

The Supervisory Board approves an in-kind contribution to a subsidiary in performance of a letter of intent

Current Report No. 8/2023 of 20 February 2023

Legal basis (selected in ESPI): Article 17 of MAR – inside information

The Management Board of PKP CARGO S.A. (“Company”, “Issuer”) hereby reports that on 20 February 2023 it obtained a consent from the Supervisory Board to the disposal of assets in the form of a transfer to PKP CARGOTABOR USŁUGI Sp. z o.o. (a subsidiary of the Issuer, “PKP CTU”) of the ownership title and the perpetual usufruct right to real property, the ownership title to buildings and structures located on the land and representing property separate from the land, and the ownership title to the movable property comprising assets of the former Fabryka Wagonów Gniewczyna S.A. in Gniewczyna Łańcucka with the total net market value of PLN 29,764,375.00 (twenty nine million seven hundred sixty four thousand three hundred seventy five Polish zloty, 00/100).

The above decision implements part of the letter of intent on cooperation in the field of rolling stock signed on 14 September 2022 by the Company, Agencja Rozwoju Przemysłu S.A. (“ARP”, Industrial Development Agency) and Polski Tabor Szynowy Sp. z o.o. (“PTS”) (on which the Company reported in its current report no. 34/2022), with the purpose of consolidating the rolling stock potential within the ARP Group by ARP financing the acquisition by PTS from the Company of certain assets, including real properties and movable assets located at the site of the former Fabryka Wagonów Gniewczyna S.A. in Gniewczyna Łańcucka, and rebuilding its potential in the field of repair and manufacture of rolling stock.

The goal of consolidating the rolling stock potential in the ARP Group and making investments to restore the above plant to operation will be achieved by first transferring the Issuer’s assets to PKP CTU as a contribution-in-kind that increases the share capital of PKP CTU, and by PKP CARGO S.A. acquiring PKP CTU’s new shares. The share capital of PKP CTU in the amount of PLN 28,336,000.00 will be covered by the contribution-in-kind of PLN 29,764,375.00, out of which PLN 1,428,375.00 will be allocated to supplementary capital as share premium. The Company will thus obtain 28,366 shares in the increased share capital of PKP CTU with a par value of PLN 1,000.00 per share and will remain its sole shareholder.

The Company will report on the implementation of other material points of the letter of intent in subsequent current reports.