

Report on Review of the Condensed Interim Financial Statements

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For the Shareholders of PKP CARGO Spółka Akcyjna w restrukturyzacji

Introduction

We have reviewed the accompanying condensed interim financial statements of PKP CARGO S.A. w restrukturyzacji (the Company) with its registered office in Warsaw, Grójecka 17, which comprise the condensed statement of financial position as of June 30, 2024, the condensed statement of profit or loss, condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, condensed statement of cash flows for the period from January 1, 2024 to June 30, 2024 and selected explanatory notes.

The Management Board of the Company is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with National Standard on Review Engagements 2410 consistent with International Standard on Review Engagements 2410 *Review of Interim Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with National Standards on Auditing in the wording of International Standards on Auditing adopted by resolutions of the National Council of Statutory Auditors and the Council of Polish Agency for Audit Oversight, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Emphasis of Matter

We draw attention to note 1.3 *Kontynuacja działalności, działania restrukturyzacyjne* to the interim financial statements in which the Company's Management Board presented the following conditions and the resulting material uncertainty:

- recording negative financial results, the main cause of which was a decline in revenues from contracts with customers (the effect of lower transported freight mass);
- noticeable effects of the ongoing war in Ukraine and the effect of the energy crisis in Europe (including increased energy prices), which significantly affects enterprises and results in relatively low freight transport;
- the Company's activities at the turn of 2022-2023 focused on the transport of coal from sea ports to customers from the energy industry, which limited the Company's ability to compete in the most profitable transport categories and resulted in the loss of some customers;
- high inflation persisting over the last year, which translated into an increase in the prices of purchased raw materials, materials and services, and at the same time caused strong pressure on employees to increase wages;
- pursuing an expansive investment policy, making high investment expenditures mainly in the area of railway rolling stock;
- a significant decline in demand for services provided by the Company, which negatively affected the financial and liquidity situation and the ability to settle current liabilities, including failure to meet the conditions specified in the loan agreements concluded by the Company as at June 30, 2024.

This situation indicates the existence of a material uncertainty which may raise significant doubts as to the Company's ability to continue as a going concern. In the aforementioned note, the Management Board also presented activities undertaken in order to eliminate such threats. In the opinion of the Management Board, these activities will be successful, however, there is no such certainty. Our conclusion is not modified in respect of this matter.

Marcin Diakonowicz

Statutory Auditor No. 10524
Key Audit Partner performing the review on behalf of
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Warsaw, September 30, 2024.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.