

Company's answers to online questions  
during the 2022 Financial Results Conference  
5 April 2022

**Why has PKP CARGO recently not provided its services as a carrier of coal imported by Polska Grupa Energetyczna from Kazakhstan? Both these companies are owned by the Polish State Treasury.**

PKP CARGO does not have a monopoly on the provision of coal transport services. We have a free market in the country, meaning that any entity that owns the coal, even if it is state-owned, may freely select a rail operator to have it transported to its destination. PKP CARGO has for years been executing various other contracts for PGE and our cooperation will certainly continue to be very extensive in the coming years.

**What was the increase in electricity costs in Q1 2023 compared to Q4 2022?**

At the moment, we are not publishing such information. Our financial performance in Q1 2023 will be disclosed on 26 May 2023.

**What was the main reason for the Company's approximately 3% decrease in market share in February 2023? Was is the Company's withdrawal from unprofitable contracts or the high degree of competition in the market?**

Several phenomena led to this outcome. The situation was caused to a certain degree by the Company's withdrawal from unprofitable contracts, but partly also by a regular seasonal decrease in demand for the transport of certain cargo categories, such as coal. Also, we continue to experience the consequences of the significant decrease in the traffic volume of containers hauled along the New Silk Road.

**In your opinion, will it be possible in 2023 to continue the upward trend in performance which started in 2022?**

**How do you rate the prospects for this year? Were the favorable trends regarding the prices of your services from the last quarter continued in Q1 2023 with the concurrent keeping of costs under control and the relatively stable demand?**

**In H2 2022, PKP CARGO earned approx. PLN 200 million. Has this become a trend, meaning that the Company's bottom line in the following periods will remain in the black?**

We will do our best to keep it that way. We continue our cost optimization endeavors and keep investing in our rolling stock and capacity to improve our transport performance. We are intensifying our intermodal transport services now that the situation in the ports has stabilized. We will soon enter into new negotiations on future electricity prices. All these activities are aimed at generating profit in subsequent periods.

**What are the Company's plans for the distribution of profit generated in 2022? What proposals is the Company going to put forward in this regard?**

The decision regarding profit distribution will be made by the Shareholder Meeting to be held in June. The Company's investment requirements will certainly be taken into account, along with financial losses from previous years.

**When can we expect to see a presentation of your new strategy?**

As we speak, we are working on the PKP CARGO Group's strategy for 2024-2027. We will endeavor to publish its objectives before the end of this year.

**How much money does the Company intend to earmark for capital expenditures in 2023? What areas/segments of activity does the Company intend to invest in?**

It would be too early to make any CAPEX commitments at this point in time, but I can assure you that the volume of our capital expenditures will be commensurate with the Group's financial performance and market needs. And, certainly, the vast majority of these expenditures will be allocated for repairs, upgrades and purchases of rolling stock. The PKP CARGO Group intends to become a leader in the Three Seas Initiative region and on the routes of the New Silk Road leading to the EU and reach a 50% share in the Polish rail freight market by 2027 in terms of freight turnover. With this in mind, we will invest in our rolling stock and service capacity.

**Will PKP CARGO participate in the provision of emergency grain transport services?**

We are the largest rail operator in Poland. Accordingly, if the need is such, we will consider this possibility, but only based on the assumption that the cargo to be transported for our customers will be delivered without delays.

**The Company's share price has dropped by more than 85% since the first day of its listing. Do you intend to carry out any share buy-back operation given the Company's current valuation?**

At the moment, we are not considering this option.

**Do you continue to see a high level of demand for the transport of Ukrainian grain this year? What volumes of grain will PKP CARGO be able to transport outside the country this year to make room in Polish storage facilities before the harvest season? How are you preparing for this operation? And what obstacles are you encountering in ports?**

The demand for the transport of Ukrainian grain indeed continues to be high. PKP CARGO has the capacity to transport more grain, both Ukrainian and Polish, which is why we are repairing our grain wagons and making efforts to lease these pieces of rolling stock also to other market players to increase the Company's operational capacity. Having said that, we are not in a position to make decisions on the volume of Polish grain exports, which means that we cannot say with any degree of confidence what the scale of these exports in the coming months will be. A major challenge is, of course, the throughput of rail lines and port terminals, but we are also capable of transporting Polish grain to foreign ports, which may facilitate the emptying of Polish storage facilities before the harvest season.

**What is your initial assessment of the past quarter? What are the Company's expected results in Q1 2023?**

We are doing our best to increase the Company's transport capacity, but it should be kept in mind that the first quarter of the year is the most demanding season, especially in the current difficult market environment. We maintain our objectives from previous periods, but information on our actual performance will be disclosed only on 26 May 2023.