

Updated dates for a joint investment venture – execution of a new letter of intent

Current Report No. 25/2019 of 5 June 2019

Legal basis (selected in ESPI):

Article 17 Section 1 of MAR – confidential information

The Management Board of PKP CARGO S.A. (“Company”, “PKP CARGO”), with reference to current report No. 20/2019 of 25 April 2019, hereby reports that due to the extended discussions with Wagony Świdnica Sp. z o.o. with its registered office in Świdnica (“Wagony Świdnica”), the estimated completion dates of the preparatory work for the possible execution of a joint venture as specified in the Letter of Intent (“Letter of Intent 1”) signed on 25 April 2019 with Agencja Rozwoju Przemysłu Spółka Akcyjna (Industrial Development Agency, “ARP”) with its registered office in Warsaw.

In connection with the above, today the Company’s Management Board and Wagony Świdnica signed a Letter of Intent (“Letter of Intent 2”) containing an updated estimated completion dates for the preparatory work and a declaration of the Parties’ interest in the execution of a joint investment venture involving the launch of business consisting of the production and repairs of wagons for the transportation of freight for the needs of PKP CARGO (“Joint Venture”). The remaining provisions of Letter of Intent 1 were not changed.

The Joint Venture will be executed either through a special purpose vehicle which may be established for this purpose or through an existing company which does not run any operating business as at the date of Letter of Intent 2. Prior to this, a business plan will be developed with a view to ascertaining the feasibility and profitability of the Joint Venture. The Parties will also take steps to select the location of the Joint Venture in the south-eastern region of Poland.

Today, Letter of Intent 2 was signed by the Company and Wagony Świdnica. Soon, the Joint Venture will be joined by the Industrial Development Agency with its registered office in Warsaw (“ARP”). When ARP signs the updated Letter of Intent 2, the document signed on 25 April 2019 will be canceled.

Letter of Intent 2 is solely an expression of the intention of the Parties to undertake cooperation and as such does not create any obligations and will remain valid until the Parties sign a contract for the execution of the Joint Venture or until 31 December 2019, whichever is earlier.

The Company will publish updates in the form of separate current reports about the next significant steps related to the Joint Venture.

Specific legal basis:

Article 17 Section 1 of MAR – confidential information