

Management Board's recommendation on the distribution of the 2017 profit

Current Report no. 10/2018 of 17 April 2018

Legal basis (selected in ESPI):

article 56 Section 1 Item 2 of the Act on Offerings – current and periodic information

The Management Board of PKP CARGO S.A. (“Company”, “PKP CARGO”) hereby reports that on 17 April 2018 it adopted a resolution to submit a motion to the Company’s Ordinary Shareholder Meeting to distribute the net profit in the amount of PLN 93,967,095.00 (ninety three million nine hundred sixty seven thousand and ninety five Polish zloty) as presented in the Standalone Financial Statements for the financial year ended 31 December 2017 as follows:

- 1) allocate PLN 7,517,367.60 (seven million five hundred seventeen thousand three hundred sixty seven Polish zloty and sixty grosz) to the supplementary capital pursuant to Article 396 of the Commercial Company Code,
- 2) allocate PLN 86,449,727.40 (eighty six million four hundred forty nine seven hundred twenty seven Polish zloty and forty grosz) to cover losses carried forward.

In connection with the implementation of the strategy of steadily increasing the market share, adapting the Company’s resources and growth capacity, improving efficiency and developing competitive advantages that address market needs and are a vital element of the building of PKP CARGO’s strong and stable competitive position, it is recommended not to pay out a dividend from the net result of the financial year 2017. At the same time, the Company reports that the dividend policy adopted by PKP CARGO has not changed.

The Company also reports that pursuant to art. 382 § 3 of the Commercial Company Code, this motion will be submitted to Company’s Supervisory Board to obtain its opinion. The final decision regarding the distribution of profit for the financial year 2017 will be made by the Ordinary Shareholder Meeting of the Company.

Legal basis: § 38 Section 1 Item 7 of the Finance Minister’s Regulation of 19 February 2009 on the current and periodic information transmitted by securities issuers and the conditions for recognizing the information required by the regulations of a non-member state as equivalent (Journal of Laws of 2014 Item 133).