

Supplement to current report No. 51/2025 regarding elements of the Restructuring Plan of PKP CARGO S.A. under restructuring, dated June 30, 2025.

Current report no. 51/2025/K dated February 25, 2026

General legal basis (selected in ESPI):

Art. 17 MAR - confidential information

The administrator of the sanation estate of PKP CARGO S.A. under restructuring (the “Company,” “PKP CARGO”) supplements current report No. 51/2025, published on June 30, 2025, by providing more detailed information on the Company's Restructuring Plan (“Plan”), primarily in terms of the description of the types of restructuring adopted, restructuring measures and initiatives planned for implementation, as well as restructuring measures undertaken and implemented as at the date of submission of the Plan to the Court.

The Restructuring Plan was prepared as of June 30, 2025, and all dates contained in the Plan are indicated according to the Company's knowledge as at that date. On June 30, 2025, the Plan was submitted by the Administrator to the PKP CARGO restructuring proceedings file.

On February 2, 2026, the PKP CARGO Creditors' Council, in proceedings before the District Court for the Capital City of Warsaw in Warsaw, 18th Commercial Division, concerning the presentation to the Judge-Commissioner and the Restructuring Court of an opinion on, among other things, the Restructuring Plan, adopted a resolution in which it stated that, at the current stage, it refrains from expressing an unequivocally positive or negative opinion on the Plan, submitting to the Judge-Commissioner and the Restructuring Court a request for an extension of the deadline for submitting an opinion on the Plan. The Restructuring Plan, adopted a resolution in which it decided that at this stage it would refrain from expressing an unequivocally positive or negative opinion on the Plan, raising objections to its content, and requested the Judge-Commissioner to oblige the Company's Management Board to supplement it (“Resolution”). The Company announced the Resolution in Current Report No. 8/2026.

Pursuant to the Order of the Judge-Commissioner of February 20, 2026, the Creditors' Council was required to submit its position on the Company's Restructuring Plan and any new amendments or clarifications thereto by March 17, 2026. The Company announced this Order in its current report No. 11/2026.

In view of the above, the elements of the Plan presented in the report are subject to change.

The PKP CARGO Restructuring Plan provides for the implementation of restructuring measures aimed at restoring the Company's profitability, ensuring its long-term development, and regaining its full ability to settle its liabilities. These measures are also aimed at increasing operational efficiency and creating conditions for future financing of development investments, thanks to which the objectives of the recovery proceedings should be achieved.

As part of the restructuring measures and initiatives planned for their implementation, the Plan provides for 7 types of restructuring measures:

1. restructuring in the area of sales through sales stimulation (implementation cost approx. PLN 13 million, implementation period: July 2025 – December 2026), foreign expansion (effect of the initiative not included in the financial forecast, implementation period: June 2025 – June 2026) and development of transport services in the specialist and intermodal segment (no costs forecast),

2. restructuring in the area of operations by increasing operational efficiency (implementation cost approx. PLN 325 million – costs of severance payments, increase in average remuneration and costs of digitization and automation of processes, implementation period: June 2025 – March 2026),
3. restructuring of employment through optimization of employment in the administrative area (implementation cost approx. PLN 41 million – severance costs, implementation time: June 2025 – September 2026) and in production positions (implementation cost approx. PLN 297 million – severance pay and salary increase costs, implementation period: June 2025 – November 2026),
4. restructuring in the area of information management through information management (implementation costs approx. PLN 134 million – costs of implementing CRM and BI systems BI systems, costs of process automation and digitization, and costs of adapting the Company to regulatory requirements in the area of IT, implementation time: July 2025 – October 2026),
5. restructuring in the area of assets through the sale of non-operational rolling stock (implementation cost approx. PLN 41 million (8% of the sale value)), non-operational real estate (implementation cost approx. PLN 13 million (5% of the sale value)) and shares in selected subsidiaries (no costs are forecast), implementation period: July 2025 – June 2026,
6. restructuring in the structural area through the restructuring of the Capital Group (implementation period: July 2025 – June 2026), the incorporation of PKP CARGOTABOR into PKP CARGO (implementation period: October 2025 – October 2026) and the merger of PKP CARGO Connect and PKP CARGO Terminale (implementation period: January 2026 – December 2026), (effects of initiatives not included in the financial forecast – additional potential),
7. supervision of strategy implementation through the Process and Project Management Office (PMO) (quality initiative, conditioning the effective implementation of other initiatives, implementation period: June 2025 – December 2026)

The Plan specifies the actions that the Company intends to take in order to implement the specific Initiatives indicated in the Restructuring Plan and the associated risks identified:

1. Sales stimulation

Objective: to increase revenue and transport margins.

Main activities:

- improving sales efficiency – in order to increase customer acquisition efficiency, PKP CARGO will take steps to automate sales processes using AI tools, introduce a market-based remuneration and bonus system, and measure sales staff performance in terms of results and operational efficiency,
- increasing sales - sales stimulation focuses on improving service for key customers, winning back lost customers, and developing a sales strategy.
- improving customer retention - PKP CARGO will take measures to increase customer loyalty and improve their experience with the Company by monitoring customer satisfaction and introducing high-quality after-sales service,
- improvement of contract pricing – PKP CARGO will take measures in the area of commercial terms and contract profitability management. Key measures include improvement of the pricing model and analysis of unprofitable contracts,
- adaptation of the organization to market and sales needs,
- improving the organization's effectiveness in supporting sales activities.

Risks:

- sales results depend on the organization's ability and willingness to adapt in terms of resource needs and financial resources for the purchase and modernization of rolling stocks,
- sales results also depend on the overall market situation. In the event of an economic downturn and a lack of new volume in the rail transport market, the assumed results may not be achieved despite the tasks implemented,
- difficulties within the organization in implementing a modern remuneration system in the sales area.

2. Foreign expansion

Objective: to develop transport sales on foreign markets.

The initiative involves the use of all PKP CARGO's existing resources and market advantages in the area of transport services on foreign markets. The goal is to increase revenues from foreign and international transport by developing international connections and foreign sales branches. International transport on long routes has market prices that are favorable for carriers, which allows them to achieve relatively high margins and effectively increase profits from their operations. Economic development in Central and Eastern Europe is increasing demand for international transport, and the structure of the PKP CARGO Group allows for its efficient implementation. Increasing international transport does not require significant investments beyond the development of sales structures in relevant markets.

Risks:

- difficulties in organizing sales and transport at the interface between PKP CARGO S.A., PKP CARGO International, and PKP CARGO Connect,
- insufficient sales resources with experience in acquiring customers for international transport, both on the Polish and foreign sides,
- potential expenditure related to the adaptation of rolling stock.

3. Increasing operational efficiency

Objective: to improve operational efficiency by optimizing OPEX/CAPEX

PKP CARGO will undertake a number of measures aimed at, among other things, minimizing turnaround times and improving transport efficiency. The company will conduct a thorough operational analysis of all Rolling Stock Maintenance Points with a view to cost optimization, particularly in terms of staffing levels and labor utilization. Key measures include increasing the effective working time of transport employees, reducing empty runs, minimizing empty runs for own needs, and maximizing the use of line parameters.

Risks:

- resistance of the organization to the changes being introduced,
- attempts to undermine the proposed solutions by referring to previous experiences,
- problems with obtaining relevant information for monitoring key performance indicators,
- artificial prolongation of the change process and task implementation.

4. Optimization of employment in the administrative area

Objective: to reduce the costs of providing support services within the PKP CARGO Capital Group.

In the first stage of the initiative's implementation, operational processes will undergo changes, which, after being mapped, will be optimized and automated. In the second stage of the initiative's implementation, a shared services center will be created, which will gradually centralize the processes optimized in the first stage in order to also provide them to entities from the PKP CARGO Capital Group. The initiative will cover services in the areas of HR and payroll, accounting, IT, legal services, real estate and vehicle fleet management, warehouse management, and others that will be identified during the implementation work.

Risks:

- prolonged implementation of necessary IT tools,
- resistance from entities identified for optimization,
- resistance from the public.

5. Information management

Objective: integration of IT systems within the PKP CARGO Capital Group and implementation of tools enabling scalability of operations without increasing employment in selected areas.

Information is the basis for management decisions. PKP CARGO currently has many non-integrated IT systems. In addition, the level of process automation does not allow for flexible scalability of operations (in many operational and support areas, an increase in volume or transport work necessitates an increase in employment). The implementation of many initiatives under the Plan requires an increase in the level of automation and integration of systems, including the implementation of new tools in the area of sales planning and customer relationship management (CRM, BI), planning and monitoring of transport routes and operational work (GenAI), optimization of support processes (workflow), etc. As a large-scale company facing significant operational inefficiencies, PKP CARGO must have top-class IT systems that provide the most accurate and up-to-date information possible. The implementation of this initiative is essential to achieve operational and cost efficiency gains.

Risks:

- resistance from organizations – defending existing solutions,
- prolonged implementation process,
- resistance from the public.

6. Asset optimization

Objective: to obtain additional funds by reducing fixed assets, including real estate and rolling stock, to the minimum level necessary to conduct business.

The initiative will be implemented mainly through the following tasks:

- optimization of Rolling Stock Maintenance Points, including the return of leased and rented real estate and the sale of redundant real estate - this measure involves the continuation of the already started process of optimizing the number of RMPs; so far, the number of RMPs has been reduced from 35 to 17. The analysis of the demand for PUT locations should be repeated after one year, in 2026, in connection with the implementation of process optimization and, consequently, the demand for rolling stock,

- optimization of non-operational real estate (non-PUT) - PKP CARGO will take steps to analyze the demand for its real estate and the sales process,
- optimization of rolling stock assets - the action includes the priority sale of unused assets and the adjustment of the number of locomotives and wagons to transport needs in connection with process optimization, followed by the further sale of surplus rolling stock.

Risks:

- incomplete implementation of the “Increasing operational efficiency” initiative will limit the possibilities of reducing rolling stock assets, which are needed less and less as transport processes become more efficient,
- risk of obtaining an unsatisfactory price level from the sale of assets.

7. Optimization of employment in the operational area

Objective: to adjust the level of employment at PKP CARGO to the market level adequate for the transport services provided.

The main activities aimed at adjusting the level of employment at PKP CARGO to market standards include:

- an in-depth analysis of work processes in the transport process,
- introduction of an effective piecework and incentive system for employees (mainly line employees),
- significant reduction in the number of independent dispatcher positions,
- further reductions in employment as part of the gradual optimization of employment to reach market levels,
- new work rules after the end of the ZUZP.

Risks:

- resistance from the organization, resistance from the social side,
- insufficient implementation of the “Increasing Operational Efficiency” initiative may result in the inability to achieve the necessary reduction in employment.

8. Structuring of the Capital Group

Objective: to organize business competencies within the PKP CARGO Capital Group.

The initiative involves organizing and assigning business competencies to specific entities within the Capital Group. Organizing business activities will increase operational, cost, and revenue efficiency. The main activities under this initiative include:

- disposal of shares in subsidiaries (not included in the financial forecast due to the initial stage of activities, which makes it difficult to estimate the likelihood of the transaction's success and its potential impact) - PKP CARGO will take steps to sell some or all of its shares in the following entities: CARGOTOR Sp. z o. o., Euroterminale Sławków Sp. z o. o., Terminale przeładunkowe Sławków-Medyka Sp. z o. o. (indirect shareholding through PKP CARGO Connect),
- reorganization of the sales area in the Capital Group - PKP CARGO will take steps to reorganize the scope of sales competences and coordinate activities between PKP CARGO S.A., PKP CARGO International, and PKP CARGO Connect. The Group will also take steps to reorganize the transfer pricing policy in the Capital Group,

- reorganization and consolidation of the terminal area within the Capital Group - PKP CARGO will take steps to verify the ownership structure of terminals within the Capital Group and carry out their full consolidation within PKP CARGO Terminale in the form of a merger or capital consolidation.

Risks:

- lack of consent of all entities involved to implement the process of reorganizing competences and business resources within the Capital Group,
- actions against the reorganization of competences, superficial actions and feigned involvement in the process on the part of interested entities.

9. Incorporation of PKP CARGOTABOR into PKP CARGO

Objective: integration of rolling stock repair activities within PKP CARGO S.A. under restructuring.

The main activities under this initiative include:

- direct or indirect operational and legal merger of PKP CARGOTABOR with PKP CARGO S.A.
- integration of rolling stock repair planning and management systems (ERP, CMMS, scheduling),
- transfer of human and technical resources to PKP CARGO structures,
- standardization of repair and maintenance processes,
- elimination of the need for transfer pricing and transfer pricing documentation,
- increased flexibility in margin and cost planning,
- optimization of the use of own workshop resources,
- increased responsiveness to operational needs (e.g., breakdowns, inspections),
- simplification of reporting and financial consolidation.

Risks:

- resistance from employees of the integrated subsidiary,
- possible dispersion of key competencies and the risk of insufficient optimization of resources within the merger,
- systems not adapted to the integrated structure.

10. Merger of PKP CARGO Connect and PKP CARGO Terminale

Objective: integration of logistics, freight forwarding, and terminal services within the PKP CARGO Group.

The main activities under this initiative include:

- legal and organizational mergers of both companies
- standardization of the commercial offer and sales channels,
- integration of IT and CRM systems (customer, order, and terminal management),
- optimization of the terminal network and operational resources,
- elimination of internal competition and duplication of services,
- joint planning of investments and infrastructure development,
- standardization of pricing and margin policies,

- strengthening of market position through consistent branding and communication.

Risks:

- resistance from employees of integrated subsidiaries,
- possible dispersion of key competencies and the risk of insufficient optimization of resources within the merger,
- systems not adapted to the integrated structure.

11. Establishment of a Project and Process Management Office (PMO)

Objective: to operationalize the strategy and establish a PMO unit to oversee the implementation of restructuring initiatives within the PKP CARGO Capital Group.

A key initiative from the point of view of strategy implementation at PKP CARGO. The main tasks are to supervise the correct and timely implementation of restructuring initiatives and to supervise the development and management of the operational process database. The office will report directly to the President of the Management Board and will be responsible for the consistency of project management throughout the PKP CARGO Capital Group. Key to the successful implementation of restructuring initiatives is their operationalization, which consists of developing detailed implementation plans, monitoring their progress, and developing a method for reporting them to the Management Board.

Risks:

- reluctance of organizations to cooperate with people working on behalf of the Management Board who are supposed to supervise them in the implementation of initiatives,
- problem with obtaining objective information by the PMO team for monitoring purposes.

According to the financial model adopted in the Restructuring Plan, which forms the basis for the financial forecasts for 2025-2031, following the effective implementation of the restructuring measures described above, PKP CARGO will achieve profitability at the level of net profit from 2026. Furthermore, according to the assumptions adopted in the Plan if the planned measures are effectively 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, among other things, through a decrease in the share of revenues from hard coal transport to 13% and an increase in the share of intermodal transport to 19% in 2031.

The above assumptions regarding future financial results do not constitute a forecast of financial results.

The plan outlines the preliminary assumptions of the new Strategy, which focuses on financial stabilization through cash flow optimization and revenue strengthening. Key actions include better management of receivables and liabilities, renegotiation of financial terms, cost reduction, and increased sales through the development of customer relationships and adjustment of the pricing strategy. Its basic assumptions include:

- moving away from declining activities, in particular phasing out the coal transport segment,

- focusing development on the intermodal and specialized transport segments, which are characterized by higher margins, more stable demand, and greater resistance to economic cycles,
- expanding sales potential, including strengthening the sales team and introducing tools for active customer relationship management,
- streamlining operational processes, including optimizing transport process management through more efficient planning to improve efficiency,
- consolidating and centralizing support functions, which will reduce overhead costs and increase management transparency.

The restructuring plan assumes the following sources of financing:

- proceeds from the Company's current operations in 2025-2031 in the amount of PLN 25,303 million to be used to finance current operating costs and repay creditors under the arrangement,
- proceeds from the sale of assets in the scope of:
 - 1) the sale of non-operational rolling stock and real estate in 2025-2030 in the amount of PLN 762 million, to be used to cover current liabilities and/or repay arrangement creditors,
 - 2) the sale of shares in selected subsidiaries in 2025-2026 in the amount of approximately PLN 60 million to cover current liabilities,
- other sources of financing achieved through the implementation of restructuring measures in 2025-2031 in the amount of PLN 2,907 million to finance current operating costs and repay arrangement creditors.

The above assumptions regarding future financial results do not constitute a financial forecast.

The Restructuring Plan also indicates that the main shareholder of PKP CARGO is considering granting a loan of up to PLN 500 million for operating activities. Funds from potential debt financing will not be included in the funds allocated to repayment to Creditors.

The Plan also specifies the restructuring measures undertaken and implemented as of June 30, 2025, aimed at improving the Company's economic and financial situation, in the following areas, including:

- reduction in employment – implementation of collective redundancies between July 2024 and October 2024,
- continuation of the Dispatch Reform, which completely changes the approach to the planning and supervision of transport. The reform aims to improve the quality of transport management and implementation. The new organizational solution will be implemented from May 2025,
- change in the organizational structure – including, among others, reorganization of the transport division, liquidation of the Rolling Stock Maintenance Departments at the Company's plants and reduction of the number of Rolling Stock Maintenance Points, liquidation of the Sales Departments at the plants and transfer of regional sales to the responsibility of the Sales Office – Conventional Transport Market at the Company's headquarters, liquidation of Sales Support Departments at the Company's plants and transfer of activities performed by COK to the responsibility of the Commercial Policy and Sales Support Office, reform of the Transport Logistics Department and change in the approach to logistics services, creation of for Transport Quality at plants for other, non-transferred issues of the existing Sales Support Department, liquidation of the Strategy and International Cooperation Office, creation of the Restructuring Projects Department, liquidation of the Social Communication Department,

- putting CARGOTOR Sp. z o. o. up for sale,
- optimizing real estate assets used for current operations, including reducing property lease and rental costs, taking steps to better utilize own real estate, and optimizing property tax,
- optimization of the rolling stock,
- optimization measures in the Sales Department - including, among others, changes to the structure of the sales division, an operational excellence program, a new transport forecasting process, a new sales management process - preparation and implementation of a new tool - pipeline, new market management process – preparation and implementation of a new tool – Business Map, measures implemented to monitor commercial operations, new concept for the Intermodal segment within the Capital Group,
- optimization measures in the area of rolling stock maintenance – including, among others: reduction of Rolling Stock Maintenance Points (PUT) within the structures of PKP CARGO, reorganization of maintenance structures,
- other significant activities – including, among others, signing a letter of intent with Mostostal S.A. regarding the potential acquisition of perpetual usufruct rights to real estate owned by PKP CARGO located in Warsaw and Wrocław, signing a letter of intent with PKP S.A., PKP CARGOTABOR sp. z o.o. under restructuring and PKP Linia Hutnicza Szerokotorowa sp. z o.o. for a potential agreement concerning the acquisition (various options are being considered) of PKP CARGOTABOR by PKP Linia Hutnicza Szerokotorowa.

The deadline for implementing the Restructuring Plan and executing the arrangement shall be no later than 11 years from the date on which the restructuring court's decision approving the arrangement becomes final.

The administrator of the PKP CARGO rehabilitation estate also points out that the Company's Restructuring Plan, drawn up on June 30, 2025, and submitted on the same day to the competent court, is a document prepared in accordance with the provisions of the Act of May 15, 2015 – Restructuring Law and is subject to the procedure provided for in rehabilitation proceedings, including review by the Creditors' Council, supervision by the Judge-Commissioner, and further actions in the course of the restructuring proceedings. The plan is not a final or binding document in its entirety and may be supplemented, modified, or updated in the course of the proceedings, in particular in connection with the actions of the restructuring authorities and the process of approval of the arrangement by the Restructuring Court.