also development of alternative transports is one of key measures to take in order to build a new base of economic ties and to generate additional revenues, which, however, requires a higher involvement of the state but also some initiative on the part the companies from the PKP CARGO Group.

Even though increased trade exchange between Poland and Ukraine has been halted by a greater utilization of sea transport from the region of the Black Sea (including major agricultural produce), the importance of Poland as a logistical hub is not greatly reduced as it is from here that a considerable amount of goods is transported to Poland's eastern neighbor which are necessary for the state to function, also for civilian purposes. It is a key opportunity for growing commercial relations in the future, especially in the context of a possible termination of military activities and reconstruction of Ukraine, which will generate considerable traffic, also in rail transports. At the same time, in Poland, the role of sea ports has been growing significantly as main windows onto the world for the Polish economy, considering the fact that rail transports along the north-south direction have become more important at the cost of the east-west direction, traditionally most important, which unfortunately resulted in an increase in costs of carrying out transports (because of longer routes) as well as accumulations of transports in narrow bottlenecks (which ports are). This simultaneously generates the opportunity for a significant improvement in the area and therefore a potential increase in rail transports and in revenues (numerous works are being carried out in order to facilitate access to outbound and inbound routes to ports as well as within their areas). A recovery of transports of large volumes of cargo on the "New Silk Road" (New Silk Road) is gradually taking place but this is highly dependent on the commercial situation and accessible alternative sea routes (including cost of sailing, depending on the situation in the Middle East), which may contribute to a clear increase in transits, especially those carried out by PKP CARGO S.A. under restructuring. Another threat to the NSR may be in turn the worsening of relations of the US and the EU with China, which might effectively halt the completion of cargo transports.

Undoubtedly, the Group's organizational units which are most strongly affected by the limitations caused by the outbreak of war are those for which north east Poland is the main area of operation because of the location of the infrastructure, including logistical bases (which were felt most strongly the decrease in revenues generated along the east direction and the weight of fixed costs connected with securing the possessed potential). It is impossible to dislocate the units to different areas of Poland, therefore the impact forces us to adjust further to changes in directions of providing services, changes to the transported range of goods and different customers. Only if the hostilities possibly end, there may be an impulse to develop, including the possibility of returning to some extent to trading relations from before the war, and thus a return of streams of revenues (also from bulk cargo).

PKP CARGO Group companies are monitoring all organizational and legal changes related to the provision of transport services, including those directly or indirectly connected with the ongoing conflict. At present, PKP CARGO Group companies do not indicate any material threats associated with the ongoing conflict which could have an especially strong impact on the operating activity of each company or the entire Group.

Infrastructure

In next quarter of 2025, it is planned to maintain the line capacity limitations and the disruptions related to performed investments and maintenance and repair work at the current or higher level due to the work on subsequent stages of the National Railway Program and the expansion of its projects until 2027. The access to the infrastructure along the eastern direction may be more difficult or may require considerable changes of routes in connection with closing the Polish-Belarusian border from 12 to 24 September 2025 and a possible risk of further closings of border crossings in the next quarter.

Energy costs and fuel prices

In H1 2025 and in next quarters, the primary factors affecting the price level of fuel, including traction fuel, were currency fluctuations and the unstable geopolitical situation (the war in Ukraine, the conflicts in the Middle East, difficulties in supply chains).

Furthermore, prices of traction fuel in the period showed some volatility, reaching the highest level in January and February 2025, and then recording a decline – the lowest level in May 2025. On the other hand, a slight growth of prices was observed in June 2025. The average price of the fuel acquired by PKP CARGO S.A. under restructuring was PLN 4,695.12 per m³ and PLN 4,353.39 per m³ for Q1 and Q2 respectively. The price fluctuations were caused mainly by volatile oil prices and variable foreign exchange rates, which followed from changes to the geopolitical situation and the OPEC policy.

It is expected that energy and fuel prices in Poland will continue to remain high. A factor affecting electricity prices is the EU's climate policy and the related mandatory fees incurred by energy producers for the purchase of CO₂ emission rights. Given that coal-fired power plants still account for the largest share of electricity generation in Poland, it is necessary to get ready for another increase in electricity prices. The current stabilization of energy prices is uncertain. Forecasting how energy and fuel prices will evolve in future periods is very difficult due to the ongoing armed conflicts in Ukraine and the Middle East.

4.6. Information about production assets

4.6.1. Rolling stock

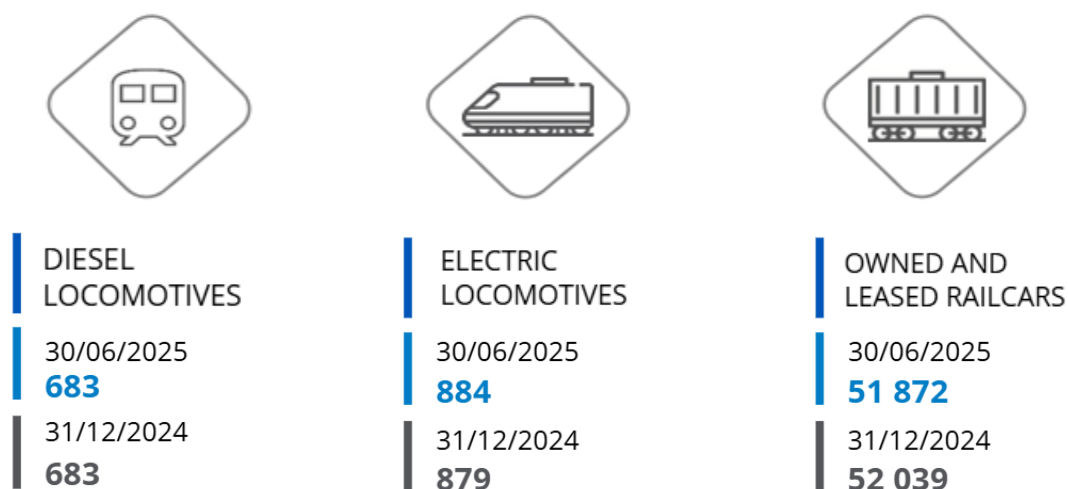
The PKP CARGO Group's rolling stock is maintained by repair shops operating within the structures of PKP CARGO S.A. under restructuring and in subsidiaries. The PKP CARGO Group's rolling stock repair and maintenance organization is qualified to repair and maintain wagons, electric locomotives at all the maintenance levels from P1 to P5 and to repair diesel locomotives at maintenance levels from P1 to P4. The Group's establishments also repair rolling stock and sub-assemblies for other owners.

On top of regularly-scheduled activities the points of repair functioning in the PKP CARGO Group's structures conduct ongoing repairs to the rolling stock to fix the defects that appear in the rolling stock during the course of its operation. The number of current repairs of the rolling stock depends on the freight turnover level.

The PKP CARGO Group production assets include wagons and traction rolling stock the quantity of which changes as a result of sales, purchases and scrapping of rolling stock components. Moreover, the quantity of rolling stock is affected by completed repairs of electric machines and wheel sets for refurbished wagons (periodic repairs combined with the replacement of rims or the replacement of monoblock wheels). Competences related to the repair of the most significant components of the circulation reserve – electric machines and wheel sets – are held by PKP CARGOTABOR, which carries out the full range of repairs of electric machines used in the locomotives operated by the PKP CARGO Group.

In H1 2025, intensive work continued to analyze rolling stock resources of PKP CARGO, as a result of which the Management Board made the decision to earmark 10,360 rail cars that have been taken out of service for sale. Following an electronic auction carried out on 9 September 2025, 6,696 of the rail cars referred to above were sold for the total net amount of PLN 123.3 million. The process of selling the remaining redundant rail cars will be continued in the following months.

Figure 25. Structure of rolling stock used by the PKP CARGO Group as at 30 June 2025 and 31 December 2024.



Source: Proprietary material

4.6.2. Property

The real properties constituting the PKP CARGO Group's maintenance and repair facilities are for the most part used by the Group under long-term lease and tenancy agreements.

Table 20. Real properties owned and used by the PKP CARGO Group as at 30 June 2025 and 31 December 2024.

Item	30 June 2025	31 Dec 2024	Change 2025-2024
Land – owned, in perpetual usufruct and leased from other entities [ha]	1,342.49	1,363.42	-20.93
Buildings – owned, leased and rented from other entities [m ²]	669,844	681,514	-11,670

Source: Proprietary material

The decrease in the size of the land and buildings used, owned, leased and rented from other entities, results from the ongoing verification of the quantum of assets necessary for the Parent Company and its subsidiaries and adjusting it to the scale and profile and scale of conducted activity.

5. Other key information and events

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

PKP CARGO has not published any financial forecasts for 2025.

5.2. Proceedings pending before courts, arbitration bodies or public administration authorities

In H1 2025, neither PKP CARGO S.A. nor its subsidiaries participated in any major proceedings pending before courts, arbitration bodies or public administration authorities in cases concerning liabilities or receivables of PKP CARGO S.A. under restructuring or its subsidiaries.

5.3. Information on transactions with related parties

No entity from the PKP CARGO Group entered in H1 2025 into any transactions with related parties on non-market terms.

5.4. Information on granted guarantees and sureties of loans or credits

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

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

In addition to the actions taken by the Management Board to ensure financial stability and further growth of the Company, as described in this report, other corrective measures are being taken gradually to generate savings.

The Management Board is taking measures, aiming, among others, to optimize costs and to ensure the availability of instruments to support the financing of the Company's operating activities in the medium term (including overdraft facilities). In the course of managing the liquidity position, the levels of trade receivables and payables are monitored on an ongoing basis.

The key and overriding goal in next periods is to bring the assumptions of the Restructuring Plan into reality.

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