

# Interim Condensed Standalone Financial Statements

of the PKP CARGO S.A.  
under restructuring

for the period  
of 6 months  
ended 30 June

## 2024

prepared in  
accordance with  
EU IFRS

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**INTERIM STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023	
Revenues from contracts with customers	1,762.5	855.2	2,219.2	1,008.8	<a href="#">Note 2.1</a>
Consumption of electricity and traction fuel	(291.4)	(137.6)	(420.4)	(180.0)	<a href="#">Note 2.2</a>
Infrastructure access services	(199.3)	(100.4)	(241.2)	(110.1)	
Other services	(179.0)	(86.8)	(190.6)	(87.2)	<a href="#">Note 2.2</a>
Employee benefits	(769.7)	(372.8)	(729.3)	(362.6)	<a href="#">Note 2.2</a>
Other expenses	(107.8)	(45.0)	(122.8)	(59.4)	<a href="#">Note 2.2</a>
Other operating revenue (and expenses)	(53.5)	(36.1)	(11.3)	(9.4)	<a href="#">Note 2.3</a>
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>161.8</b>	<b>76.5</b>	<b>503.6</b>	<b>200.1</b>	
Depreciation, amortization and impairment losses	(568.8)	(378.2)	(329.6)	(168.8)	<a href="#">Note 2.2</a>
<b>Profit / (loss) on operating activities (EBIT)</b>	<b>(407.0)</b>	<b>(301.7)</b>	<b>174.0</b>	<b>31.3</b>	
Financial revenue (and expenses)	(87.4)	(42.2)	(46.3)	(6.7)	<a href="#">Note 2.4</a>
<b>Profit / (loss) before tax</b>	<b>(494.4)</b>	<b>(343.9)</b>	<b>127.7</b>	<b>24.6</b>	
Income tax	91.7	64.7	(22.5)	(0.6)	<a href="#">Note 3.1</a>
<b>NET PROFIT / (LOSS)</b>	<b>(402.7)</b>	<b>(279.2)</b>	<b>105.2</b>	<b>24.0</b>	
<b>OTHER COMPREHENSIVE INCOME</b>					
Measurement of hedging instruments	3.3	(1.5)	32.0	28.5	<a href="#">Note 6.1</a>
Income tax	(0.6)	0.3	(6.1)	(5.4)	<a href="#">Note 3.1</a>
<b>Other comprehensive income subject to reclassification to profit or loss, total</b>	<b>2.7</b>	<b>(1.2)</b>	<b>25.9</b>	<b>23.1</b>	
Actuarial gains / (losses) on employee benefits	(30.1)	(30.1)	(44.0)	(44.0)	<a href="#">Note 5.10</a>
Income tax	5.7	5.7	8.4	8.4	<a href="#">Note 3.1</a>
Measurement of equity instruments at fair value	-	-	3.8	3.8	<a href="#">Note 6.1</a>
<b>Other comprehensive income not subject to reclassification to profit or loss, total</b>	<b>(24.4)</b>	<b>(24.4)</b>	<b>(31.8)</b>	<b>(31.8)</b>	
<b>Total other comprehensive income</b>	<b>(21.7)</b>	<b>(25.6)</b>	<b>(5.9)</b>	<b>(8.7)</b>	
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(424.4)</b>	<b>(304.8)</b>	<b>99.3</b>	<b>15.3</b>	
<b>Earnings / (losses) per share (PLN per share)</b>					
Weighted average number of common shares	44,786,917	44,786,917	44,786,917	44,786,917	
Earnings / (losses) per share	<b>(8.99)</b>	<b>(6.23)</b>	<b>2.35</b>	<b>0.53</b>	
Diluted earnings / (losses) per share	<b>(8.99)</b>	<b>(6.23)</b>	<b>2.35</b>	<b>0.53</b>	

**INTERIM STANDALONE STATEMENT OF FINANCIAL POSITION**

	30 June 2024	31 December 2023	
<b>ASSETS</b>			
Rolling stock	3,835.7	4,078.1	<i>Note 5.1</i>
Other property, plant and equipment	402.4	411.1	<i>Note 5.1</i>
Right-of-use assets	1,222.5	1,162.4	<i>Note 5.2</i>
Investments in related parties	851.7	897.1	<i>Note 5.3</i>
Lease receivables	31.2	29.6	
Financial assets	21.1	23.4	<i>Note 5.6</i>
Other assets	28.0	31.6	<i>Note 5.7</i>
Deferred tax assets	237.9	135.6	<i>Note 3.1</i>
<b>Total non-current assets</b>	<b>6,630.5</b>	<b>6,768.9</b>	
Inventories	81.7	92.3	<i>Note 5.4</i>
Trade receivables	408.2	468.0	<i>Note 5.5</i>
Lease receivables	3.1	2.9	
Financial assets	4.6	4.6	<i>Note 5.6</i>
Other assets	107.8	112.0	<i>Note 5.7</i>
Cash and cash equivalents	36.9	120.2	<i>Note 4.3</i>
<b>Total current assets</b>	<b>642.3</b>	<b>800.0</b>	
Non-current assets classified as held for sale	2.8	-	
<b>TOTAL ASSETS</b>	<b>7,275.6</b>	<b>7,568.9</b>	
<b>EQUITY AND LIABILITIES</b>			
Share capital	2,239.3	2,239.3	<i>Note 4.2</i>
Supplementary capital	783.6	738.4	
Other items of equity	(106.8)	(85.1)	
Retained earnings / (Accumulated losses)	(402.7)	45.2	
<b>Total equity</b>	<b>2,513.8</b>	<b>2,937.8</b>	
Debt liabilities	1,833.1	1,908.5	<i>Note 4.1</i>
Investment commitments	7.4	15.6	<i>Note 5.9</i>
Provisions for employee benefits	506.3	493.0	<i>Note 5.10</i>
Other provisions	0.4	0.4	<i>Note 5.11</i>
<b>Total non-current liabilities</b>	<b>2,347.2</b>	<b>2,417.5</b>	
Debt liabilities	686.2	709.0	<i>Note 4.1</i>
Trade payables	959.0	687.1	<i>Note 5.8</i>
Investment commitments	265.6	314.6	<i>Note 5.9</i>
Provisions for employee benefits	149.0	136.1	<i>Note 5.10</i>
Other provisions	5.0	8.5	<i>Note 5.11</i>
Other financial liabilities	116.0	140.5	<i>Note 5.12</i>
Other liabilities	234.2	217.8	<i>Note 5.13</i>
<b>Total current liabilities</b>	<b>2,415.0</b>	<b>2,213.6</b>	
<b>Total liabilities</b>	<b>4,762.2</b>	<b>4,631.1</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,275.6</b>	<b>7,568.9</b>	

INTERIM STANDALONE STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Other items of equity			Retained earnings / (Accumulated losses)	Total equity
			Measurement of equity instruments at fair value	Actuarial gains / (losses) on employee benefits	Measurement of hedging instruments		
<b>1 January 2024</b>	<b>2,239.3</b>	<b>738.4</b>	<b>(9.1)</b>	<b>(79.4)</b>	<b>3.4</b>	<b>45.2</b>	<b>2,937.8</b>
Net result for the period	-	-	-	-	-	(402.7)	(402.7)
Other comprehensive income for the period (net)	-	-	-	(24.4)	2.7	-	(21.7)
<b>Total comprehensive income</b>	-	-	-	(24.4)	2.7	(402.7)	(424.4)
Other changes for the period	-	45.2	-	-	-	(45.2)	-
<b>30 June 2024</b>	<b>2,239.3</b>	<b>783.6</b>	<b>(9.1)</b>	<b>(103.8)</b>	<b>6.1</b>	<b>(402.7)</b>	<b>2,513.4</b>
<b>1 January 2023</b>	<b>2,239.3</b>	<b>635.7</b>	<b>(12.9)</b>	<b>(9.3)</b>	<b>(32.2)</b>	<b>102.7</b>	<b>2,923.3</b>
Net result for the period	-	-	-	-	-	105.2	105.2
Other comprehensive income for the period (net)	-	-	3.8	(35.6)	25.9	-	(5.9)
<b>Total comprehensive income</b>	-	-	3.8	(35.6)	25.9	105.2	99.3
Other changes for the period	-	102.7	-	-	-	(102.7)	-
<b>30 June 2023</b>	<b>2,239.3</b>	<b>738.4</b>	<b>(9.1)</b>	<b>(44.9)</b>	<b>(6.3)</b>	<b>105.2</b>	<b>3,022.6</b>

## INTERIM STANDALONE STATEMENT OF CASH FLOWS

	6 months ended 30 June 2024	6 months ended 30 June 2023	
<b>Cash flows from operating activities</b>			
<b>Profit / (loss) before tax</b>	<b>(494.4)</b>	<b>127.7</b>	
<b>Adjustments</b>			
Depreciation, amortization and impairment losses	568.8	329.6	<i>Note 2.2</i>
(Profit) / loss on the sale and liquidation of non-financial non-current assets	(0.7)	(0.5)	
(Profit) / loss on investing activities	45.4	-	
Foreign exchange (gains)/losses	(0.7)	1.5	
(Profits) / losses on interest, dividends	26.9	29.1	
Interest received / (paid)	1.1	0.4	
Income tax received / (paid)	(0.2)	(18.1)	
Movement in working capital	377.4	218.8	
Other adjustments	(30.8)	(40.6)	
<b>Net cash from operating activities</b>	<b>492.8</b>	<b>647.9</b>	
<b>Cash flows from investing activities</b>			
Expenditures on the acquisition of non-financial non-current assets	(338.7)	(519.4)	
Proceeds from the sale of non-financial non-current assets	3.3	0.4	
Expenditures on the acquisition of related parties	-	(31.5)	
Proceeds from dividends received	48.1	37.5	
Expenditures on extended loans	-	(20.0)	
Repayment of extended loans	2.2	-	
Other proceeds from investing activities	2.9	1.6	
<b>Net cash from investing activities</b>	<b>(282.2)</b>	<b>(531.4)</b>	
<b>Cash flows from financing activities</b>			
Expenditures on leases	(63.3)	(49.6)	<i>Note 4.1</i>
Proceeds from drawn down loans / credit facilities	22.0	158.1	<i>Note 4.1</i>
Repayment of loans/ credit facilities	(166.7)	(148.4)	<i>Note 4.1</i>
Interest paid on leases and loans/borrowings	(71.2)	(66.5)	<i>Note 4.1</i>
Subsidies received	12.3	-	
Inflow / (outflow) as part of cash pool	(26.3)	(7.4)	
Other expenditures concerning financing activities	(0.7)	(1.1)	
<b>Net cash from financing activities</b>	<b>(293.9)</b>	<b>(114.9)</b>	
Net increase / (decrease) in cash and cash equivalents	(83.3)	1.6	
Cash and cash equivalents at the beginning of the reporting period	120.2	55.2	
<b>Cash and cash equivalents at the end of the reporting period including:</b>	<b>36.9</b>	<b>56.8</b>	
<i>restricted cash</i>	<i>22.1</i>	<i>19.6</i>	



## NOTES TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

### 1. General information

#### 1.1 Key information about the Company's business

##### Information about the Company

PKP CARGO S.A. ("Company") was established pursuant to a Notary Deed of 29 June 2001 (Rep. A No. 1287/2001). Key information about the Company is presented in the table below.

Key information about the Company	
Name	PKP CARGO S.A. w restrukturyzacji
Registered office	Poland
Address of the Company's registered office	ul. Grójecka 17, 02-021 Warsaw
KRS	0000027702 – District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register, Poland
REGON	277586360
NIP	954-23-81-960

On 25 July 2024 the District Court for the capital city of Warsaw in Warsaw, 18th Commercial Division issued a decision to open remedial proceedings towards PKP CARGO S.A. Pursuant to Article 66 sec. 2 of the Restructuring Law Act, after a court has issued a decision to open restructuring proceedings, a trader operates on the market under its previous business name with the addition of the words "w restrukturyzacji" (in restructuring). Therefore, as of 25 July 2024, the full name of the company is: PKP CARGO S.A. w restrukturyzacji.

The Company's financial year is the calendar year.

The Company core business is rail transport of cargo. In addition to rail freight transport services, the Company also provides additional services:

- intermodal services,
- freight forwarding (domestic and international),
- terminal services,
- siding and traction services,
- repairs and periodic inspections of rolling stock.

The composition of the Company's management and supervisory bodies and the Company's shareholding structure as at 30 June 2024 are presented in the Management Board Report on the Activity of the PKP CARGO w restrukturyzacji Group for H1 2024, in [Sections 2.1](#) and [2.3](#), respectively.

##### Information about the Group

PKP CARGO S.A. w restrukturyzacji is the parent company of the PKP CARGO w restrukturyzacji Group and prepares consolidated financial statements pursuant to International Financial Reporting Standards approved by the European Union ("EU IFRS").

As at the balance sheet date, the PKP CARGO w restrukturyzacji Group (hereinafter: "Group") comprised PKP CARGO S.A. w restrukturyzacji as its parent company and 20 subsidiaries. In addition, the Group held stakes in 2 associated entities and 1 joint venture.

Additional information about subsidiaries, associates and interests in joint ventures is presented in [Note 5.3](#) to these Standalone Financial Statements.

The term of the activities of the individual Group companies is not limited, with the exception of PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji, which went into liquidation as of 25 April 2024. PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji does not carry out any significant business activities.

As of 2 September 2024, by decision of the District Court for the Capital City of Warsaw in Warsaw, 18th Commercial Division, remedial proceedings of the principal nature were opened towards PKP CARGOTABOR Sp. z o.o.



## 1.2 Basis for the preparation of the Interim Condensed Standalone Financial Statements

These Interim Condensed Standalone Financial Statements have been prepared in accordance with International Accounting Standard no. 34 Interim Financial Reporting as endorsed by the European Union.

These Interim Condensed Standalone Financial Statements should be read together with the audited Standalone Financial Statements of PKP CARGO S.A. w restrukturyzacji for the year ended 31 December 2023 prepared according to EU IFRS. The accounting policy used to prepare these Interim Condensed Standalone Financial Statements is consistent with the one used to prepare the Standalone Financial Statements of the Company for the for the financial year ended 31 December 2023.

These Interim Condensed Standalone Financial Statements for the period of 6 months ended 30 June 2024 have been prepared based on the going concern assumption for the foreseeable future, which is described in greater detail in **Note 1.3** to these Interim Condensed Standalone Financial Statements.

These Interim Condensed Standalone Financial Statements have been prepared in accordance with the historic cost principle, except for investments in equity instruments measured at fair value.

In the interim period, the Company's business does not show any material seasonal or cyclical trends.

These Interim Condensed Standalone Financial Statements have been drawn up in Polish zloty (PLN). Polish zloty is the Company's functional and reporting currency. The data in the financial statements are presented in millions of PLN.

These Interim Condensed Standalone Financial Statements consist of the standalone statement of profit or loss and other comprehensive income, standalone statement of financial position, standalone statement of changes in equity, standalone statement of cash flows and selected notes.

The data for the 6 months ended 30 June 2024 and 30 June 2023 presented in these Interim Condensed Standalone Financial Statements have been reviewed by an auditor. The line items of the statement of financial position as at 31 December 2023 were audited by a statutory auditor during the audit of the Standalone Financial Statements of PKP CARGO S.A. w restrukturyzacji for the year ended 31 December 2023 prepared according to EU IFRS. The data for the 3 months ended 30 June 2024 and 30 June 2023 presented in these Interim Condensed Standalone Financial Statements have not been reviewed or audited by an auditor.

These Interim Condensed Standalone Financial Statements were approved for publication by the Administrator of PKP CARGO S.A. w restrukturyzacji on 30 September 2024.

## 1.3 Going concern assumption, restructuring measures

These Interim Condensed Standalone Financial Statements for the period of 6 months ended 30 June 2024 have been prepared based on the going concern assumption and accordingly do not include adjustments for differences in the measurement and classification of assets and liabilities that would be required if the Company's going concern assumption proved to be invalid.

### Reasons for identifying risks to the ability to continue as a going concern

#### 1. Decrease in of cargo transport operations and difficult position of the Company

In H1 2024, the Company posted negative financial results. The main reason for the negative results was the decrease in revenues from contracts with customers, which was due to lower freight volumes (approx. 18.3% decline yoy). In H1 2024, rail freight operators transported a total of 110.7 million tons of cargo and achieved a freight turnover of 29.3 billion tkm, which represented a decrease of 4.0% yoy (-4.6 million tons) and 4.8% yoy (-1.5 billion tkm), respectively, from the corresponding period of the previous year. They were affected by the ongoing war in Ukraine and the energy crisis in Europe (including increased energy prices), which has a significant impact on businesses and results in relatively low freight volumes. Despite the continued decline in demand in the rail freight market, the number of carriers obtaining freight licenses continues to increase in Poland. As the leader of the rail freight market in Poland, PKP CARGO S.A. w restrukturyzacji is particularly exposed to the decline in transports, which is reflected in lower revenues. In 2022-2023, the Company's focus on moving coal from seaports to energy industry customers limited its ability to compete in the most profitable freight categories and resulted in the loss of some customers.

At the same time, the high inflation that persisted over the past year caused an increase in prices for purchased commodities, materials and services, while putting strong upward pressure on raising employee wages. Also, the Company pursued an expansionary investment policy, with high capital expenditures mainly for rolling stock.

#### 2. External financing agreements, defaults on financing agreements

The above factors resulted in a significant decrease in demand for the Company's services, which adversely affected the Company's financial position, liquidity and its ability to pay its current liabilities. Due to the deterioration of the financial standing and liquidity, the covenants set forth in loan agreements concluded by the Company were not satisfied as at 30 June 2024, which is described in **Note 4.1** to these Interim Condensed Standalone Financial Statements.



### 1.3 Going concern assumption, restructuring measures (cont'd)

#### Measures taken by the Company's Management Board to improve its financial and liquidity position

As the Company's Management Board identified and analyzed the above risks, on 27 June 2024 it decided to file a petition with the court to open the remedial proceedings. On 25 July 2024, the Company received from the District Court for the Capital City of Warsaw in Warsaw a "Notice of Decision to Open Restructuring Proceedings". In the opinion of the Management Board, the purpose of opening the restructuring proceedings is to improve the Company's financial and liquidity position. The decision to file the foregoing petition was made by the Management Board after considering the best interests of PKP CARGO S.A. and its shareholders. The Management Board believes that the restructuring process under court supervision will allow the Company to continue its operations and achieve the best possible outcomes for its creditors, employees and shareholders, restore the Company's ability to satisfy its financial obligations and to conclude a composition with its creditors.

The restructuring plan provides for the implementation of the following restructuring measures:

- workforce reduction through mass layoffs, which are expected to affect approximately 30% of the workforce,
- termination of some of the leases for assets that are not essential to the business activity,
- sale of some of the assets that are not intended for further use,
- reduction of capital expenditures and alignment with transportation needs,
- reorganization of the Company's organizational structure,
- optimization of logistic processes, in particular streamlining of data flow, shortening of individual links in the transportation process, efforts to maximize the use of wagons,
- intensification of commercial and marketing activities to obtain new freight contracts,
- withdrawing from contracts that generate unnecessary costs.

According to the Company's Management Board, all of the above activities are aimed at optimizing the cost structure, increasing operational efficiency, improving the quality of services and increasing competitiveness on the market, which will allow the Company to obtain new orders, increase revenues and improve its liquidity position.

The Company is actively working to secure financing for the restructuring measures it is undertaking. The Management Board believes that the restructuring plan will be financed from internal and external sources. The Company has an active liquidity management policy and monitors its liquidity on an ongoing basis to ensure that it is able to meet its obligations during the implementation period of the restructuring plan. The opening of the restructuring proceedings has protected the Company from the possibility of terminating major contracts with customers, suppliers and financial institutions, and all liabilities incurred before the opening date of the restructuring proceedings will be covered by the composition and will be repaid at a later date. The Management Board believes that the deferral of repayment of liabilities incurred before the launch date of the restructuring proceedings, their subsequent reduction by agreement with creditors and the implemented restructuring measures will enable the Company to meet its current liabilities for at least the next 12 months and will minimize the Company's going concern risk.

#### Operation of the Company during the restructuring process

Despite the difficulties, the Company remains the best and largest railway company in Poland, with a leading market position in both conventional and intermodal transport. The Company plays a very important role for the entire national economy, which was confirmed by the decision made by the President of the Office of Rail Transport, who did not agree to terminate the agreement between PKP Polskie Linie Kolejowe S.A. and the Company, which would reduce the ability of PKP CARGO S.A. w restrukturyzacji to use the throughput capacity in the 2023/2024 schedule (as requested by PKP PLK S.A.). He pointed to the public interest tied to the national carrier, given the largest share of the Company in its market and the lack of capacity among other carriers, which would not be able to replace such a significant loss of operational capacity, resulting in major losses for the Polish economy.

The importance of the Company's role for the economy as a whole is evidenced by the argumentation of the Office of Rail Transport, which directly points out that if PKP CARGO S.A. w restrukturyzacji does not provide freight services, there may be supply complications and disruptions in the following market segments:

- energy (the country's energy security),
- infrastructural investments (road construction, modernization of rail lines),
- transportation of fuels to Ukraine and grain from Ukraine,
- transshipment on the eastern border,
- transportation of wagon groups and operation of air transport,
- transport in specialized wagons (fertilizers, engineered wood boards, cellulose, metal products),
- military transportation,
- transportation of dangerous goods,
- transportation of goods subject to customs procedures.

PKP CARGO S.A. w restrukturyzacji has the potential to provide services in all segments of the rail transport market, including those of strategic importance for the functioning of the Polish state.

### 1.3 Going concern assumption, restructuring measures (cont'd)

The purpose of restructuring proceedings is to avoid the declaration of bankruptcy by allowing the debtor to restructure by entering into a composition with its creditors, and in the case of remedial proceedings also by carrying out remedial (restructuring) measures, while securing the equitable rights of creditors, so that the composition proposals are prepared in such a way that the claims covered by the composition are satisfied to the maximum extent possible. As of 25 July 2024, by decision of the District Court for the Capital City of Warsaw in Warsaw, 18th Commercial Division, remedial proceedings of the general nature were opened towards PKP CARGO S.A. The court appointed an Administrator over the Company, discharged by Ms. Izabela Skonieczna-Powałka, while allowing the Management Board to exercise management over the entire undertaking with respect to activities not exceeding ordinary management.

In the opinion of the Company's Management Board, all restructuring activities are aimed at reducing existing risks and improving the Company's earnings and liquidity position, as well as ensuring its operational continuity.

#### Restructuring reserve

On 27 June 2024, PKP CARGO S.A. filed with the Court a petition to open remedial proceedings, in which it presented the (preliminary) "Restructuring Plan of PKP CARGO Spółka Akcyjna with its registered office in Warsaw", which was approved by the Court on 25 July 2024. On 3 July 2024, the Management Board made a decision regarding the Company's intention to carry out group layoffs and consequently commenced consultations of the intention to carry out group layoffs with the trade unions operating in the Company's Units and Head Office. On 24 July 2024, the Management Board adopted a resolution for the Units and the Head Office of PKP CARGO S.A. w restrukturyzacji to carry out group layoffs pursuant to the Act of 13 March 2003 on the detailed principles of terminating employment for reasons not attributable to employees. The group layoffs will affect up to 30% of the Company's workforce (up to 4,142 employees) in various professional groups, within the timeframes set forth by agreements or regulations.

The remedial proceedings meet the definition of restructuring in IAS 37. According to IAS 37, the provision for restructuring costs should include only the direct expenditures arising from the restructuring, which are those that are both necessarily entailed by the restructuring; and are not associated with the ongoing activities of the enterprise. The announcement of the main elements of the restructuring plan by opening of restructuring proceedings is an "event after the balance sheet date" and therefore no provision on this account could be recognized at the balance sheet date.

As at the date of these Interim Condensed Standalone Financial Statements, the Company's Management Board believes that the main component of the provision for restructuring costs will be costs associated with employee layoffs. With respect to other restructuring costs, the Company is in the process of estimating their impact on the financial statements.

In connection with the termination of employment as part of group layoffs, employees will be entitled to cash severance payments based on the period of employment. The preliminary estimated amount of severance payments related to employment restructuring is approximately PLN 249 million and will be recognized as an employee benefit cost in Q3 2024.

### 1.4 Impairment of assets

#### 1. Analysis of the value of non-current financial assets

Shares in subsidiaries are recognized at purchase price less impairment losses.

In the current reporting period, the Company analyzed the indications and identified the factors that could have materially contributed to a change in the value of its non-current assets and consequently could have affected the value of shares held by PKP CARGO S.A. w restrukturyzacji in its subsidiaries.

In accordance with IAS 36, the Company assesses at the end of each reporting period whether there is any objective evidence of impairment of non-current assets. If such grounds exist then the Company is required to determine the recoverable amount of the assets showing signs of impairment.

As a result of the analysis of indications, the Company carried out impairment tests for its financial non-current assets with respect to shares held in PKP CARGOTABOR Sp. z o.o. w restrukturyzacji, CARGOTOR Sp. z o.o., PKP CARGO TERMINALE Sp. z o.o., PKP CARGO INTERNATIONAL a.s. The impairment tests were performed on cash-generating units, defined for each of the tested companies separately. The recoverable amount of the analyzed assets was determined on the basis of their estimated value in use using the net discounted cash flows method.

The main indications of the possible impairment of shares in PKP CARGOTABOR Sp. z o.o. w restrukturyzacji and PKP CARGO TERMINALE Sp. z o.o. were the lower than expected financial performance of these companies in H1 2024. In PKP CARGOTABOR Sp. z o.o. w restrukturyzacji, the Management Board of the subsidiary decided to file with the court a petition to launch remedial proceedings. Due to the deterioration of the financial standing of PKP CARGO S.A. w restrukturyzacji, a decision was made to carry out impairment tests for shares held in CARGOTOR Sp. z o.o. and the PKP CARGO INTERNATIONAL Group, for which the previous tests were carried out as at 31 December 2023.

### 1.4 Impairment of financial assets (cont'd)

- Weighted average cost of capital:

For the purpose of the impairment testing, the PKP CARGO w restrukturyzacji Group has applied the WACC path that takes into account current market parameters and characteristics (including higher market interest rates), based on the full business cycle and fundamental economic relationships. For PKP CARGO S.A. and PKP CARGOTABOR Sp. z o.o., which are under restructuring, WACC discount rates of 11.5% in nominal terms were set to reflect the increased specific risks. For the companies that are not being restructured, i.e. PKP CARGO Terminale Sp. z o.o. and CARGOTOR Sp. z o.o., the WACC discount rate was set at 10.4% in nominal terms, and for PKP CARGO International the WACC discount rate was set at 6.1% in real terms.

- Climate issues:

The future of the Polish market for the transportation of materials such as coal is determined by the EU climate policy and will be influenced by the European Green Deal ("EGD"), which aims to achieve climate neutrality in the EU by 2050.

The environment in which the Company operates is volatile and dependent on macroeconomic, market and regulatory conditions, and any change in this area can have a significant impact on the financial standing and performance of the PKP CARGO w restrukturyzacji Group. Therefore, the above assumptions and other assumptions used to estimate the value in use of assets are subject to periodic analysis and review.

#### PKP CARGOTABOR Sp. z o.o. w restrukturyzacji

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) discounted cash flows were developed on the basis of detailed financial projections for the period from H2 2024 to 2028,
- b) the cash flow projections used in the valuation reflect the economic impact of the restructuring plan,
- c) over the detailed projection period of 2024-2028, the negative compound annual growth rate (CAGR) of operating revenue will be at 6.1% in nominal terms,
- d) in the whole period covered by the detailed projection, CAPEX will reach the level of 2.0% of annual operating revenue in nominal terms,
- e) due to the remedial proceedings launched after the balance sheet date, workforce reduction of 34% has been assumed as of January 2025,
- f) after the detailed projection period, the growth of future cash flows was assumed at 0.0% in nominal terms.

As at 30 June 2024, following an impairment test, the Company recognized an impairment loss for shares in PKP CARGOTABOR Sp. z o.o. w restrukturyzacji in the amount of PLN 45.4 million.

Below we present the impact of changes in key assumptions, with "all other things being equal", on the value in use of assets as at 30 June 2024:

Parameter	Change	Effect on impairment losses (PLN million)	
		Additions to impairment losses	Reductions of impairment losses
Change in WACC	+0.3 p.p.	3.6	
	-0.3 p.p.		(3.8)
Change in unit price	+1%		(48.1)
	-1%	50.0	

#### CARGOTOR Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) discounted cash flows were developed on the basis of detailed financial projections for the period from H2 2024 to 2028,
- b) for the projection period of 2024-2028, it was assumed that the current conflict in Ukraine would end in early 2025,
- c) in the detailed projection period of 2024-2028, the compound annual growth rate (CAGR) of operating revenue will be at 14.6% in nominal terms,
- d) in the whole period covered by the detailed projection, CAPEX will reach the level of 5.4% of annual operating revenue in nominal terms,



### 1.4 Impairment of financial assets (cont'd)

As a result of the testing, the recoverable amount exceeded the carrying amount of shares in CARGOTOR Sp. z o.o., and accordingly as at 30 June 2024 the Company did not recognize an impairment allowance for the investment in CARGOTOR Sp. z o.o.

A sensitivity analysis was carried out for the key assumptions of impairment test model for such figures as WACC and the future cash flows increase ratio after the detailed projection period. A WACC change by +/- 0.3 p.p. and a +/- 0.3 p.p. change in the level of future cash flows after the period of forecast does not cause the need to recognize an impairment loss allowance for the investment in PKP CARGOTOR Sp. z o.o.

#### PKP CARGO TERMINALE Sp. z o.o.

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) discounted cash flows were developed on the basis of detailed financial projections for the period from H2 2024 to 2028,
- b) in the detailed projection period of 2024-2028, the compound annual growth rate (CAGR) of operating revenue will be at 0.7% in nominal terms,
- c) in the whole period covered by the detailed projection, CAPEX will reach the level of 8.5% of annual operating revenue in nominal terms,
- d) after the detailed projection period, the growth of future cash flows was assumed at 4.5% in nominal terms.

As a result of the testing, the recoverable amount exceeded the carrying amount of shares in PKP CARGO TERMINALE Sp. z o.o., and accordingly as at 30 June 2024 the Company did not recognize an impairment allowance for the investment in PKP CARGO TERMINALE Sp. z o.o.

A sensitivity analysis was carried out for the key assumptions of impairment test model for such figures as WACC and the future cash flows increase ratio after the detailed projection period. A WACC change by +/- 0.3 p.p. and a +/- 0.3 p.p. change in the level of future cash flows after the period of forecast does not cause the need to recognize an impairment loss allowance for the investment in PKP CARGO TERMINALE Sp. z o.o.

#### PKP CARGO INTERNATIONAL GROUP

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) the cash-generating unit was considered to be all owned by the PKP CARGO INTERNATIONAL Group, used mainly to service customers on the Czech rail market,
- b) discounted cash flows were developed on the basis of detailed financial projections for the period from 2024 to 2033; in the opinion of the subsidiary's Management Board, it is reasonable to adopt financial projections for more than five years because the property, plant and equipment used by PKP CARGO INTERNATIONAL a.s. have a considerably longer period of economic life,
- c) in the detailed projection period of 2024-2033, the compound annual growth rate (CAGR) of operating revenue will be at 0.8% in real terms,
- d) in the whole period covered by the detailed projection, CAPEX will reach the level of 6.5% of annual operating revenue in real terms,
- e) after the detailed projection period, the growth of future cash flows was assumed at 0.0% in real terms.

As a result of the testing, the recoverable amount exceeded the carrying amount of shares in PKP CARGO INTERNATIONAL a.s., and accordingly as at 30 June 2024 the Company did not recognize an impairment allowance for the investment in PKP CARGO INTERNATIONAL a.s.

A sensitivity analysis was carried out for the key assumptions of impairment test model for such figures as WACC and the future cash flows increase ratio after the detailed projection period. A WACC change by +/- 0.3 p.p. and a +/- 0.3 p.p. change in the level of future cash flows after the period of forecast does not cause the need to recognize an impairment loss allowance for the investment in PKP CARGO INTERNATIONAL a.s.

### 2. Impairment tests for property, plant and equipment

Property, plant and equipment is the most significant asset item.

In the current reporting period, the Company analyzed the indications and identified the factors that could have materially contributed to a change in the value of its non-current assets. Impairment tests as at 30 June 2024 have been performed for cash-generating units by determining their recoverable amount.

The recoverable amount of the analyzed assets was determined on the basis of their estimated value in use, using the net discounted cash flows method, in line with financial projections developed for the period of 2024-2030.

## 1.4 Impairment of financial assets (cont'd)

### PKP CARGO S.A. w restrukturyzacji

Presented below are the key assumptions affecting the estimate of the value in use of the tested cash-generating units:

- a) discounted cash flows were developed on the basis of detailed financial projections for the period from H2 2024 to 2030; the adoption of financial projections with a time horizon longer than five years is justified to ensure that the impairment test model better reflects the consequences of the remedial proceedings against the Company,
- b) the cash flow projections used in the valuation reflect the economic impact of the restructuring plan,
- c) in the detailed projection period of 2024-2030, the compound annual growth rate (CAGR) of operating revenue will be at 2.8% in nominal terms,
- d) in the whole period covered by the detailed projection, CAPEX will reach the level of 17.0% of annual operating revenue in nominal terms,
- e) due to the launch of the remedial proceedings, a 30% workforce reduction has been assumed starting from November 2024,
- f) the model also assumed partial repayment of remedial liabilities from Q4 2025,
- g) after the detailed projection period, the growth of future cash flows was assumed at 0.0% in nominal terms.

As at 30 June 2024, following an impairment test, the Company recognized an impairment loss in the amount of PLN 179.3 million.

Below we present the impact of changes in key assumptions, with "all other things being equal", on the value in use of assets as at 30 June 2024:

Parameter	Change	Effect on impairment losses (PLN million)	
		Additions to impairment losses	Reductions of impairment losses
Change in WACC	+0.3 p.p.	117.4	
	-0.3 p.p.		(124.1)
Change in unit price	+1%		(179.3)
	-1%	365.3	

## 1.5 Applied International Financial Reporting Standards platform

### Standards and interpretations adopted by the IASB and EU which have entered into effect

When approving these Interim Condensed Standalone Financial Statements, the Company applied the following amendments to the standards and interpretations issued by the International Accounting Standards Board for application by the EU:

Standard / Interpretation	Effective date
Amendments to IFRS 16 "Leases" – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 "Presentation of financial statements" – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures – Supplier Finance Arrangements"	1 January 2024

The above standards and interpretations had no material impact on these Interim Condensed Standalone Financial Statements.

### Standards and Interpretations adopted by the IASB and not endorsed by the EU

IFRS as approved by the EU do not currently differ materially from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, their amendments and interpretations, which have not yet been approved by the EU and have not entered into effect. The Company's Management Board believes that the approval of the standards mentioned below by the EU will not result in any major changes to the Company's financial statements in the successive reporting periods, except for the changes arising from IFRS 18 "Presentation and Disclosure in Financial Statements". As at the date of approval of these Interim Condensed Standalone Financial Statements, the Group was still analyzing the changes arising from IFRS 18 and therefore the impact of this standard on the Company's financial statements cannot be assessed.

### 1.5 Applied International Financial Reporting Standards platform (cont'd)

Standard / Interpretation	Effective date
Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRSs – vol. 11	1 January 2026
IFRS 18 "Presentation and Disclosure in Financial Statements"	1 January 2027
IFRS 19 "Subsidiaries without Public Accountability": Disclosure	1 January 2027

### 1.6 Liquidity position of the Company

The age structure of liabilities at the balance sheet date has deteriorated significantly compared to 31 December 2023, with all liquidity ratios at levels well below those considered safe. Given the deterioration of the financial standing and liquidity, the covenants set forth in the Company's loan agreements were not satisfied as at 30 June 2024, which is described in [Note 4.1](#) to these Interim Condensed Standalone Financial Statements.

In view of the above, the Management Board of PKP CARGO S.A. decided to file a petition with the court to open the restructuring proceedings on 27 June 2024. The opening of the restructuring proceedings has protected the Company from the possibility of terminating major contracts with customers, suppliers and financial institutions, and all liabilities incurred before the opening date of the restructuring proceedings will be covered by the composition. The Company expects these liabilities to be repaid in future periods under a composition agreement with creditors in accordance with the principles of the Restructuring Law. Liabilities incurred after the commencement of restructuring proceedings are paid by the Company on an ongoing basis.

The maturities of financial liabilities are presented below.

Maturity of the Company's financial liabilities as at the balance sheet date by maturity date based on contractual undiscounted payments (together with interest payable in the future)

30 June 2024	Contractual maturities from the end of the reporting period				Total (no discount)	Carrying amount
	Below 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years		
Debt liabilities	423.6	376.1	1,475.3	701.5	2,976.5	2,519.3
Trade payables	959.0	-	-	-	959.0	959.0
Investment commitments	253.2	12.6	7.4	-	273.2	273.0
Cash pool	116.0	-	-	-	116.0	116.0
<b>Total</b>	<b>1,751.8</b>	<b>388.7</b>	<b>1,482.7</b>	<b>701.5</b>	<b>4,324.7</b>	<b>3,867.3</b>

31 December 2023	Contractual maturities from the end of the reporting period				Total (no discount)	Carrying amount
	Below 3 months	From 3 to 12 months	From 1 year to 5 years	Over 5 years		
Debt liabilities	380.6	446.4	1,496.2	789.6	3,112.8	2,617.5
Trade payables	687.1	-	-	-	687.1	687.1
Investment commitments	296.5	18.5	15.7	-	330.7	330.2
Cash pool	140.5	-	-	-	140.5	140.5
<b>Total</b>	<b>1,504.7</b>	<b>464.9</b>	<b>1,511.9</b>	<b>789.6</b>	<b>4,271.1</b>	<b>3,775.3</b>

The table below presents the age structure of trade payables, investment commitments and trade receivables.



## 1.6 Liquidity position of the Company (cont'd)

Age structure of trade payables and investment commitments

	30 June 2024			31 December 2023		
	Trade payables	Investment commitments	Total	Trade payables	Investment commitments	Total
Not past due	282.5	74.5	357.0	431.8	239.8	671.6
Past due						
up to 30 days	135.2	71.8	207.0	144.9	69.1	214.0
31 - 90 days	219.3	103.7	323.0	99.2	19.0	118.2
91-180 days	275.6	18.4	294.0	3.6	0.5	4.1
181 - 365 days	40.2	2.7	42.9	3.8	-	3.8
over 365 days	6.2	1.9	8.1	3.8	1.8	5.6
<b>Total</b>	<b>959.0</b>	<b>273.0</b>	<b>1,232.0</b>	<b>687.1</b>	<b>330.2</b>	<b>1,017.3</b>

Age analysis of trade receivables

	30 June 2024			31 December 2023		
	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net
Not past due	369.3	0.1	369.4	410.6	-	410.6
Past due						
up to 30 days	12.8	(0.2)	12.6	26.5	(0.2)	26.3
31 - 90 days	8.9	(0.4)	8.5	15.3	(0.5)	14.8
91-180 days	6.3	(1.1)	5.2	1.3	(0.4)	0.9
181 - 365 days	4.1	(2.2)	1.9	6.8	(5.8)	1.0
over 365 days	46.2	(35.6)	10.6	40.9	(26.5)	14.4
<b>Total</b>	<b>447.6</b>	<b>(39.4)</b>	<b>408.2</b>	<b>501.4</b>	<b>(33.4)</b>	<b>468.0</b>

## 2. Notes to the statement of profit or loss and other comprehensive income

### 2.1 Revenues from contracts with customers

Structure of revenues from contracts with customers

The Company conducts its business within one segment only, i.e. domestic and international cargo freight and provision of comprehensive logistics services related to rail freight.

The Company's Management Board does not evaluate the Company's performance and does not make decisions concerning allocation of resources to groups of services provided account being taken of the structure of revenues from contracts with customers, as presented below. Therefore, the specific service groups may not be treated as the Company's operating segments.

6 months ended 30 June 2024	PKP Group related parties	Other State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	153.3	557.7	953.6	<b>1,664.6</b>
Revenue from siding and traction services	22.7	0.7	5.1	<b>28.5</b>
Revenue from sales of materials	3.3	-	22.6	<b>25.9</b>
Other revenues	31.7	3.0	8.8	<b>43.5</b>
<b>Total</b>	<b>211.0</b>	<b>561.4</b>	<b>990.1</b>	<b>1,762.5</b>
<b>Revenue recognition date</b>				
At a specific time	3.3	-	22.6	<b>25.9</b>
Over a period	207.7	561.4	967.5	<b>1,736.6</b>
<b>Total</b>	<b>211.0</b>	<b>561.4</b>	<b>990.1</b>	<b>1,762.5</b>

**2.1 Revenues from contracts with customers (cont'd)**

3 months ended 30 June 2024	PKP Group related parties	Other State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	76.2	260.1	477.3	<b>813.6</b>
Revenue from siding and traction services	11.7	0.3	3.1	<b>15.1</b>
Revenue from sales of materials	1.2	-	5.5	<b>6.7</b>
Other revenues	14.0	1.4	4.4	<b>19.8</b>
<b>Total</b>	<b>103.1</b>	<b>261.8</b>	<b>490.3</b>	<b>855.2</b>
<b>Revenue recognition date</b>				
At a specific time	1.2	-	5.5	<b>6.7</b>
Over a period	101.9	261.8	484.8	<b>848.5</b>
<b>Total</b>	<b>103.1</b>	<b>261.8</b>	<b>490.3</b>	<b>855.2</b>

6 months ended 30 June 2023	PKP Group related parties	Other State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	177.8	801.9	1,145.0	<b>2,124.7</b>
Revenue from siding and traction services	9.7	0.8	5.2	<b>15.7</b>
Revenue from sales of materials	2.1	-	26.4	<b>28.5</b>
Other revenues	38.5	3.4	8.4	<b>50.3</b>
<b>Total</b>	<b>228.1</b>	<b>806.1</b>	<b>1,185.0</b>	<b>2,219.2</b>
<b>Revenue recognition date</b>				
At a specific time	2.1	-	26.4	<b>28.5</b>
Over a period	226.0	806.1	1,158.6	<b>2,190.7</b>
<b>Total</b>	<b>228.1</b>	<b>806.1</b>	<b>1,185.0</b>	<b>2,219.2</b>

3 months ended 30 June 2023	PKP Group related parties	Other State Treasury related parties	Others	Total
Revenue from rail transportation services and freight forwarding services	78.5	316.4	561.2	<b>956.1</b>
Revenue from siding and traction services	5.2	0.5	2.9	<b>8.6</b>
Revenue from sales of materials	-	-	21.4	<b>21.4</b>
Other revenues	16.9	1.7	4.1	<b>22.7</b>
<b>Total</b>	<b>100.6</b>	<b>318.6</b>	<b>589.6</b>	<b>1,008.8</b>
<b>Revenue recognition date</b>				
At a specific time	-	-	21.4	<b>21.4</b>
Over a period	100.6	318.6	568.2	<b>987.4</b>
<b>Total</b>	<b>100.6</b>	<b>318.6</b>	<b>589.6</b>	<b>1,008.8</b>

## 2.1 Revenues from contracts with customers (cont'd)

### Geography

The Company defines the geographical territory of business as the location of the registered seat of the service recipient, and not as the country of the service provision.

Poland is the key geographic area of the Company's activity. Revenues from contracts with customers of the Company broken down by their country of incorporation are presented below:

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
Poland	1,510.7	718.9	2,009.2	910.3
Germany	150.9	89.9	107.8	50.5
Czech Republic	39.7	17.5	43.7	18.9
Slovakia	16.0	8.3	19.5	11.4
Other countries	45.2	20.6	39.0	17.7
<b>Total</b>	<b>1,762.5</b>	<b>855.2</b>	<b>2,219.2</b>	<b>1,008.8</b>

### Information on key customers

In the period of 6 months ended 30 June 2024, there was no group of companies, to which sales exceeded 10% of total revenues from contracts with customers.

In the period of 6 months ended 30 June 2023, sales of services to one group exceeded 10% and accounted for 11.5% of the total revenues from contracts with customers.

### Assets from contracts with customers

	6 months ended 30 June 2024	6 months ended 30 June 2023
<b>As at the beginning of the reporting period</b>	<b>29.6</b>	<b>32.9</b>
Recognition of revenue before the sales document is issued	36.4	46.4
Reclassification to receivables	(29.6)	(32.9)
<b>As at the end of the reporting period</b>	<b>36.4</b>	<b>46.4</b>

## 2.2 Operating expenses

### Consumption of electricity and traction fuel

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
Consumption of traction fuel	(43.3)	(20.4)	(58.1)	(23.5)
Consumption of traction energy	(248.1)	(117.2)	(362.3)	(156.5)
<b>Total</b>	<b>(291.4)</b>	<b>(137.6)</b>	<b>(420.4)</b>	<b>(180.0)</b>

### Other services

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
Renovation and maintenance services for non-current assets	(50.2)	(25.0)	(62.5)	(29.6)
Rent and fees for the use of property and rolling stock	(26.9)	(9.8)	(26.4)	(12.1)
Transport services	(43.0)	(22.5)	(48.1)	(20.2)
Telecommunications services	(2.1)	(1.0)	(2.0)	(0.9)
Legal, consulting and similar services	(2.9)	(1.1)	(2.7)	(1.5)
IT services	(27.9)	(13.9)	(22.0)	(11.3)
Transshipment services	(2.2)	(1.4)	(2.1)	(0.8)
Shunting, traction and inspection services	(20.5)	(10.8)	(21.8)	(9.5)
Other services	(3.3)	(1.3)	(3.0)	(1.3)
<b>Total</b>	<b>(179.0)</b>	<b>(86.8)</b>	<b>(190.6)</b>	<b>(87.2)</b>



## 2.2 Operating expenses (cont'd)

### Employee benefits

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
Remuneration	(586.6)	(284.4)	(560.6)	(276.0)
Social security costs	(115.4)	(56.0)	(110.1)	(54.0)
Expenses for contributions to the Company Social Benefits Fund	(18.8)	(9.4)	(13.4)	(6.7)
Other employee benefits during employment	(25.8)	(15.3)	(16.7)	(8.2)
Post-employment benefits	(7.0)	(2.0)	(6.0)	(1.3)
Movement in provisions for employee benefits	(16.1)	(5.7)	(22.5)	(16.4)
<b>Total</b>	<b>(769.7)</b>	<b>(372.8)</b>	<b>(729.3)</b>	<b>(362.6)</b>

### Other expenses

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
Consumption of non-traction fuel	(3.5)	(1.5)	(4.2)	(1.7)
Consumption of electricity, gas and water	(23.8)	(7.0)	(30.5)	(8.3)
Consumption of materials	(26.4)	(12.0)	(30.4)	(14.5)
Taxes and charges	(16.8)	(8.6)	(16.4)	(8.3)
Cost of materials sold	(13.3)	(3.7)	(16.7)	(13.0)
Business trips	(14.2)	(7.0)	(15.0)	(7.5)
Other	(9.8)	(5.2)	(9.6)	(6.1)
<b>Total</b>	<b>(107.8)</b>	<b>(45.0)</b>	<b>(122.8)</b>	<b>(59.4)</b>

### Depreciation, amortization and impairment losses

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
Depreciation of rolling stock	(317.8)	(159.2)	(274.8)	(139.6)
Depreciation of other property, plant and equipment	(12.8)	(5.7)	(13.2)	(6.4)
Depreciation of right-of-use assets	(46.9)	(23.9)	(39.0)	(21.6)
Amortization of intangible assets	(3.8)	(1.9)	(2.6)	(1.2)
(Recognized) / reversed impairment losses:				
Rolling stock	(181.4)	(181.4)	-	-
Other property, plant and equipment	(6.1)	(6.1)	-	-
<b>Total</b>	<b>(568.8)</b>	<b>(378.2)</b>	<b>(329.6)</b>	<b>(168.8)</b>



### 2.3 Other operating revenue (and expenses)

#### Other operating revenue (and expenses)

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
Profit on sales of non-financial non-current assets	0.7	0.7	0.2	-
Reversed impairment losses for trade receivables	0.7	0.4	1.3	0.4
Penalties and compensations	3.4	1.2	9.3	3.2
Interest on trade and other receivables	1.9	0.9	1.6	0.8
Net result on foreign exchange differences on trade receivables and trade payables	-	(0.1)	-	-
Subsidies received	2.1	0.8	0.9	0.5
Other	2.1	1.4	2.8	1.3
<b>Total other operating revenue</b>	<b>10.9</b>	<b>5.3</b>	<b>16.1</b>	<b>6.2</b>
Recognized impairment losses for trade receivables	(7.1)	(6.2)	(3.3)	(1.2)
Penalties and compensations	(2.8)	(1.3)	(6.4)	(3.8)
Interest on trade and other payables <sup>1)</sup>	(48.5)	(31.1)	(10.5)	(6.1)
Costs of liquidation of non-current and current assets	(3.2)	(1.5)	(2.9)	(1.8)
Other provisions established	(0.8)	(0.1)	-	0.7
Net result on foreign exchange differences on trade receivables and trade payables	-	-	(2.7)	(2.6)
Other	(2.0)	(1.2)	(1.6)	(0.8)
<b>Total other operating expenses</b>	<b>(64.4)</b>	<b>(41.4)</b>	<b>(27.4)</b>	<b>(15.6)</b>
<b>Other operating revenue (and expenses)</b>	<b>(53.5)</b>	<b>(36.1)</b>	<b>(11.3)</b>	<b>(9.4)</b>

<sup>1)</sup> The increase in costs of interest on trade and other payables is mainly due to the higher level of past due liabilities.

### 2.4 Financial revenue (and expenses)

#### Financial revenue (and expenses)

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
Interest income	1.5	0.7	1.2	0.8
Dividend income	48.2	48.2	38.1	38.1
Other	0.1	0.1	0.1	-
<b>Total financial revenue</b>	<b>49.8</b>	<b>49.0</b>	<b>39.4</b>	<b>38.9</b>
Interest expenses	(76.8)	(37.7)	(68.4)	(36.5)
Settlement of the discount on provisions for employee benefits	(14.5)	(7.9)	(15.8)	(8.0)
Impairment losses on the value of shares <sup>1)</sup>	(45.4)	(45.4)	-	-
Result on foreign exchange differences	-	-	(1.1)	(1.0)
Other	(0.5)	(0.2)	(0.4)	(0.1)
<b>Total financial expenses</b>	<b>(137.2)</b>	<b>(91.2)</b>	<b>(85.7)</b>	<b>(45.6)</b>
<b>Financial revenue (and expenses)</b>	<b>(87.4)</b>	<b>(42.2)</b>	<b>(46.3)</b>	<b>(6.7)</b>

<sup>1)</sup> This item includes an impairment loss recognized on investments in PKP CARGOTABOR Sp. z o.o. w restrukturyzacji, as described in [Note 1.4](#) of these Interim Condensed Standalone Financial Statements.

### 3. Notes on taxation

#### 3.1 Income tax

Income tax recognized in profit / loss

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
<b>Current income tax</b>				
Current tax liability	(5.5)	(5.5)	(3.8)	(1.9)
<b>Deferred tax</b>				
Deferred income tax of the reporting period	97.2	70.2	(18.7)	1.3
<b>Income tax recognized in profit / loss</b>	<b>91.7</b>	<b>64.7</b>	<b>(22.5)</b>	<b>(0.6)</b>

According to the legal provisions in effect, no differentiation of rates is expected in the future periods. Frequent differences of opinions as to legal interpretation of the tax regulations, both within the State bodies, and between the State bodies and enterprises, entail lack of certainty and give rise to conflicts. Therefore, the tax risk in Poland is much higher than usually observed in the countries with better developed tax systems. Tax returns may be subject to control for a period of five years, starting from the end of the year of the tax payment. As a result of such controls, the Company's tax settlements may be increased by additional tax liabilities.

Deferred income tax captured in other comprehensive income

	6 months ended 30 June 2024	3 months ended 30 June 2024	6 months ended 30 June 2023	3 months ended 30 June 2023
Deferred tax on the measurement of hedging instruments	(0.6)	0.3	(6.1)	(5.4)
Deferred tax on actuarial gains / (losses) on employee benefits	5.7	5.7	8.4	8.4
<b>Deferred income tax captured in other comprehensive income</b>	<b>5.1</b>	<b>6.0</b>	<b>2.3</b>	<b>3.0</b>

Table of movements in deferred tax before the set-off

6 months ended 30 June 2024	1 January 2024	Recognized in profit or loss	Recognized in other comprehensive income	30 June 2024
<b>Temporary differences relating to deferred tax (liabilities) / assets:</b>				
Non-financial non-current assets	(29.9)	35.6	-	5.7
Right-of-use assets and lease liabilities	10.7	(4.8)	-	5.9
Other provisions and liabilities	20.0	7.4	-	27.4
Inventories	(7.9)	1.3	-	(6.6)
Trade receivables	(7.6)	1.1	-	(6.5)
Provisions for employee benefits	119.5	(0.7)	5.7	124.5
Other	8.9	57.3	(0.6)	65.6
Unused tax losses	21.9	-	-	21.9
<b>Total</b>	<b>135.6</b>	<b>97.2</b>	<b>5.1</b>	<b>237.9</b>

6 months ended 30 June 2023	1 January 2023	Recognized in profit or loss	Recognized in other comprehensive income	30 June 2023
<b>Temporary differences relating to deferred tax (liabilities) / assets:</b>				
Non-financial non-current assets	(22.1)	(0.7)	-	(22.8)
Right-of-use assets and lease liabilities	3.4	(1.5)	-	1.9
Other provisions and liabilities	18.4	(7.3)	-	11.1
Inventories	(9.7)	1.6	-	(8.1)
Trade receivables	(9.3)	0.8	-	(8.5)
Provisions for employee benefits	103.6	1.1	8.4	113.1
Other	9.7	3.2	(6.1)	6.8
Unused tax losses	41.7	(15.9)	-	25.8
<b>Total</b>	<b>135.7</b>	<b>(18.7)</b>	<b>2.3</b>	<b>119.3</b>

## 4. Notes on debt

### 4.1 Reconciliation of debt liabilities

The Company's debt liabilities consist of the following two main categories: bank loans and borrowings and leases. Loan agreements were signed mainly to finance current activity, finance and refinance the investment plan and acquisitions. Liabilities contracted under the signed loan agreements are repaid in PLN and EUR. Lease agreements are signed in PLN and EUR and pertain mainly to real properties and rolling stock. As at 30 June 2024, the Company had a registered pledge on wagons securing the repayment of liabilities under a bank loan, which amounted to PLN 90.0 million as at 30 June.

#### Items in foreign currencies

30 June 2024	In the functional currency – PLN	In foreign currency EUR	Total
Bank loans and borrowings	828.0	428.8	1,256.8
Leases	1,249.4	13.1	1,262.5
<b>Total</b>	<b>2,077.4</b>	<b>441.9</b>	<b>2,519.3</b>

31 December 2023	In the functional currency – PLN	In foreign currency EUR	Total
Bank loans and borrowings	928.8	478.6	1,407.4
Leases	1,198.0	12.1	1,210.1
<b>Total</b>	<b>2,126.8</b>	<b>490.7</b>	<b>2,617.5</b>

#### Reconciliation of debt liabilities

6 months ended 30 June 2024	Bank loans and borrowings	Leases	Total
<b>1 January 2024</b>	<b>1,407.4</b>	<b>1,210.1</b>	<b>2,617.5</b>
New liabilities contracted	22.0	59.3	81.3
Modifications of existing agreements	-	51.3	51.3
Transaction costs	0.5	-	0.5
Accrual of interest	38.2	36.5	74.7
Payments under debt, including:			
Repayments of the principal	(166.7)	(63.3)	(230.0)
Interest paid	(40.3)	(30.9)	(71.2)
Transaction costs	(0.5)	-	(0.5)
Other	-	(0.3)	(0.3)
FX differences captured in the result	(3.8)	(0.2)	(4.0)
<b>30 June 2024</b>	<b>1,256.8</b>	<b>1,262.5</b>	<b>2,519.3</b>
Non-current	766.0	1,067.1	1,833.1
Current	490.8	195.4	686.2
<b>Total</b>	<b>1,256.8</b>	<b>1,262.5</b>	<b>2,519.3</b>

6 months ended 30 June 2023	Bank loans and borrowings	Leases	Total
<b>1 January 2023</b>	<b>1,456.5</b>	<b>661.9</b>	<b>2,118.4</b>
New liabilities contracted	158.1	272.4	430.5
Modifications of existing agreements	-	58.0	58.0
Transaction costs	0.4	-	0.4
Accrual of interest	42.4	21.0	63.4
Payments under debt, including:			
Repayments of the principal	(148.4)	(49.6)	(198.0)
Interest paid	(45.4)	(21.1)	(66.5)
Transaction costs	(0.4)	-	(0.4)
Other	-	(1.2)	(1.2)
FX differences captured in the result	(29.7)	(1.0)	(30.7)
<b>30 June 2023</b>	<b>1,433.5</b>	<b>940.4</b>	<b>2,373.9</b>
Non-current	870.9	810.7	1,681.6
Current	562.6	129.7	692.3
<b>Total</b>	<b>1,433.5</b>	<b>940.4</b>	<b>2,373.9</b>

#### 4.1 Reconciliation of debt liabilities (cont'd)

Other amounts under leases recognized in the statement of profit or loss and other comprehensive income:

	Presentation in the statement of profit or loss and other comprehensive income	6 months ended 30 June 2024	6 months ended 30 June 2023
Revenues from operating leases	Revenues from contracts with customers	34.4	30.1
Costs of short-term leases	Other services	(1.1)	(4.6)

##### Terms and conditions of loan agreements

Contracts signed with banks impose legal and financial obligations on the Company that are standard in such transactions. The key ratios measured in such obligations set forth in loan agreements signed by the Company include: the Net Debt/EBITDA ratio and the total debt ratio.

The above ratios are calculated on the basis of data contained in both the Consolidated Financial Statements of the PKP CARGO w restrukturyzacji Group.

According to the provisions of the agreements signed by the Company, compliance with the terms and conditions of loan agreements is reviewed on a quarterly basis, on a semi-annual basis and at the end of each financial year.

The Net Debt/EBITDA is the level of financial debt less cash to the generated EBITDA and is calculated excluding the impact of IFRS 16. The maximum permitted level of the Net Debt/EBITDA ratio, depending on the contract, is set within the range of 3.0-4.5. For selected agreements, there is also an obligation to satisfy the Net Debt/EBITDA ratio and total debt ratio calculated on the basis of forecast figures.

The total debt ratio is defined in loan agreements as the ratio of total liabilities (excluding the impact of IFRS 16) to total balance sheet amount (excluding the impact of IFRS 16) and its level cannot exceed 60%.

As at 30 June 2024, the covenants in the Company's loan agreements were not satisfied. As a result of the opening of remedial proceedings against PKP CARGO S.A. w restrukturyzacji on 25 July 2024, the failure to meet these financial covenants does not result in the termination of the relevant loan agreements.

##### Unused credit and lease facilities

Type of loan	Bank Name	Period of availability	Contract currency	30 June 2024	31 December 2023
Overdraft	Bank Polska Kasa Opieki S.A. <sup>1)</sup>	23 August 2024	PLN	80.8	100.0
Overdraft	Powszechna Kasa Oszczędności Bank Polski S.A. <sup>2)</sup>	30 September 2024	PLN	0.1	2.8
Overdraft	Bank Gospodarstwa Krajowego <sup>3)</sup>	28 February 2025	PLN	100.0	100.0
Leasing facility	ING Lease (Polska) sp. z o.o.	13 June 2024	PLN	-	7.9
Leasing facility	PKO Leasing S.A.	26 October 2024	PLN	1.1	51.8
<b>Total</b>				<b>182.0</b>	<b>262.5</b>

<sup>1)</sup> On 23 May 2024, the Company executed an annex with the bank extending the availability period of the facility until 23 August 2024.

<sup>2)</sup> On 25 June 2024, the Company executed an annex with the bank extending the availability period of the facility until 30 September 2024.

<sup>3)</sup> On 29 February 2024, the Company executed an annex extending the availability period of the facility until 28 February 2025. According to the wording of the annex, the limit was reduced to PLN 70.0 million as of 1 July 2024.



## 4.2 Equity

### Share capital

	30 June 2024	31 December 2023
The share capital consists of:		
Ordinary shares – fully paid up and registered	2,239.3	2,239.3

As at 30 June 2024 and 31 December 2023, the share capital consisted of ordinary shares with a par value of PLN 50 each. Fully paid common shares with the par value of PLN 50 are equivalent to one vote at the shareholder meeting and entail the right to dividend.

PKP S.A. is the parent company of PKP CARGO S.A. w restrukturyzacji. Pursuant to articles of association of the Company, PKP S.A. holds special personal rights to appoint and dismiss Supervisory Board Members in a number equal to half the composition of the Supervisory Board plus one. PKP S.A. has a personal right to appoint the Supervisory Board Chairperson and to determine the number of Supervisory Board Members. Additionally, in the event that PKP S.A.'s share in the Company's share capital is 50% or less, PKP S.A. will have an exclusive personal right to propose candidates for the President of the Company's Management Board. The personal rights of PKP S.A. are applicable at any time when PKP S.A. holds at least 25% of the Company's share capital.

In the period of 6 months ended 30 June 2024 and 30 June 2023, there were no movements in the Company's share capital.

### Movement in supplementary capital and retained earnings

On 27 June 2024, the Ordinary Shareholder Meeting of the Company adopted a resolution on the distribution of the net profit earned in 2023 in the amount of PLN 45.2 million, and decided to allocate it in full to the supplementary capital.

## 4.3 Cash and cash equivalents

### Structure of cash and cash equivalents

	30 June 2024	31 December 2023
Cash on hand and on bank accounts	36.9	119.4
Other cash	-	0.8
<b>Total</b>	<b>36.9</b>	<b>120.2</b>
<i>including restricted cash</i>	<i>22.1</i>	<i>21.9</i>

Restricted cash included mostly cash accumulated on VAT accounts and bank accounts kept for tender deposits and guarantees.



## 5. Notes to the statement of financial position

### 5.1 Rolling stock and other property, plant and equipment

Movement in rolling stock and other property, plant and equipment

6 months ended 30 June 2024	Rolling stock	Other property, plant and equipment					Total
		Property	Technical machinery & equipment	Means of transport	Other fixed assets	Fixed assets under construction	
<b>Gross value</b>							
<b>1 January 2024</b>	<b>7,010.9</b>	<b>563.2</b>	<b>216.0</b>	<b>29.2</b>	<b>25.3</b>	<b>20.0</b>	<b>853.7</b>
<i>Increases / (decreases):</i>							
Periodic repairs	-	-	-	-	-	276.8	<b>276.8</b>
Purchase of new assets / modernization	-	-	-	-	-	4.4	<b>4.4</b>
Purchase of leased items	-	-	-	0.7	-	-	<b>0.7</b>
Settlement of fixed assets under construction	271.2	0.2	1.7	-	0.1	(273.2)	<b>(271.2)</b>
Subsidy for non-current assets	(11.4)	-	-	-	-	-	-
Sales	-	-	(0.1)	(0.1)	-	-	<b>(0.2)</b>
Liquidation	(121.6)	-	-	-	(0.1)	-	<b>(0.1)</b>
Reclassified to assets held for sale	(21.7)	(0.4)	-	-	-	-	<b>(0.4)</b>
<b>30 June 2024</b>	<b>7,127.4</b>	<b>563.0</b>	<b>217.6</b>	<b>29.8</b>	<b>25.3</b>	<b>28.0</b>	<b>863.7</b>
<b>Accumulated depreciation</b>							
<b>1 January 2024</b>	<b>(2,871.5)</b>	<b>(196.8)</b>	<b>(193.4)</b>	<b>(27.4)</b>	<b>(24.5)</b>	-	<b>(442.1)</b>
<i>(Increases) / decreases:</i>							
Depreciation expenses	(317.8)	(7.6)	(4.6)	(0.3)	(0.3)	-	<b>(12.8)</b>
Purchase of leased items	-	-	-	(0.2)	-	-	<b>(0.2)</b>
Sales	-	-	0.1	0.1	-	-	<b>0.2</b>
Liquidation	121.5	-	-	-	0.1	-	<b>0.1</b>
Reclassified to assets held for sale	18.8	0.1	-	-	-	-	<b>0.1</b>
<b>30 June 2024</b>	<b>(3,049.0)</b>	<b>(204.3)</b>	<b>(197.9)</b>	<b>(27.8)</b>	<b>(24.7)</b>	-	<b>(454.7)</b>
<b>Accumulated impairment</b>							
<b>1 January 2024</b>	<b>(61.3)</b>	-	-	-	-	(0.5)	<b>(0.5)</b>
<i>(Increases) / decreases:</i>							
Impairment loss allowance recognized	(181.4)	(6.1)	-	-	-	-	<b>(6.1)</b>
<b>30 June 2024</b>	<b>(242.7)</b>	<b>(6.1)</b>	-	-	-	(0.5)	<b>(6.6)</b>
<b>Net value</b>							
<b>1 January 2024</b>	<b>4,078.1</b>	<b>366.4</b>	<b>22.6</b>	<b>1.8</b>	<b>0.8</b>	<b>19.5</b>	<b>411.1</b>
<b>30 June 2024</b>	<b>3,835.7</b>	<b>352.6</b>	<b>19.7</b>	<b>2.0</b>	<b>0.6</b>	<b>27.5</b>	<b>402.4</b>

**5.1 Rolling stock and other property, plant and equipment (cont'd)**

6 months ended 30 June 2023	Rolling stock	Other property, plant and equipment					Total
		Property	Technical machinery & equipment	Means of transport	Other fixed assets	Fixed assets under construction	
<b>Gross value</b>							
<b>1 January 2023</b>	<b>6,534.9</b>	<b>583.3</b>	<b>210.2</b>	<b>27.5</b>	<b>25.4</b>	<b>30.0</b>	<b>876.4</b>
<i>Increases / (decreases):</i>							
Periodic repairs	-	-	-	-	-	416.1	<b>416.1</b>
Purchase of new assets / modernization	-	-	-	-	-	142.6	<b>142.6</b>
Purchase of leased items	-	-	4.8	0.2	-	-	<b>5.0</b>
Settlement of fixed assets under construction	552.6	-	1.0	0.4	0.1	(554.1)	<b>(552.6)</b>
Sales	(0.8)	-	(0.6)	(0.1)	-	-	<b>(0.7)</b>
Contribution in kind	(0.4)	(20.6)	(2.6)	-	(0.4)	-	<b>(23.6)</b>
Liquidation	(143.0)	-	(0.2)	-	(0.1)	(0.1)	<b>(0.4)</b>
Other	0.3	0.1	-	-	-	(3.9)	<b>(3.8)</b>
<b>30 June 2023</b>	<b>6,943.6</b>	<b>562.8</b>	<b>212.6</b>	<b>28.0</b>	<b>25.0</b>	<b>30.6</b>	<b>859.0</b>
<b>Accumulated depreciation</b>							
<b>1 January 2023</b>	<b>(2,686.3)</b>	<b>(182.0)</b>	<b>(183.1)</b>	<b>(27.1)</b>	<b>(24.0)</b>	-	<b>(416.2)</b>
<i>(Increases) / decreases:</i>							
Depreciation expenses	(274.8)	(8.0)	(4.7)	(0.1)	(0.4)	-	<b>(13.2)</b>
Purchase of leased items	-	-	(3.0)	(0.1)	-	-	<b>(3.1)</b>
Sales	0.6	-	0.6	0.1	-	-	<b>0.7</b>
Contribution in kind	0.1	1.0	0.6	-	0.2	-	<b>1.8</b>
Liquidation	142.1	-	0.2	-	0.1	-	<b>0.3</b>
Other	(0.2)	-	-	-	-	-	-
<b>30 June 2023</b>	<b>(2,818.5)</b>	<b>(189.0)</b>	<b>(189.4)</b>	<b>(27.2)</b>	<b>(24.1)</b>	-	<b>(429.7)</b>
<b>Accumulated impairment</b>							
<b>1 January 2023</b>	<b>(70.5)</b>	-	-	-	-	(0.7)	<b>(0.7)</b>
<i>(Increases) / decreases:</i>							
Impairment loss allowance utilized	0.1	-	-	-	-	0.1	<b>0.1</b>
<b>30 June 2023</b>	<b>(70.4)</b>	-	-	-	-	(0.6)	<b>(0.6)</b>
<b>Net value</b>							
<b>1 January 2023</b>	<b>3,778.1</b>	<b>401.3</b>	<b>27.1</b>	<b>0.4</b>	<b>1.4</b>	<b>29.3</b>	<b>459.5</b>
<b>30 June 2023</b>	<b>4,054.7</b>	<b>373.8</b>	<b>23.2</b>	<b>0.8</b>	<b>0.9</b>	<b>30.0</b>	<b>428.7</b>

## 5.2 Right-of-use assets

### Movement in right-of-use assets

6 months ended 30 June 2024	Rolling stock	Property	Technical machinery & equipment	Means of transport	Other fixed assets	Total
<b>Gross value</b>						
<b>1 January 2024</b>	<b>722.7</b>	<b>660.9</b>	<b>9.6</b>	<b>10.9</b>	<b>0.9</b>	<b>1,405.0</b>
<i>Increases / (decreases):</i>						
New leases	50.7	3.0	-	5.6	-	<b>59.3</b>
Periodic repairs of rolling stock	0.3	-	-	-	-	<b>0.3</b>
Modifications of existing agreements	-	47.6	0.4	-	0.1	<b>48.1</b>
Return of leased items	-	(0.4)	-	(0.5)	-	<b>(0.9)</b>
Purchase of leased items	-	-	-	(0.7)	-	<b>(0.7)</b>
<b>30 June 2024</b>	<b>773.7</b>	<b>711.1</b>	<b>10.0</b>	<b>15.3</b>	<b>1.0</b>	<b>1,511.1</b>
<b>Accumulated depreciation</b>						
<b>1 January 2024</b>	<b>(35.7)</b>	<b>(194.3)</b>	<b>(2.2)</b>	<b>(9.7)</b>	<b>(0.7)</b>	<b>(242.6)</b>
<i>(Increases) / decreases:</i>						
Depreciation expenses	(18.0)	(27.2)	(1.0)	(0.6)	(0.1)	<b>(46.9)</b>
Return of leased items	-	0.2	-	0.5	-	<b>0.7</b>
Purchase of leased items	-	-	-	0.2	-	<b>0.2</b>
<b>30 June 2024</b>	<b>(53.7)</b>	<b>(221.3)</b>	<b>(3.2)</b>	<b>(9.6)</b>	<b>(0.8)</b>	<b>(288.6)</b>
<b>Net value</b>						
<b>1 January 2024</b>	<b>687.0</b>	<b>466.6</b>	<b>7.4</b>	<b>1.2</b>	<b>0.2</b>	<b>1,162.4</b>
<b>30 June 2024</b>	<b>720.0</b>	<b>489.8</b>	<b>6.8</b>	<b>5.7</b>	<b>0.2</b>	<b>1,222.5</b>

6 months ended 30 June 2023	Rolling stock	Property	Technical machinery & equipment	Means of transport	Other fixed assets	Total
<b>Gross value</b>						
<b>1 January 2023</b>	<b>257.1</b>	<b>604.5</b>	<b>9.6</b>	<b>8.9</b>	<b>0.6</b>	<b>880.7</b>
<i>Increases / (decreases):</i>						
New leases	270.4	0.3	1.7	-	-	<b>272.4</b>
Modifications of existing agreements	-	55.3	0.1	2.3	0.3	<b>58.0</b>
Return of leased items	-	-	-	(0.1)	-	<b>(0.1)</b>
Purchase of leased items	-	-	(4.8)	(0.2)	-	<b>(5.0)</b>
Contribution in kind	-	(4.7)	-	-	-	<b>(4.7)</b>
Other	-	0.3	-	-	-	<b>0.3</b>
<b>30 June 2023</b>	<b>527.5</b>	<b>655.7</b>	<b>6.6</b>	<b>10.9</b>	<b>0.9</b>	<b>1,201.6</b>
<b>Accumulated depreciation</b>						
<b>1 January 2023</b>	<b>(69.5)</b>	<b>(146.1)</b>	<b>(3.9)</b>	<b>(7.6)</b>	<b>(0.5)</b>	<b>(227.6)</b>
<i>(Increases) / decreases:</i>						
Depreciation expenses	(13.7)	(23.5)	(0.6)	(1.1)	(0.1)	<b>(39.0)</b>
Return of leased items	-	-	-	0.1	-	<b>0.1</b>
Purchase of leased items	-	-	3.0	0.1	-	<b>3.1</b>
Contribution in kind	-	0.1	-	-	-	<b>0.1</b>
<b>30 June 2023</b>	<b>(83.2)</b>	<b>(169.5)</b>	<b>(1.5)</b>	<b>(8.5)</b>	<b>(0.6)</b>	<b>(263.3)</b>
<b>Net value</b>						
<b>1 January 2023</b>	<b>187.6</b>	<b>458.4</b>	<b>5.7</b>	<b>1.3</b>	<b>0.1</b>	<b>653.1</b>
<b>30 June 2023</b>	<b>444.3</b>	<b>486.2</b>	<b>5.1</b>	<b>2.4</b>	<b>0.3</b>	<b>938.3</b>

### 5.3 Investments in related parties

Detailed information about members of the Group as at 30 June 2024 and 31 December 2023 is as follows:

Name	Type	Registered office	% of shares held		Value of shares held	
			30 June 2024	31 December 2023	30 June 2024	31 December 2023
Centralny Terminal Multimodalny Sp. z o.o.	subsidiary	Warsaw	100%	100%	1.5	1.5
PKP CARGO SERVICE Sp. z o.o.	subsidiary	Warsaw	100%	100%	15.4	15.4
PKP CARGO TERMINALE Sp. z o.o.	subsidiary	Żurawica	100%	100%	69.1	69.1
PKP CARGOTABOR Sp. z o.o. w restrukturyzacji <sup>1)</sup>	subsidiary	Warsaw	100%	100%	85.8	131.2
CARGOTOR Sp. z o.o.	subsidiary	Warsaw	100%	100%	20.2	20.2
PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji	subsidiary	Warsaw	100%	100%	35.6	35.6
PKP Linia Chełmska Szerokotorowa Sp. z o.o.	subsidiary	Warsaw	100%	100%	0.1	0.1
ONECARGO CONNECT Sp. z o.o.	subsidiary	Warsaw	100%	100%	-	-
COSCO Shipping Lines (POLAND) Sp. z o.o.	associate	Gdynia	20%	20%	1.1	1.1
PKP CARGO CONNECT Sp. z o.o.	subsidiary	Warsaw	100%	100%	123.2	123.2
Transgaz S.A.	indirect subsidiary	Zalesie near Małaszewicze	64%	64%		
Cargosped Terminal Braniewo Sp. z o.o.	indirect subsidiary	Braniewo	100%	100%		
PKP CARGO CONNECT GmbH	indirect subsidiary	Hamburg	100%	100%		
Terminale Przeładunkowe Sławków Medyka Sp. z o.o.	interests in joint ventures	Sławków	50%	50%		
PKP CARGO INTERNATIONAL a.s.	subsidiary	Ostrava	100%	100%	499.7	499.7
PKP CARGO INTERNATIONAL HU Zrt.	indirect subsidiary	Budapest	100%	100%		
AWT ROSCO a.s.	indirect subsidiary	Ostrava	100%	100%		
AWT CFT a.s.	indirect subsidiary	Ostrava	100%	100%		
AWT Rekultivace a.s.	indirect subsidiary	Petřvald	100%	100%		
DEPOS Horni Sucha a.s.	associate	Horní Suchá	20.6%	20.6%		
PKP CARGO INTERNATIONAL SK a.s.	indirect subsidiary	Bratislava	100%	100%		
AWT DLT s.r.o.	indirect subsidiary	Kladno	100%	100%		
PKP CARGO INTERNATIONAL SI d.o.o.	indirect subsidiary	Grčarevec	80%	80%		
<b>TOTAL</b>					<b>851.7</b>	<b>897.1</b>

<sup>(1)</sup> The change is an effect of an impairment loss recognized on investments in PKP CARGOTABOR Sp. z o.o. w restrukturyzacji, as described in [Note 1.4](#) of these Interim Condensed Standalone Financial Statements.

### 5.4 Inventories

#### Structure of inventories

	30 June 2024	31 December 2023
Strategic inventories	29.0	28.5
Rolling stock designated for spare parts	13.9	23.2
Other inventories	40.4	42.3
Impairment losses	(1.6)	(1.7)
<b>Total</b>	<b>81.7</b>	<b>92.3</b>



## 5.5 Trade receivables

### Structure of trade receivables

	30 June 2024	31 December 2023
Trade receivables	447.6	501.4
Impairment losses for receivables	(39.4)	(33.4)
<b>Total</b>	<b>408.2</b>	<b>468.0</b>
Current assets	408.2	468.0
<b>Total</b>	<b>408.2</b>	<b>468.0</b>

## 5.6 Financial assets

### Structure of financial assets

	30 June 2024	31 December 2023
Shares in unlisted companies	8.7	8.7
Loans granted to related parties	17.0	19.3
<b>Total</b>	<b>25.7</b>	<b>28.0</b>
Non-current assets	21.1	23.4
Current assets	4.6	4.6
<b>Total</b>	<b>25.7</b>	<b>28.0</b>

## 5.7 Other assets

### Structure of other assets

	30 June 2024	31 December 2023
<b>Non-financial assets</b>		
Costs settled over time		
Prepayments for purchase of electricity	34.9	36.0
Insurance	7.4	5.8
IT services	7.5	6.5
Other costs settled over time	7.4	1.0
Other	0.2	2.7
<b>Other receivables</b>		
VAT settlements	46.1	48.3
Income tax receivables	1.5	6.8
Receivables on account of transfer of receivables	2.0	2.7
Other	5.3	7.5
<b>Intangible assets</b>		
Licenses	19.2	21.6
Intangible assets during adjustment	4.3	4.7
<b>Total</b>	<b>135.8</b>	<b>143.6</b>
Non-current assets	28.0	31.6
Current assets	107.8	112.0
<b>Total</b>	<b>135.8</b>	<b>143.6</b>

## 5.8 Trade payables

### Structure of trade payables

	30 June 2024	31 December 2023
Trade payables	844.3	607.8
Interest payable	88.5	53.8
Prepayments and accruals	26.2	25.5
<b>Total</b>	<b>959.0</b>	<b>687.1</b>
Current liabilities	959.0	687.1
<b>Total</b>	<b>959.0</b>	<b>687.1</b>

The increase in trade payables is driven mainly by the increase in past due liabilities, which is presented in [Note 1.6](#) to these Interim Condensed Standalone Financial Statements.

## 5.9 Investment commitments

### Structure of investment commitments

	30 June 2024	31 December 2023
Investment commitments related to rolling stock	266.2	321.0
Investment commitments related to property	3.2	1.0
Other	3.6	8.2
<b>Total</b>	<b>273.0</b>	<b>330.2</b>
Non-current liabilities	7.4	15.6
Current liabilities	265.6	314.6
<b>Total</b>	<b>273.0</b>	<b>330.2</b>

## 5.10 Provisions for employee benefits

As at 30 June 2024 and 31 December 2023, the actuarial valuation of provisions for employee benefits was based on the following main assumptions:

	Valuation as at [%]	
	30 June 2024	31 December 2023
Discount rate	5.7	5.3
Assumed average annual growth of the base for calculation of provisions for retirement and disability severance pays and jubilee awards:		
2024	-	9.6 - 12.7
2025	3.6	3.6
2026	3.2	3.2
2027	2.7	2.7
2028	2.1	2.1
from 2029	2.5	2.5
Assumed growth of the price of transportation benefits		
2024	-	11.6
from 2025	2.1 - 3.6	2.1 - 3.6
Assumed average annual growth of the base for calculation of provisions on account of charge for the Company Social Benefits Fund	7.0	6.3
Weighted average employee mobility ratio	up to 3.2	up to 3.1

The value of provisions for employee benefits is materially impacted by the adopted assumptions for discount rate, the assumed salary growth and the expected decrease in average employment. The sensitivity analysis for changes in the foregoing assumptions may be found below. The analysis was conducted by changing only one variable while leaving the remaining assumptions unchanged.

### Sensitivity analysis of provisions for employee benefits

	30 June 2024	Discount rate		Salary growth ratio		Employee mobility ratio	
		+0.30 pp.	-0.30 pp.	+0.25 pp.	-0.25 pp.	+0.25 pp.	-0.25 pp.
Jubilee awards	222.1	(2.9)	2.9	2.8	(2.8)	(2.3)	2.3
Retirement and disability severance pays	203.1	(2.3)	2.4	2.3	(2.2)	(1.4)	1.5
Post-mortem benefits	4.5	(0.1)	0.1	0.1	(0.1)	(0.1)	0.1
Company Social Benefits Fund	167.9	(6.3)	6.7	5.7	(5.4)	(0.6)	0.6
Transportation benefits	22.0	(0.7)	0.7	0.6	(0.6)	(0.1)	0.1
<b>Total</b>	<b>619.6</b>	<b>(12.3)</b>	<b>12.8</b>	<b>11.5</b>	<b>(11.1)</b>	<b>(4.5)</b>	<b>4.6</b>

**5.10 Provisions for employee benefits (cont'd)**

	31 December 2023	Discount rate		Salary growth ratio		Employee mobility ratio	
		+0.30 pp.	-0.30 pp.	+0.25 pp.	-0.25 pp.	+0.25 pp.	-0.25 pp.
Jubilee awards	225.6	(3.1)	3.2	3.3	(3.2)	(2.5)	2.6
Retirement and disability severance pays	209.9	(2.5)	2.6	2.7	(2.7)	(1.6)	1.6
Post-mortem benefits	4.7	(0.1)	0.1	0.1	(0.1)	(0.1)	0.1
Company Social Benefits Fund	135.7	(5.1)	5.4	4.8	(4.5)	(0.5)	0.5
Transportation benefits	24.6	(0.8)	0.8	0.8	(0.7)	(0.1)	0.1
<b>Total</b>	<b>600.5</b>	<b>(11.6)</b>	<b>12.1</b>	<b>11.7</b>	<b>(11.2)</b>	<b>(4.8)</b>	<b>4.9</b>

## Movement in provisions for employee benefits

	Retirement and disability severance pays	Charges to ZFSS for old-age and disability pensioners	Transportation benefits	Post- mortem benefits	Jubilee awards	Other employee benefits	Total provisions
<b>1 January 2024</b>	<b>209.9</b>	<b>135.7</b>	<b>24.6</b>	<b>4.7</b>	<b>225.6</b>	<b>28.6</b>	<b>629.1</b>
Current employment cost	3.2	1.1	0.1	0.1	5.0	-	9.5
Interest expense	4.6	3.6	0.6	0.1	5.6	-	14.5
Actuarial (gains) and losses recognized in comprehensive income	1.6	31.4	(2.7)	(0.2)	-	-	30.1
Actuarial (gains) and losses recognized in profit or loss	-	-	-	-	(0.5)	-	(0.5)
Provisions created	-	-	-	-	-	7.1	7.1
Benefits paid out	(16.2)	(3.9)	(0.6)	(0.2)	(13.6)	-	(34.5)
<b>30 June 2024</b>	<b>203.1</b>	<b>167.9</b>	<b>22.0</b>	<b>4.5</b>	<b>222.1</b>	<b>35.7</b>	<b>655.3</b>
Long-term provisions	144.5	160.3	20.8	3.7	177.0	-	506.3
Short-term provisions	58.6	7.6	1.2	0.8	45.1	35.7	149.0
<b>Total</b>	<b>203.1</b>	<b>167.9</b>	<b>22.0</b>	<b>4.5</b>	<b>222.1</b>	<b>35.7</b>	<b>655.3</b>

	Retirement and disability severance pays	Charges to ZFSS for old-age and disability pensioners	Transportation benefits	Post- mortem benefits	Jubilee awards	Other employee benefits	Total provisions
<b>1 January 2023</b>	<b>189.8</b>	<b>84.1</b>	<b>19.1</b>	<b>5.2</b>	<b>214.8</b>	<b>32.2</b>	<b>545.2</b>
Current employment cost	2.8	0.5	0.1	0.1	4.4	-	7.9
Interest expense	5.4	2.7	0.6	0.2	6.9	-	15.8
Actuarial (gains) and losses recognized in comprehensive income	10.6	31.0	2.0	0.4	-	-	44.0
Actuarial (gains) and losses recognized in profit or loss	-	-	-	-	10.4	-	10.4
Provisions created	-	-	-	-	-	4.2	4.2
Benefits paid out	(14.9)	(2.6)	(0.5)	(0.7)	(13.9)	-	(32.6)
<b>30 June 2023</b>	<b>193.7</b>	<b>115.7</b>	<b>21.3</b>	<b>5.2</b>	<b>222.6</b>	<b>36.4</b>	<b>594.9</b>
Long-term provisions	144.5	109.8	20.2	4.3	176.8	-	455.6
Short-term provisions	49.2	5.9	1.1	0.9	45.8	36.4	139.3
<b>Total</b>	<b>193.7</b>	<b>115.7</b>	<b>21.3</b>	<b>5.2</b>	<b>222.6</b>	<b>36.4</b>	<b>594.9</b>

### 5.11 Other provisions

Structure of other provisions

	30 June 2024	31 December 2023
Other provisions	5.4	8.9
<b>Total</b>	<b>5.4</b>	<b>8.9</b>
Long-term provisions	0.4	0.4
Short-term provisions	5.0	8.5
<b>Total</b>	<b>5.4</b>	<b>8.9</b>

### 5.12 Other financial liabilities

Structure of other financial liabilities

	30 June 2024	31 December 2023
Cash pool	116.0	140.5
<b>Total</b>	<b>116.0</b>	<b>140.5</b>
Current liabilities	116.0	140.5
<b>Total</b>	<b>116.0</b>	<b>140.5</b>

### 5.13 Other liabilities

Structure of other liabilities

	30 June 2024	31 December 2023
Liabilities arising out of collateral (security deposits, bid deposits, guarantees)	23.6	24.0
Public law liabilities	92.3	99.6
Settlements with employees	77.3	79.7
Other settlements	15.4	14.5
Liabilities of the Company Social Benefits Fund	25.6	-
<b>Total</b>	<b>234.2</b>	<b>217.8</b>
Current liabilities	234.2	217.8
<b>Total</b>	<b>234.2</b>	<b>217.8</b>

## 6. Financial instruments

### 6.1 Financial instruments

Categories and classes of financial instruments

Financial assets by categories and classes	Note	30 June 2024	31 December 2023
<b>Financial assets at fair value through other comprehensive income</b>			
Investments in equity instruments	Note 5.6	8.7	8.7
<b>Financial assets carried at amortized cost</b>			
Trade receivables	Note 5.5	408.2	468.0
Loans granted	Note 5.6	17.0	19.3
Cash and cash equivalents	Note 4.3	36.9	120.2
Receivables on account of transfer of receivables	Note 5.7	2.0	2.7
Financial assets excluded from the scope of IFRS 9		34.3	32.5
<b>Total</b>		<b>507.1</b>	<b>651.4</b>

**6.1 Financial instruments (cont'd)**

Financial liabilities by categories and classes	Note	30 June 2024	31 December 2023
<b>Hedging financial instruments</b>			
Bank loans and borrowings	Note 4.1	424.6	473.6
<b>Financial liabilities carried at amortized cost</b>			
Bank loans and borrowings	Note 4.1	832.1	933.8
Trade payables	Note 5.8	959.0	687.1
Investment commitments	Note 5.9	273.0	330.2
Cash pool	Note 5.12	116.0	140.5
Financial liabilities excluded from the scope of IFRS 9	Note 4.1	1,262.5	1,210.1
<b>Total</b>		<b>3,867.2</b>	<b>3,775.3</b>

Impairment losses on trade receivables are presented in [Note 1.6](#) to these Interim Condensed Standalone Financial Statements.

**Hedge accounting**

In the period from 1 January 2024 to 30 June 2024, the Company applied cash flow hedge accounting. The purpose of the hedging activity was to mitigate the impact of the FX risk within the EUR/PLN currency pair on the future cash flows. The hedged item is a highly likely cash flow denominated in EUR.

As at 30 June 2024, hedging instruments in the form of investment loans denominated in EUR were established. The hedged cash flows will be realized until January 2035. As at 30 June 2024, the nominal amount of the hedging instrument was EUR 98.5 million, which is an equivalent of PLN 424.6 million.

**Fair value hierarchy**

As at 30 June 2024 and 31 December 2023, financial instruments measured at fair value were investments in equity instruments.

	30 June 2024		31 December 2023	
	Level 2	Level 3	Level 2	Level 3
<b>Assets</b>				
Investments in equity instruments - shares in unlisted companies	-	8.7	-	8.7

**Measurement methods for financial instruments carried at fair value**
**a) Investments in equity instruments**

This line item includes predominantly an equity stake in Euroterminal Sławków Sp. z o.o. worth PLN 8.7 million, the value of which was measured by an independent adviser using the modified Swiss method. The Swiss method is a mixed measurement method as it combines the asset value aspect with the ability to generate future cash flows. According to the Swiss method, the value of the enterprise is calculated as the weighted average of the values determined by the asset-based approach and the income-based approach. This method attaches a greater weight (twice as large) to the value determined by the income-based approach. The adoption of the Swiss method is justified on the grounds that Euroterminal Sławków Sp. z o.o. has a moderate ability to generate profits in the future but owns material assets in the form of land plots and property.

**b) Other financial instruments**

For the category of financial instruments that are not carried at fair value as at the balance sheet date, the Company does not disclose fair value because as at 30 June 2024 and 31 December 2023 fair value was not materially different from the value presented in the statement of financial position.

In the period of 6 months ended 30 June 2024 and 30 June 2023, there were no transfers between level 2 and level 3 of the fair value hierarchy.



## 6.1 Financial instruments (cont'd)

Revenues, costs, profits and losses in the statement of profit or loss and other comprehensive income by categories of financial instruments

6 months ended 30 June 2024	Hedging financial instruments	Financial assets carried at amortized cost	Financial assets excluded from the scope of IFRS 9	Financial liabilities carried at amortized cost	Financial liabilities excluded from the scope of IFRS 9	Total
Interest income / (expense)	(9.1)	2.5	0.7	(79.5)	(36.5)	<b>(121.9)</b>
FX differences	-	(0.7)	-	0.5	0.2	-
Impairment losses / remeasurement	-	(6.4)	-	-	-	<b>(6.4)</b>
Transaction costs related to loans	-	-	-	(0.5)	-	<b>(0.5)</b>
Effect of settlement of cash flow hedge accounting	0.5	-	-	-	-	<b>0.5</b>
<b>Pre-tax profit / (loss)</b>	<b>(8.6)</b>	<b>(4.6)</b>	<b>0.7</b>	<b>(79.5)</b>	<b>(36.3)</b>	<b>(128.3)</b>
Revaluation	3.3	-	-	-	-	<b>3.3</b>
<b>Other comprehensive income</b>	<b>3.3</b>	-	-	-	-	<b>3.3</b>

In the period of 6 months ended 30 June 2024, the effect of settling cash flow hedge accounting adjusted the value of revenues from contracts with customers in the amount of PLN 0.5 million. The change in the measurement of hedging financial instruments includes a change in the measurement of bank loans in the amount of PLN 3.3 million, recognized as part of the hedge accounting applied by the Company.

6 months ended 30 June 2023	Hedging financial instruments	Investments in equity instruments	Financial assets carried at amortized cost	Financial assets excluded from the scope of IFRS 9	Financial liabilities carried at amortized cost	Financial liabilities excluded from the scope of IFRS 9	Total
Interest income / (expense)	(7.9)	-	2.2	0.5	(49.9)	(21.0)	<b>(76.1)</b>
FX differences	-	-	(3.1)	-	(1.7)	1.0	<b>(3.8)</b>
Impairment losses / remeasurement	-	-	(2.0)	-	-	-	<b>(2.0)</b>
Transaction costs related to loans	-	-	-	-	(0.4)	-	<b>(0.4)</b>
Effect of settlement of cash flow hedge accounting	(2.3)	-	-	-	-	-	<b>(2.3)</b>
<b>Pre-tax profit / (loss)</b>	<b>(10.2)</b>	-	<b>(2.9)</b>	<b>0.5</b>	<b>(52.0)</b>	<b>(20.0)</b>	<b>(84.6)</b>
Revaluation	32.0	3.8	-	-	-	-	<b>35.8</b>
<b>Other comprehensive income</b>	<b>32.0</b>	<b>3.8</b>	-	-	-	-	<b>35.8</b>

In the period of 6 months ended 30 June 2023, the effect of settling cash flow hedge accounting adjusted the value of revenues from contracts with customers in the amount of PLN (2.3) million. The change in the measurement of hedging financial instruments includes a change in the measurement of bank loans in the amount of PLN 32.0 million, recognized as part of the hedge accounting applied by the Company.

## 7. Other notes

### 7.1 Related party transactions

#### Transactions with the State Treasury and other parties related to the State Treasury

In the period of 6 months ended 30 June 2024 and 30 June 2023, the State Treasury was a higher-level parent of the Company. Accordingly, all companies owned by the State Treasury (directly or indirectly) are the Company's related parties and are presented separately as PKP Group related parties and other State Treasury related parties. In these Interim Condensed Standalone Financial Statements, the Management Board has disclosed transactions with material related parties identified as such according to the best knowledge of the Management Board.

In the period of 6 months ended 30 June 2024 and 30 June 2023, there were no transactions effected between the Company and the other parties related to the State Treasury which would be significant due to a non-standard scope or amount. In the periods covered by these Standalone Financial Statements, the Company's most important clients among other parties related to the State Treasury were members of the following groups: PGE, JSW, PKN Orlen, ENEA. PGE Group entities and ENEA Group entities were the Company's most important suppliers related to the State Treasury.

#### Transactions with PKP Group related parties

In the period covered by these Interim Condensed Standalone Financial Statements, the Company entered into the following commercial transactions with PKP Group related parties:

	6 months ended 30 June 2024		30 June 2024	
	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Parent Company	0.3	41.5	0.1	548.8
Subsidiaries / co-subsidiaries	194.4	233.1	81.0	205.9
Associates	1.4	-	0.2	-
Other PKP Group related parties	14.9	209.2	4.2	353.3

	6 months ended 30 June 2023		31 December 2023	
	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Parent Company	0.2	36.3	1.1	494.6
Subsidiaries / co-subsidiaries	212.6	415.5	95.2	264.1
Associates	2.0	-	0.4	-
Other PKP Group related parties	13.3	247.0	2.9	165.4

Purchase transactions with the Parent Company (PKP S.A.) pertained in particular to lease and rental agreements treated as leasing contracts, the supply of utilities, costs of fees for membership in international railway organizations and occupational medicine services.

Within the PKP CARGO w restrukturyzacji Group, sales transactions included freight transport services, lease of equipment and sub-lease of real estate. Purchase transactions comprised, among other maintenance and repair of rolling stock, freight forwarding services, transshipment services and intermodal transport.

Sales transactions with other PKP Group related parties comprised, among others, train traction services, lease and operation of locomotives, services related to financial settlements with foreign rail freight companies, rolling stock maintenance services and sub-lease of property. Purchase transactions comprised, among others, access to rail infrastructure, lease of property, supply of utilities, maintenance of rail traffic facilities, purchase of network maintenance services, operation of IT systems.

In addition to commercial transactions, the Company had cash pooling settlements disclosed in [Note 5.12](#) of these Standalone Financial Statements and settlements on account of a loan granted to PKP CARGO Terminale Sp. z o.o. presented in [Note 5.6](#) of these Standalone Financial Statements.

## 7.1 Related party transactions (cont'd)

### Compensation of key management personnel

Compensation of key management personnel presented in this note include the amounts of benefits disbursed in the relevant period.

Compensation of Management Board Members	6 months ended 30 June 2024	6 months ended 30 June 2023
Short-term benefits	1.0	1.4
Post-employment benefits	0.4	-
Termination benefits	0.5	-
<b>Total</b>	<b>1.9</b>	<b>1.4</b>

Compensation of Supervisory Board Members	6 months ended 30 June 2024	6 months ended 30 June 2023
Short-term benefits	0.8	0.7
<b>Total</b>	<b>0.8</b>	<b>0.7</b>

Compensation of other members of key management personnel	6 months ended 30 June 2024	6 months ended 30 June 2023
Short-term benefits	3.7	3.3
Termination benefits	0.1	0.2
<b>Total</b>	<b>3.8</b>	<b>3.5</b>

In the period of 6 months ended 30 June 2024 and 30 June 2023, members of key management personnel did not enter into any loan or guarantee transactions with the Company.

All related party transactions were effected on an arm's length basis.

## 7.2 Liabilities to incur expenditures for non-financial non-current assets

### Structure of liabilities to incur expenditures for non-financial non-current assets

	30 June 2024	31 December 2023
Contractual liabilities relating to the purchase of non-financial non-current assets	499.5	698.6
<b>Total</b>	<b>499.5</b>	<b>698.6</b>

As at 30 June 2024, contractual liabilities were related mainly to liabilities under agreements with a subsidiary for the performance of repairs and periodic inspections of the rolling stock. Subsequent to the balance sheet date, the Company initiated activities to significantly reduce these liabilities.

## 7.3 Contingent liabilities

### Structure of contingent liabilities

	30 June 2024	31 December 2023
Guarantees issued at the request of PKP CARGO S.A. w restrukturyzacji	55.4	64.3
Other contingent liabilities	109.8	104.5
<b>Total</b>	<b>165.2</b>	<b>168.8</b>

### Guarantees issued at the request of PKP CARGO S.A. w restrukturyzacji

As at 30 June 2024, there were outstanding guarantees issued by banks at the Company's request for commercial business partners. The guarantees comprised mainly performance bonds (worth PLN 50.0 million), tender bonds (worth PLN 3.0 million) and payment guarantees (worth PLN 1.2 million).

As at 31 December 2023 there were outstanding guarantees issued by banks on the Company's order for commercial business partners. The guarantees comprised mainly performance bonds (worth PLN 58.2 million), payment guarantees (worth PLN 3.6 million) and tender bonds (worth PLN 1.2 million).

### 7.3 Contingent liabilities (cont'd)

#### Other contingent liabilities

This line item comprises the claims made against the Company in court proceedings in the case of which the probability of outflow of cash is assessed as low, and claims in the case of which it is not possible to make a reliable estimate of the payment amount in the future by the Company. The amounts presented in this Note correspond to the value of the full claims reported by external entities. The assessment of estimates may change in subsequent periods as a result of future events.

### 7.4 Events after the balance sheet date

On 15 July 2024, the Supervisory Board of PKP CARGO S.A. w restrukturyzacji adopted resolutions, on the basis of which, the Company's Management Board in the current composition, i.e.:

- Mr. Marcin Wojewódka - Member of the PKP CARGO S.A. Supervisory Board serving as the Acting President of the Management Board,
  - Ms. Monika Starecka - Member of the PKP CARGO S.A. Supervisory Board serving as the Acting Management Board Member in charge of Finance,
  - Mr. Paweł Miłek - Member of the PKP CARGO S.A. Supervisory Board serving as the Acting Management Board Member in charge of Commerce,
- will continue its work until 25 October 2024.

On 24 July 2024, the Company's Management Board adopted a resolution for the Units and the Head Office of PKP CARGO S.A. w restrukturyzacji to carry out group layoffs pursuant to the Act of 13 March 2003 on the detailed principles of terminating employment for reasons not attributable to employees (hereinafter, the "Act"). As a consequence of the aforementioned resolution, pursuant to the Act, memorandums of agreement to carry out group layoffs will be signed, or regulations for the implementation of group layoffs will be issued in the Units and the Head Office of PKP CARGO S.A. w restrukturyzacji. The group layoffs will affect up to 30% of the Company's workforce (up to 4,142 employees) in various professional groups, within the timeframes set forth by agreements or regulations. In connection with the termination of employment as part of group layoffs, employees will be entitled to cash severance payments based on the period of employment. The estimated amount of the provision related to the restructuring of employment in the Company's Units and Head Office will be approximately PLN 249 million, and the expected annual savings in personnel costs due to the group layoffs will be approximately PLN 423.4 million.

As of 25 July 2024, by decision of the District Court for the Capital City of Warsaw in Warsaw, 18th Commercial Division, remedial proceedings of the general nature were opened towards PKP CARGO S.A. Accordingly, an Administrator was appointed, whose functions will be carried out by Ms. Izabela Skonieczna-Powałka.

On 2 September 2024, the Company's Supervisory Board, in connection with the request of some of the trade unions operating in the Company, dismissed Mr. Zenon Kozendra from his position of the Management Board Member – Employee Representative of PKP CARGO S.A. w restrukturyzacji, and therefore from the Management Board of PKP CARGO S.A. w restrukturyzacji, effective as of 2 September 2024.

In September, a wave of torrential rain and floods swept through southwestern Poland and the Czech Republic, as a result of which, among other things, several vehicles owned by the Company were flooded. The event also caused significant damage to the rail infrastructure owned by PKP Polskie Linie Kolejowe S.A. As at the date of these Interim Condensed Standalone Financial Statements, the Company is in the process of analyzing and estimating the impact of this event on the operating activities of PKP CARGO S.A. w restrukturyzacji.

### 7.5 Approval of the financial statements

These Interim Condensed Standalone Financial Statements were approved for publication by the Administrator of PKP CARGO S.A. w restrukturyzacji on 30 September 2024.

**The Administrator of PKP CARGO S.A. w restrukturyzacji**

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Izabela Skonieczna-Powałka  
Administrator of PKP CARGO S.A.  
w restrukturyzacji (license no. 772)

Warsaw, 30 September 2024