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Interim Condensed Consolidated Financial Statements

of the PKP CARGO S.A. CAPITAL GROUP under restructuring

for the period of 6 months ended 30 June

2024

prepared in accordance with EU IFRS

PKPCARGO

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(in PLN million)

INTERIM CONSOLIDATED 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	2,300.5	1,119.8	2,899.5	1,335.5	*Note 2.1*
Consumption of electricity and traction fuel	(314.0)	(148.6)	(448.2)	(190.8)	*Note 2.2*
Infrastructure access services	(197.4)	(94.7)	(246.2)	(113.0)	
Transport services	(128.4)	(66.5)	(167.6)	(78.4)	
Other services	(199.5)	(99.1)	(238.5)	(114.5)	*Note 2.2*
Employee benefits	(1,019.4)	(498.1)	(975.5)	(483.7)	*Note 2.2*
Other expenses	(167.0)	(74.9)	(196.5)	(92.4)	*Note 2.2*
Other operating revenue (and expenses)	(37.8)	(23.3)	(15.8)	(10.9)	*Note 2.3*
Operating profit before depreciation and amortization (EBITDA)	**237.0**	**114.6**	**611.2**	**251.8**	
Depreciation, amortization and impairment losses	(700.2)	(481.0)	(389.7)	(198.3)	*Note 2.2*
Profit / (loss) on operating activities (EBIT)	**(463.2)**	**(366.4)**	**221.5**	**53.5**	
Financial revenue (and expenses)	(97.0)	(49.0)	(87.3)	(45.8)	*Note 2.4*
Share in the profit / (loss) of entities accounted for under the equity method	4.4	2.4	5.6	1.5	*Note 5.3*
Profit / (loss) before tax	**(555.8)**	**(413.0)**	**139.8**	**9.2**	
Income tax	102.7	78.0	(30.1)	(3.7)	*Note 3.1*
NET PROFIT / (LOSS)	**(453.1)**	**(335.0)**	**109.7**	**5.5**	
OTHER COMPREHENSIVE INCOME					
Measurement of hedging instruments	2.6	(1.5)	31.7	27.5	*Note 6.1*
Income tax	(0.5)	0.3	(6.0)	(5.2)	*Note 3.1*
Exchange differences resulting from conversion of financial statements of foreign operations	(13.6)	9.0	(24.0)	(41.6)	
Other comprehensive income subject to reclassification to profit or loss, total	**(11.5)**	**7.8**	**1.7**	**(19.3)**	
Actuarial gains / (losses) on employee benefits	(31.0)	(30.7)	(55.5)	(54.9)	*Note 5.9*
Income tax	5.9	5.8	10.6	10.5	*Note 3.1*
Measurement of equity instruments at fair value	-	-	3.8	3.8	*Note 6.1*
Other comprehensive income not subject to reclassification to profit or loss, total	**(25.1)**	**(24.9)**	**(41.1)**	**(40.6)**	
Total other comprehensive income	**(36.6)**	**(17.1)**	**(39.4)**	**(59.9)**	
TOTAL COMPREHENSIVE INCOME	**(489.7)**	**(352.1)**	**70.3**	**(54.4)**	
Net profit / (loss) attributable:					
Net profit / (loss) attributable to the owners of the parent company	(453.1)	(335.0)	109.7	5.5	
Total other comprehensive income attributable:					
Total other comprehensive income attributable to shareholders of the parent company	(489.1)	(352.1)	70.3	(54.4)	
Earnings / (losses) per share (PLN per share)					
Weighted average number of common shares	44,786,917	44,786,917	44,786,917	44,786,917	
Earnings / (losses) per share	**(10.12)**	**(7.48)**	**2.45**	**0.12**	
Diluted earnings / (losses) per share	**(10.12)**	**(7.48)**	**2.45**	**0.12**	

In the periods covered by these Interim Condensed Consolidated Financial Statements, there was no non-controlling interest.

(in PLN million)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2024	31 December 2023	
ASSETS			
Rolling stock	4,191.3	4,440.3	*Note 5.1*
Other property, plant and equipment	777.8	857.7	*Note 5.1*
Right-of-use assets	1,469.2	1,436.1	*Note 5.2*
Investments in entities accounted for under the equity method	40.1	42.7	*Note 5.3*
Trade receivables	0.1	1.2	*Note 5.5*
Lease receivables	10.8	8.9	
Other assets	46.7	52.4	*Note 5.6*
Deferred tax assets	310.2	191.3	*Note 3.1*
Total non-current assets	**6,846.2**	**7,030.6**	
Inventories	185.2	200.2	*Note 5.4*
Trade receivables	598.1	668.3	*Note 5.5*
Lease receivables	0.9	0.9	
Income tax receivables	3.7	10.1	
Other assets	140.9	146.2	*Note 5.6*
Cash and cash equivalents	170.9	263.7	*Note 4.3*
Total current assets	**1,099.7**	**1,289.4**	
Non-current assets classified as held for sale	2.8	-	
TOTAL ASSETS	**7,948.7**	**8,320.0**	
EQUITY AND LIABILITIES			
Share capital	2,239.3	2,239.3	*Note 4.2*
Supplementary capital	874.1	797.1	
Other items of equity	(134.1)	(111.1)	
Exchange differences resulting from conversion of financial statements of foreign operations	96.0	109.6	
Retained earnings / (Accumulated losses)	(362.5)	167.6	
Total equity	**2,712.8**	**3,202.5**	
Debt liabilities	2,006.6	2,089.7	*Note 4.1*
Trade payables	2.3	3.4	*Note 5.7*
Investment commitments	7.4	15.6	*Note 5.8*
Provisions for employee benefits	595.5	578.9	*Note 5.9*
Other provisions	3.5	3.6	*Note 5.10*
Deferred tax liability	86.4	93.0	*Note 3.1*
Total non-current liabilities	**2,701.7**	**2,784.2**	
Debt liabilities	777.8	804.1	*Note 4.1*
Trade payables	1,070.7	844.4	*Note 5.7*
Investment commitments	131.6	141.3	*Note 5.8*
Provisions for employee benefits	181.0	170.2	*Note 5.9*
Other provisions	15.3	17.7	*Note 5.10*
Other liabilities	357.8	355.6	*Note 5.11*
Total current liabilities	**2,534.2**	**2,333.3**	
Total liabilities	**5,235.9**	**5,117.5**	
TOTAL EQUITY AND LIABILITIES	**7,948.7**	**8,320.0**	

(in PLN million)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Supplementary capital	Other items of equity			FX differences resulting from translation of financial statements of foreign operations	Retained earnings / (Accumulated losses)	Total equity
			Measurement of equity instruments at fair value	Actuarial gains / (losses) on employee benefits	Measurement of hedging instruments			
1 January 2024	**2,239.3**	**797.1**	**(9.1)**	**(109.3)**	**7.3**	**109.6**	**167.6**	**3,202.5**
Net result for the period	-	-	-	-	-	-	(453.1)	**(453.1)**
Other comprehensive income for the period (net)	-	-	-	(25.1)	2.1	(13.6)	-	**(36.6)**
Total comprehensive income	-	-	-	(25.1)	2.1	(13.6)	(453.1)	**(489.7)**
Other changes for the period	-	77.0	-	-	-	-	(77.0)	**-**
30 June 2024	**2,239.3**	**874.1**	**(9.1)**	**(134.4)**	**9.4**	**96.0**	**(362.5)**	**2,712.8**
1 January 2023	**2,239.3**	**678.0**	**(12.9)**	**(26.7)**	**(26.3)**	**176.9**	**204.6**	**3,232.9**
Net result for the period	-	-	-	-	-	-	109.7	**109.7**
Other comprehensive income for the period (net)	-	-	3.8	(44.9)	25.7	(24.0)	-	**(39.4)**
Total comprehensive income	-	-	3.8	(44.9)	25.7	(24.0)	109.7	**70.3**
Other changes for the period	-	117.9	-	-	-	-	(117.9)	**-**
30 June 2023	**2,239.3**	**795.9**	**(9.1)**	**(71.6)**	**(0.6)**	**152.9**	**196.4**	**3,303.2**

(in PLN million)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2024	6 months ended 30 June 2023	
Cash flows from operating activities			
Profit / (loss) before tax	**(555.8)**	**139.8**	
Adjustments			
Depreciation, amortization and impairment losses	700.2	389.7	*Note 2.2*
(Profit) / loss on the sale and liquidation of non-financial non-current assets	(7.4)	(1.3)	
(Profits) / losses on interest, dividends	79.5	67.8	
Interest received / (paid)	0.5	(0.3)	
Income tax received / (paid)	(21.5)	(37.1)	
Movement in working capital	345.0	195.7	
Other adjustments	(38.8)	(58.6)	
Net cash from operating activities	**501.7**	**695.7**	
Cash flows from investing activities			
Expenditures on the acquisition of non-financial non-current assets	(318.9)	(596.0)	
Proceeds from the sale of non-financial non-current assets	13.8	2.5	
Proceeds from dividends received	3.9	2.8	
Other proceeds from investing activities	3.4	3.1	
Net cash from investing activities	**(297.8)**	**(587.6)**	
Cash flows from financing activities			
Expenditures on leases	(86.3)	(82.6)	*Note 4.1*
Proceeds from drawn down loans / credit facilities	24.4	198.1	*Note 4.1*
Repayment of loans/ credit facilities	(177.1)	(153.3)	*Note 4.1*
Interest paid on leases and loans/borrowings	(77.2)	(72.1)	*Note 4.1*
Subsidies received	21.9	-	
Other expenditures concerning financing activities	(0.7)	(1.2)	
Net cash from financing activities	**(295.0)**	**(111.1)**	
Net increase / (decrease) in cash and cash equivalents	(91.1)	(3.0)	
Cash and cash equivalents at the beginning of the reporting period	263.7	181.5	
Impact exerted by FX rate movements on the cash balance in foreign currencies	(1.7)	(3.9)	
Cash and cash equivalents at the end of the reporting period including:	**170.9**	**174.6**	
restricted cash	*35.7*	*38.0*	

(in PLN million)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

1.1 Key information about the Group's business

Information about the Parent Company

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

Key information about the Parent Company	
Name	PKP CARGO S.A. w restrukturyzacji
Registered office	Poland
Address of the Parent 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 financial year of the Parent Company and the companies from the PKP CARGO w restrukturyzacji Group is a calendar year.

The composition of the Parent Company's management and supervisory bodies and the Parent 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

The Group's core business is rail freight transport. In addition to rail freight transport services, the Group also provides additional services:

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

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.

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.

(in PLN million)

1.1 Key information about the Group's business (cont'd)

Name	Type	Registered office	% of shares held	
			30 June 2024	31 December 2023
Centralny Terminal Multimodalny Sp. z o.o.	other subsidiary	Warsaw	100%	100%
PKP CARGO SERVICE Sp. z o.o.	subsidiary – consolidated by the full method	Warsaw	100%	100%
PKP CARGO TERMINALE Sp. z o.o.	subsidiary – consolidated by the full method	Żurawica	100%	100%
PKP CARGOTABOR Sp. z o.o. w restrukturyzacji	subsidiary – consolidated by the full method	Warsaw	100%	100%
CARGOTOR Sp. z o.o.	subsidiary – consolidated by the full method	Warsaw	100%	100%
PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji	subsidiary – consolidated by the full method	Warsaw	100%	100%
PKP Linia Chełmska Szerokotorowa Sp. z o.o.	other subsidiary	Warsaw	100%	100%
ONECARGO CONNECT Sp. z o.o.	other subsidiary	Warsaw	100%	100%
COSCO Shipping Lines (POLAND) Sp. z o.o.	associate	Gdynia	20%	20%
PKP CARGO CONNECT Sp. z o.o.	subsidiary – consolidated by the full method	Warsaw	100%	100%
Transgaz S.A.	other subsidiary	Zalesie near Małaszewicze	64%	64%
Cargosped Terminal Braniewo Sp. z o.o.	subsidiary – consolidated by the full method	Braniewo	100%	100%
PKP CARGO CONNECT GmbH	other 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 – consolidated by the full method	Ostrava	100%	100%
PKP CARGO INTERNATIONAL HU Zrt.	subsidiary – consolidated by the full method	Budapest	100%	100%
AWT ROSCO a.s.	subsidiary – consolidated by the full method	Ostrava	100%	100%
AWT CFT a.s.	subsidiary – consolidated by the full method	Ostrava	100%	100%
AWT Rekultivace a.s.	subsidiary – consolidated by the full method	Petřvald	100%	100%
DEPOS Horni Sucha a.s.	associate	Horní Suchá	20.6%	20.6%
PKP CARGO INTERNATIONAL SK a.s.	other subsidiary	Bratislava	100%	100%
AWT DLT s.r.o.	other subsidiary	Kladno	100%	100%
PKP CARGO INTERNATIONAL SI d.o.o.	other subsidiary	Grčarevec	80%	80%

Other subsidiaries are not consolidated by the full method due to the materiality criterion adopted by the Group. The companies are valued using the equity method, which is presented in **Note 5.3** to these Condensed Consolidated Financial Statements or presented as other assets.

1.2 Basis for preparation of the Interim Condensed Consolidated Financial Statements

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

These Interim Condensed Consolidated 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 Consolidated Financial Statements.

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

Within the year, the Group's business does not show any material seasonal or cyclical trends.

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

These Interim Condensed Consolidated Financial Statements have been drawn up in Polish zloty (PLN). The data in the financial statements are presented in millions of PLN.

Transactions in foreign currencies are translated to the functional currency at the exchange rate from the date of the transaction or measurement when the items are restated. As at the balance sheet date, cash assets and liabilities denominated in foreign currencies are restated according to the average NBP exchange rate binding on that date. Foreign exchange gains and losses obtained as a result of settlements of those transactions and balance sheet valuation of assets and liabilities denominated in foreign currencies are recorded in the result, provided they are not deferred in other comprehensive income when they are eligible for recognition as security for cash flows. Non-cash items carried at historical cost expressed in a foreign currency are translated using the exchange rate from the transaction date.

The financial data of foreign entities have been translated into the Polish currency for consolidation purposes in the following manner:

a) assets and liabilities items at the exchange rate at the end of the reporting period,
b) items of the statement of profit or loss and other comprehensive income and of the statement of cash flows at the average exchange rate in the reporting period calculated as the arithmetic mean of the exchange rates prevailing on the last day of each month in a given period.

FX differences from the above translations are presented in the equity as FX differences from translation of financial statements of foreign operations.

In these Interim Condensed Consolidated Financial Statements, for the needs of valuation of the financial statements of foreign operations subject to consolidation, the following exchange rates were applied by the Group:

Currency	Items of the statement of financial position		Items of the statement of profit or loss and other comprehensive income and the cash flow statement	
	30 June 2024	31 December 2023	6 months ended 30 June 2024	6 months ended 30 June 2023
EUR	4.3130	4.3480	4.3109	4.6130
CZK	0.1724	0.1759	0.1721	0.1951

The data for the 6 months ended 30 June 2024 and 30 June 2023 presented in these Interim Condensed Consolidated Financial Statements have been reviewed by an auditor. The line items of the consolidated statement of financial position as at 31 December 2023 were audited by a statutory auditor during the audit of the Consolidated Financial Statements of the PKP CARGO w restrukturyzacji Group 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 Consolidated Financial Statements have not been reviewed or audited by an auditor.

These Interim Condensed Consolidated 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

The financial position of the PKP CARGO w restrukturyzacji Group is closely linked to that of the Parent Company.

Going concern risk of the Parent Company

These Interim Condensed Consolidated 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 Group's going concern assumption proved to be invalid.

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

1. Decrease in transports and difficult position of the Parent Company

In H1 2024, the Group 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. 17.7% 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, the PKP CARGO w restrukturyzacji Group is particularly exposed to the decline in transports, which is reflected in lower revenues. In 2022-2023, the Parent Company's focus on moving coal from seaports to energy industry customers limited the Group's 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 Parent 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 Parent Company's services, which adversely affected the Parent 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 Parent Company were not satisfied as at 30 June 2024, which is described in **Note 4.1** to these Interim Condensed Consolidated Financial Statements.

Measures taken by the Parent Company's Management Board to improve the financial and liquidity position of the Parent Company and the Group

As the Parent 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 Parent 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 Parent Company's Management Board, the purpose of opening the restructuring proceedings is to improve the Group's financial and liquidity position. The decision to file the foregoing petition was made by the Management Board after considering the best interests of the Parent Company and its shareholders. The Management Board believes that the restructuring process under court supervision will allow the Parent Company to continue its operations and achieve the best possible outcomes for its creditors, employees and shareholders, restore the Parent 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 of the Parent Company,
- 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 organizational structure of the Parent Company and the Group,
- 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 Parent 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 the liquidity position of the Parent Company.

The Parent Company is actively working to secure financing for the restructuring measures it is undertaking. The Management Board of the Parent Company believes that the restructuring plan will be financed from internal and external sources. The Group 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.

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

The opening of the restructuring proceedings has protected the Parent 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, based on its terms and conditions, they 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 Parent Company and the Group to meet their current liabilities for at least the next 12 months and will minimize their going concern risk.

Operation of the Parent Company during the restructuring process

Despite the difficulties, the Parent Company remains the best and largest railway company in Poland, with a leading market position in both conventional and intermodal transport. The Parent 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 Parent 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 Parent 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 Parent 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,
- transhipment 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.

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. The court appointed an Administrator over the Parent 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.

Going concern risk of the subsidiary PKP CARGOTABOR Sp. z o.o. w restrukturyzacji

In connection with the deterioration of the financial standing of the subsidiary PKP CARGOTABOR Sp. z o.o. w restrukturyzacji (hereinafter, "PKP CARGOTABOR"), the Parent Company's Management Board filed a petition to open remedial proceedings. The Company is in the process of developing appropriate restructuring processes and a timetable for analyzing various scenarios for the company, taking into account the market and business factors as well as the creation of shareholder value within the group.

The deterioration of the financial and liquidity position of the Parent Company has had a significant impact on the operations of its subsidiary, PKP CARGOTABOR. Due to the strong business ties between the Parent Company and PKP CARGOTABOR, the significant reduction in capital expenditures by the Parent Company since Q2 2024 surpassed PKP CARGOTABOR's ability to adapt the scale of its operations to the Parent Company's current needs, which caused a deterioration of PKP CARGOTABOR's liquidity position. On 26 July 2024, the Management Board filed a petition with the court to open remedial proceedings and a petition to open bankruptcy proceedings.

In a letter to the court dated 28 August 2024, the Management Board upheld its petition to open remedial proceedings. On 2 September 2024, the subsidiary received a "Notice of Decision to Open Restructuring Proceedings" from the District Court for the Capital City of Warsaw in Warsaw. The planned restructuring activities are aimed at adapting the scope of the subsidiary's operations to the Parent Company's needs planned for 2025 and beyond, and focus mainly on:

- reducing workforce through group layoffs, which are expected to affect approximately 30% of the subsidiary's employees;
- reducing the number of locations, in which operations are carried out,
- activating external sales.

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

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

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.

In the case of the subsidiary, the PKP CARGOTABOR Management Board announced that on 21 August 2024 it launched the process of consulting group layoffs and it provided the trade union organizations operating in the subsidiary with a notice of intention to carry out group layoffs in PKP CARGOTABOR. The group layoffs would affect about 30% of the subsidiary's employees (up to 752 employees) in various occupational groups and would take place during the period from the day after the date of notification to county labor offices up until 30 November 2024.

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 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 Consolidated Financial Statements, the Management Board of the Parent Company 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 Group 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 in the case of the subsidiary about PLN 9 million, and will be recognized as an employee benefit cost in Q3 2024.

1.4 Impairment of assets

Property, plant and equipment is the Group's most significant asset item. Due to the changing macroeconomic and regulatory environment, the PKP CARGO w restrukturyzacji Group periodically reviews indications that the recoverable amount of its assets may be impaired. The Group uses its own analytical tools to assess the market situation.

In the current reporting period, the Group analyzed the indications and identified the factors that could have materially contributed to a change in the value of its non-current assets.
In accordance with IAS 36, the Group 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 Group is required to determine the recoverable amount of the assets showing signs of impairment.

As at 30 June 2024, the Group carried out impairment tests for cash-generating units defined at the level of assets of the Parent Company, PKP CARGOTABOR Sp. z o.o., CARGOTOR Sp. z o.o., PKP CARGO TERMINALE Sp. z o.o. and the PKP CARGO INTERNATIONAL Group. The tests were performed on cash-generating units by determining their recoverable amount at the level of their value in use.

The main indications suggesting the possible impairment of assets of the Parent Company, PKP CARGOTABOR and PKP CARGO TERMINALE Sp. z o.o. were the lower than expected financial performance in H1 2024. In the case of the Parent Company and PKP CARGOTABOR, this has led to a significant deterioration in its financial and liquidity position, which has prompted the Management Boards of both companies to file court petitions to launch remedial proceedings. Due to the deterioration of the financial standing of the Parent Company, a decision was made to carry out impairment tests for the assets of 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 Group 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 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 Parent 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	

1.4 Impairment of financial assets (cont'd)

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 Group recognized an impairment loss in the amount of PLN 74.6 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%		(50.0)
	-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,

Since the recoverable amount determined as a result of the test exceeded the carrying amount of the tested assets owned by CARGOTOR Sp. z o.o., as at 30 June 2024 the Group recognized no impairment charge for assets owned by PKP 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 assets owned by 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.

1.4 Impairment of financial assets (cont'd)

Since the recoverable amount determined as a result of the test exceeded the carrying amount of the tested assets owned by PKP CARGO TERMINALE Sp. z o.o., as at 30 June 2024 the Group recognized no impairment charge for assets owned by PKP CARGO TERMINALE Sp. z o.o.

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.	4.1	
	-0.3 p.p.		no impairment loss
Change in unit price of the transshipment, storage, etc. service	+1%		no impairment loss
	-1%	5.6	

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.

Because the recoverable amount determined as a result of the test exceeded the carrying amount of the tested assets owned by the PKP CARGO INTERNATIONAL Group, the Group did not revalue the impairment allowance for the assets as at 30 June 2024, which as at that date amounted to PLN 106.9 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.	31.5	
	-0.3 p.p.		(42.6)
Change in unit price	+1%		(100.5)
	-1%	93.1	

(in PLN million)

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 Consolidated Financial Statements, the Group 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 the Group's 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 Management Board of the Parent Company believes that the approval of the standards mentioned below by the EU will not result in any major changes to the Group'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 Consolidated Financial Statements, the Group was still analyzing the changes arising from IFRS 18 and therefore the impact of this standard on the Group's financial statements cannot be assessed.

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 Group

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 Parent Company's loan agreements were not satisfied as at 30 June 2024, which is described in **Note 4.1** to these Interim Condensed Consolidated Financial Statements.

In view of the above, the Management Board of the Parent Company 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 Parent 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 Parent 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 Parent Company on an ongoing basis.

The maturities of financial liabilities are presented below.

Maturity of the Group'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	483.9	416.1	1,620.0	774.7	**3,294.7**	**2,784.4**
Trade payables	1,065.1	5.6	2.3	-	**1,073.0**	**1,073.0**
Investment commitments	119.3	12.6	7.4	-	**139.3**	**139.0**
Cash pool	14.3	-	-	-	**14.3**	**14.3**
Total	**1,682.6**	**434.3**	**1,629.7**	**774.7**	**4,521.3**	**4,010.7**

(in PLN million)

1.6 Liquidity position of the Group (cont'd)

	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	404.5	486.4	1,640.3	874.1	**3,405.3**	**2,893.8**
Trade payables	841.5	2.9	3.4	-	**847.8**	**847.8**
Investment commitments	122.7	18.8	15.7	-	**157.2**	**156.9**
Cash pool	14.2	-	-	-	**14.2**	**14.2**
Derivatives – swap contract	0.1	-	-	-	**0.1**	**0.1**
Total	**1,383.0**	**508.1**	**1,659.4**	**874.1**	**4,424.6**	**3,912.8**

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

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	369.9	44.2	414.1	589.7	149.7	739.4
Past due						
up to 30 days	150.0	23.9	173.9	156.2	7.2	163.4
31 - 90 days	234.0	55.6	289.6	92.3	-	92.3
91 - 180 days	275.5	15.3	290.8	3.1	-	3.1
181 - 365 days	38.6	-	38.6	3.0	-	3.0
over 365 days	5.0	-	5.0	3.5	-	3.5
Total	**1,073.0**	**139.0**	**1,212.0**	**847.8**	**156.9**	**1,004.7**

Age analysis of trade receivables

	30 June 2024			31 December 2023		
	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net
Not past due	542.5	(0.3)	542.2	585.3	(0.5)	584.8
Past due						
up to 30 days	26.0	(0.3)	25.7	47.3	(0.3)	47.0
31 - 90 days	11.8	(0.6)	11.2	17.6	(1.2)	16.4
91 - 180 days	7.9	(1.5)	6.4	2.9	(1.0)	1.9
181 - 365 days	4.8	(3.2)	1.6	11.3	(6.8)	4.5
over 365 days	140.0	(128.9)	11.1	135.8	(120.9)	14.9
Total	**733.0**	**(134.8)**	**598.2**	**800.2**	**(130.7)**	**669.5**

(in PLN million)

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 Group 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 Parent Company's Management Board does not evaluate the Group'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 Group'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	2.8	580.6	1,282.8	**1,866.2**
Revenue from other transportation activity	-	-	51.7	**51.7**
Revenue from siding and traction services	7.1	91.6	82.7	**181.4**
Revenue from transshipment services	-	5.2	55.4	**60.6**
Revenue from reclamation services	0.3	-	19.0	**19.3**
Revenue from sales of goods and materials	-	-	39.6	**39.6**
Other revenues	12.4	5.7	63.6	**81.7**
Total	**22.6**	**683.1**	**1,594.8**	**2,300.5**
Revenue recognition date				
At a specific time	0.6	-	40.5	**41.1**
Over a period	22.0	683.1	1,554.3	**2,259.4**
Total	**22.6**	**683.1**	**1,594.8**	**2,300.5**

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	1.5	270.7	637.7	**909.9**
Revenue from other transportation activity	-	-	27.1	**27.1**
Revenue from siding and traction services	3.2	44.9	41.6	**89.7**
Revenue from transshipment services	-	1.4	27.7	**29.1**
Revenue from reclamation services	-	-	10.7	**10.7**
Revenue from sales of goods and materials	-	-	12.0	**12.0**
Other revenues	6.6	2.7	32.0	**41.3**
Total	**11.3**	**319.7**	**788.8**	**1,119.8**
Revenue recognition date				
At a specific time	0.4	-	12.2	**12.6**
Over a period	10.9	319.7	776.6	**1,107.2**
Total	**11.3**	**319.7**	**788.8**	**1,119.8**

(in PLN million)

2.1 Revenues from contracts with customers (cont'd)

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	5.5	833.6	1,529.7	**2,368.8**
Revenue from other transportation activity	-	0.4	63.5	**63.9**
Revenue from siding and traction services	7.4	85.7	86.7	**179.8**
Revenue from transshipment services	0.3	7.7	98.0	**106.0**
Revenue from reclamation services	0.7	-	35.2	**35.9**
Revenue from sales of goods and materials	-	-	43.8	**43.8**
Other revenues	14.3	5.7	81.3	**101.3**
Total	**28.2**	**933.1**	**1,938.2**	**2,899.5**
Revenue recognition date				
At a specific time	0.3	-	43.9	**44.2**
Over a period	27.9	933.1	1,894.3	**2,855.3**
Total	**28.2**	**933.1**	**1,938.2**	**2,899.5**

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	0.9	332.8	736.1	**1,069.8**
Revenue from other transportation activity	-	0.1	32.2	**32.3**
Revenue from siding and traction services	4.4	40.3	43.7	**88.4**
Revenue from transshipment services	0.1	3.6	46.5	**50.2**
Revenue from reclamation services	0.3	-	22.0	**22.3**
Revenue from sales of goods and materials	-	-	28.6	**28.6**
Other revenues	4.3	2.8	36.8	**43.9**
Total	**10.0**	**379.6**	**945.9**	**1,335.5**
Revenue recognition date				
At a specific time	0.2	-	28.7	**28.9**
Over a period	9.8	379.6	917.2	**1,306.6**
Total	**10.0**	**379.6**	**945.9**	**1,335.5**

Geography

The Group defines the geographical territory of business as the location of the registered office of the service recipient, and not as the country of the service provision. Poland is the key geographic area of the Group's activity. Revenues from contracts with customers of the Group 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	1,667.0	791.7	2,218.4	1,001.4
Czech Republic	226.1	117.0	325.9	161.3
Germany	175.3	101.8	127.3	59.1
Italy	38.7	18.6	37.2	19.5
Ukraine	31.7	12.1	27.0	16.1
Slovakia	29.6	15.6	34.8	17.2
Other countries	132.1	63.0	128.9	60.9
Total	**2,300.5**	**1,119.8**	**2,899.5**	**1,335.5**

(in PLN million)

2.1 Revenues from contracts with customers (cont'd)

Non-current assets net of financial instruments and deferred tax assets, by location

	30 June 2024	31 December 2023
Poland	5,916.1	6,173.6
Czech Republic	589.2	634.7
Other countries	10.3	11.4
Total	**6,515.6**	**6,819.7**

Information on key customers

In the period of 6 months ended 30 June 2024 and 30 June 2023, revenues from any single customer of the Group did not exceed 10% 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
As at the beginning of the reporting period	**35.7**	**49.8**
Recognition of revenue before the sales document is issued	36.7	41.0
Reclassification to receivables	(34.7)	(50.0)
FX translation differences	(0.9)	0.2
As at the end of the reporting period	**36.8**	**41.0**

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	(58.1)	(27.6)	(74.4)	(30.3)
Consumption of traction energy	(255.9)	(121.0)	(373.8)	(160.5)
Total	**(314.0)**	**(148.6)**	**(448.2)**	**(190.8)**

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	(48.8)	(27.7)	(50.2)	(24.7)
Rent and fees for the use of property and rolling stock	(47.5)	(20.2)	(53.6)	(25.5)
Telecommunications services	(3.2)	(1.5)	(3.1)	(1.4)
Legal, consulting and similar services	(5.5)	(2.5)	(5.2)	(2.5)
IT services	(30.5)	(14.9)	(24.7)	(12.5)
Transshipment services	(14.1)	(7.6)	(31.2)	(21.5)
Land reclamation services	(9.4)	(3.4)	(21.4)	(5.7)
Shunting, traction and inspection services	(22.0)	(11.1)	(22.8)	(9.2)
Other services	(18.5)	(10.2)	(26.3)	(11.5)
Total	**(199.5)**	**(99.1)**	**(238.5)**	**(114.5)**

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	(773.0)	(383.7)	(730.3)	(360.0)
Social security costs	(161.0)	(80.1)	(155.5)	(77.3)
Expenses for contributions to the Company Social Benefits Fund	(21.9)	(11.1)	(15.5)	(7.7)
Other employee benefits during employment	(34.4)	(19.5)	(25.0)	(12.2)
Post-employment benefits	(7.4)	(2.1)	(6.3)	(1.5)
Movement in provisions for employee benefits	(21.7)	(1.6)	(42.9)	(25.0)
Total	**(1,019.4)**	**(498.1)**	**(975.5)**	**(483.7)**

(in PLN million)

2.2 Operating expenses (cont'd)

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	(13.1)	(6.2)	(15.4)	(6.4)
Consumption of electricity, gas and water	(32.0)	(9.9)	(42.0)	(11.5)
Consumption of materials	(41.3)	(21.3)	(55.8)	(27.5)
Taxes and charges	(21.7)	(11.5)	(20.9)	(10.7)
Cost of goods and materials sold	(26.6)	(10.8)	(25.6)	(17.5)
Business trips	(16.9)	(8.4)	(18.2)	(9.2)
Other	(15.4)	(6.8)	(18.6)	(9.6)
Total	**(167.0)**	**(74.9)**	**(196.5)**	**(92.4)**

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	(333.8)	(167.2)	(293.7)	(148.7)
Depreciation of other property, plant and equipment	(32.0)	(15.3)	(33.5)	(16.5)
Depreciation of right-of-use assets	(67.7)	(34.1)	(59.7)	(31.6)
Amortization of intangible assets	(4.5)	(2.3)	(3.0)	(1.5)
(Recognized) / reversed impairment losses:				
Rolling stock [1)]	(182.1)	(182.1)	0.2	-
Other property, plant and equipment [1)]	(80.1)	(80.0)	-	-
Total	**(700.2)**	**(481.0)**	**(389.7)**	**(198.3)**

[1)] This item includes mainly an impairment loss for the Group's non-current assets, which is described in **Note 1.4**.

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	7.6	7.0	0.7	0.4
Reversed impairment losses for trade receivables	1.2	0.6	1.9	0.5
Penalties and compensations	5.8	3.3	10.5	3.5
Reversal of other provisions	0.9	0.4	1.8	0.6
Interest on trade and other receivables	1.9	0.9	1.7	0.8
Net result on foreign exchange differences on trade receivables and trade payables	0.4	(0.4)	-	-
Subsidies	2.2	0.8	1.0	0.6
Other	4.5	3.1	2.0	1.1
Total other operating revenue	**24.5**	**15.7**	**19.6**	**7.5**
Recognized impairment losses for trade receivables	(7.5)	(6.3)	(3.9)	(1.7)
Penalties and compensations	(4.9)	(1.6)	(8.7)	(4.4)
Costs of liquidation of non-current and current assets	(3.3)	(0.4)	(3.2)	(1.8)
Other provisions established	(2.1)	(1.3)	(2.7)	(1.3)
Interest on trade and other payables [1)]	(41.4)	(27.5)	(10.3)	(5.6)
Net result on foreign exchange differences on trade receivables and trade payables	-	-	(3.9)	(2.7)
Other	(3.1)	(1.9)	(2.7)	(0.9)
Total other operating expenses	**(62.3)**	**(39.0)**	**(35.4)**	**(18.4)**
Other operating revenue (and expenses)	**(37.8)**	**(23.3)**	**(15.8)**	**(10.9)**

[1)] The increase in costs of interest on trade and other payables is mainly due to the higher level of past due liabilities.

(in PLN million)

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	2.8	1.4	2.8	1.5
Dividend income	0.1	0.1	-	-
Net result on foreign exchange differences	-	(0.3)	-	-
Other	-	-	0.1	-
Total financial revenue	**2.9**	**1.2**	**2.9**	**1.5**
Interest expenses	(82.0)	(40.4)	(69.7)	(37.1)
Other				
Settlement of the discount on provisions for employee benefits	(16.8)	(9.1)	(18.2)	(8.8)
Net result on foreign exchange differences	(0.5)	(0.5)	(1.7)	(1.2)
Other	(0.6)	(0.2)	(0.6)	(0.2)
Total financial expenses	**(99.9)**	**(50.2)**	**(90.2)**	**(47.3)**
Financial revenue (and expenses)	**(97.0)**	**(49.0)**	**(87.3)**	**(45.8)**

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
Current income tax				
Current tax liability	(14.8)	(9.3)	(24.2)	(10.4)
Adjustments posted in the current year relating to tax from previous years	(0.7)	-	-	-
Deferred tax				
Deferred income tax of the reporting period	118.2	87.3	(5.9)	6.7
Income tax recognized in profit / loss	**102.1**	**78.0**	**(30.1)**	**(3.7)**

The corporate income tax rates in effect in the PKP CARGO w restrukturyzacji Group in the years 2023-2024 were: 19% in Poland, 21% in the Czech Republic in 2024 (19% in 2023) and 9% in Hungary.

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 Group'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	(0.5)	0.3	(6.0)	(5.2)
Deferred tax on actuarial gains / (losses) on employee benefits	5.9	5.8	10.6	10.5
FX differences from translation of deferred tax balance recognized in other comprehensive income [1)]	1.9	(1.4)	2.8	5.2
Deferred income tax captured in other comprehensive income	**7.3**	**4.7**	**7.4**	**10.5**

[1)] This item is presented in equity as FX differences from translation of financial statements of foreign operations.

(in PLN million)

3.1 Income tax (cont'd)

Balance of deferred tax assets and liabilities

Deferred tax assets and liabilities are offset at the level of the financial statements of each Group company. Accordingly, the following values are presented in these Interim Condensed Consolidated Financial Statements:

	30 June 2024	31 December 2023
Deferred tax assets	310.2	191.3
Deferred tax liabilities	(86.4)	(93.0)
Total	**223.8**	**98.3**

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	FX differences from translation of deferred tax balance	30 June 2024
Temporary differences relating to deferred tax (liabilities) / assets:					
Non-financial non-current assets	**(89.7)**	47.0	-	2.0	**(40.7)**
Right-of-use assets and lease liabilities	**(2.0)**	(0.1)	-	-	**(2.1)**
Other provisions and liabilities	**25.0**	7.2	-	-	**32.2**
Inventories	**(7.5)**	1.3	-	-	**(6.2)**
Lease receivables	**(1.9)**	(0.4)	-	-	**(2.3)**
Trade receivables	**(1.1)**	0.3	-	-	**0.8**
Provisions for employee benefits	**142.6**	(0.9)	5.9	(0.1)	**147.5**
Other	**8.4**	57.9	(0.5)	-	**65.8**
Unused tax losses	**24.5**	5.9	-	-	**30.4**
Total	**98.3**	**118.2**	**5.4**	**1.9**	**223.8**

6 months ended 30 June 2023	1 January 2023	Recognized in profit or loss	Recognized in other comprehensive income	FX differences from translation of deferred tax balance	30 June 2023
Temporary differences relating to deferred tax (liabilities) / assets:					
Non-financial non-current assets	**(83.7)**	(1.3)	-	3.9	**(81.1)**
Right-of-use assets and lease liabilities	**(16.3)**	6.8	-	(1.0)	**(10.5)**
Other provisions and liabilities	**23.3**	(7.0)	-	-	**16.3**
Inventories	**(9.3)**	1.9	-	-	**(7.4)**
Lease receivables	**(1.7)**	(0.2)	-	-	**(1.9)**
Trade receivables	**(4.1)**	1.8	-	-	**(2.3)**
Provisions for employee benefits	**121.7**	3.9	10.6	(0.1)	**136.1**
Other	**9.0**	3.7	(6.0)	-	**6.7**
Unused tax losses	**42.7**	(15.5)	-	-	**27.2**
Total	**81.6**	**(5.9)**	**4.6**	**2.8**	**83.1**

Maturity analysis of deferred tax assets from tax losses

Expiration dates of the tax losses to which deferred tax assets were applied as at 30 June 2024

Year	2024	2025	2026	2027	2028	2029	Total
Unused tax losses	0.1	69.2	46.3	5.7	22.1	16.4	**159.8**

Expiration dates of the tax losses to which deferred tax assets were applied as at 31 December 2023

Year	2024	2025	2026	2027	2028	2029	Total
Unused tax losses	1.2	69.3	46.3	5.7	6.1	-	**128.6**

(in PLN million)

3.1 Income tax (cont'd)

Tax loss not captured in calculation of deferred tax assets

The amount of tax losses not included in the calculation of deferred tax asset results from tax losses generated by the following companies:

	30 June 2024	31 December 2023
PKP CARGO INTERNATIONAL HU Zrt.	1.8	8.0
AWT CFT a.s.	8.0	8.2
PKP CARGOTABOR USŁUGI Sp. z o.o. w likwidacji	3.6	3.1
Total	**13.4**	**19.3**

Expiration dates of the tax losses to which deferred tax assets were not applied as at 30 June 2024

Year	2024	2025	2026	2027	2028	2029	Total
Unused tax losses	4.2	3.5	0.2	1.6	1.8	2.1	**13.4**

Expiration dates of the tax losses to which deferred tax assets were not applied as at 31 December 2023

Year	2024	2025	2026	2027	2028	2029	Total
Unused tax losses	4.4	11.5	0.2	1.6	1.6	-	**19.3**

4. Notes on debt

4.1 Reconciliation of debt liabilities

The Group'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 mainly in PLN, CZK and EUR and pertain mainly to property and rolling stock.

As at 30 June 2024, the Parent 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 functional currency PLN	In foreign currency			Total
		EUR	CZK	HUF	
Bank loans and borrowings	874.9	446.5	-	-	**1,321.4**
Leases	1,417.4	22.3	22.9	0.4	**1,463.0**
Total	**2,292.3**	**468.8**	**22.9**	**0.4**	**2,784.4**

31 December 2023	In functional currency PLN	In foreign currency		Total
		EUR	CZK	
Bank loans and borrowings	980.1	500.2	-	**1,480.3**
Leases	1,361.9	26.5	25.1	**1,413.5**
Total	**2,342.0**	**526.7**	**25.1**	**2,893.8**

(in PLN million)

4.1 Reconciliation of debt liabilities (cont'd)

Reconciliation of debt liabilities

6 months ended 30 June 2024	Bank loans and borrowings	Leases	Total
1 January 2024	**1,480.2**	**1,413.6**	**2,893.8**
New liabilities contracted	24.4	62.9	**87.3**
Modifications of existing agreements	-	59.7	**59.7**
Sale and leaseback	-	6.2	**6.2**
Transaction costs	0.5	-	**0.5**
Accrual of interest	39.8	41.9	**81.7**
Payments under debt, including:			
Repayments of the principal	(177.1)	(86.3)	**(263.4)**
Interest paid	(41.9)	(35.3)	**(77.2)**
Transaction costs	(0.5)	-	**(0.5)**
Other	-	(0.4)	**(0.4)**
FX differences captured in the result	(3.8)	0.5	**(3.3)**
FX translation differences	(0.2)	0.2	**-**
30 June 2024	**1,321.4**	**1,463.0**	**2,784.4**
Non-current	778.2	1,228.4	**2,006.6**
Current	543.2	234.6	**777.8**
Total	**1,321.4**	**1,463.0**	**2,784.4**

6 months ended 30 June 2023	Bank loans and borrowings	Leases	Total
1 January 2023	**1,494.3**	**877.9**	**2,372.2**
New liabilities contracted	198.1	288.4	**486.5**
Modifications of existing agreements	-	62.7	**62.7**
Sale and leaseback	-	1.5	**1.5**
Transaction costs	0.4	-	**0.4**
Accrual of interest	43.0	26.0	**69.0**
Payments under debt, including:			
Repayments of the principal	(153.3)	(82.6)	**(235.9)**
Interest paid	(45.7)	(26.4)	**(72.1)**
Transaction costs	(0.4)	-	**(0.4)**
Other	-	(0.6)	**(0.6)**
FX differences captured in the result	(29.7)	(0.9)	**(30.6)**
FX translation differences	(1.4)	(0.9)	**(2.3)**
30 June 2023	**1,505.3**	**1,145.1**	**2,650.4**
Non-current	892.9	974.8	**1,867.7**
Current	612.4	170.3	**782.7**
Total	**1,505.3**	**1,145.1**	**2,650.4**

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	30 June 2024	30 June 2023
Revenues from operating leases	Revenues from contracts with customers	30.5	28.5
Costs of short-term leases	Other services	(24.7)	(32.3)

(in PLN million)

4.1 Reconciliation of debt liabilities (cont'd)

Terms and conditions of loan agreements

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

The above ratios are calculated on the basis of data contained in the Standalone Financial Statements of selected subsidiaries, as well as the Consolidated Financial Statements of the PKP CARGO w restrukturyzacji Group and the PKP CARGO INTERNATIONAL Group.

According to the provisions of the agreements signed by the Group, 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 2.25-4.5. 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 Parent 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	Currency of the contract	30 June 2024	31 December 2023
Overdraft	Bank Polska Kasa Opieki S.A.	9 July 2024	PLN	0.7	1.6
Overdraft	Powszechna Kasa Oszczędności Bank Polski S.A.	27 July 2024	PLN	6.3	0.5
Overdraft	Bank Polska Kasa Opieki S.A. [1)]	23 August 2024	PLN	80.8	100.0
Overdraft	Bank Polska Kasa Opieki S.A. [2)]	23 August 2024	PLN	1.4	-
Overdraft	Powszechna Kasa Oszczędności Bank Polski S.A. [3)]	30 September 2024	PLN	0.1	2.8
Overdraft	Bank Gospodarstwa Krajowego [4)]	28 February 2025	PLN	100.0	100.0
Overdraft	ING Bank N.V.	22 November 2028	EUR	13.0	13.1
Leasing facility	ING Lease (Polska) sp. z o.o.	13 June 2024	PLN	-	18.0
Leasing facility	PKO Leasing S.A.	26 October 2024	PLN	1.1	51.8
Total				**203.4**	**287.8**

[1)] On 23 May 2024, the Parent Company executed an annex with the bank extending the availability period of the facility until 23 August 2024.

[2)] On 23 May 2024, the Parent Company and the subsidiary executed an annex with the bank extending the availability period of the facility until 23 August 2024.

[3)] On 25 June 2024, the Parent Company executed an annex extending the availability period of the facility until 30 September 2024.

[4)] On 29 February 2024, the Parent 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.

(in PLN million)

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 up ordinary shares with a par value of PLN 50 are equivalent to one vote at the shareholder meeting and carry the right to a dividend.

PKP S.A. is the parent company of PKP CARGO S.A. w restrukturyzacji. Pursuant to articles of association of the Parent 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 Parent Company's Management Board. The personal rights of PKP S.A. shall be vested always when PKP S.A. holds at least 25% of the Parent Company's share capital.

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

Movement in supplementary capital and retained earnings

On 27 June 2024, the Ordinary Shareholder Meeting of the Parent 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.

In the period of 6 months ended 30 June 2024, changes in the Group's supplementary capital resulted also from the resolution of 25 June 2024 adopted by the Ordinary Shareholder Meeting of PKP CARGO SERVICE Sp. z o.o. to allocate part of the 2023 net profit to supplementary capital in the amount of PLN 12.9 million, the resolution of 25 June 2024 adopted by the Ordinary Shareholder Meeting of PKP CARGOTABOR Sp. z o.o. w restrukturyzacji to allocate part of the 2023 net profit to supplementary capital in the amount of PLN 29.0 million, and the resolution of 26 June 2024 adopted by the Ordinary Shareholder Meeting of CARGOTOR Sp. z o.o. to cover the loss in curred in 2023 with supplementary capital in the amount of PLN 10.1 million.

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	70.9	171.5
Bank deposits up to 3 months	100.0	91.4
Other cash	-	0.8
Total	**170.9**	**263.7**
including restricted cash	*35.7*	*37.5*

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

(in PLN million)

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					
		Property	Technical machinery & equipment	Means of transport	Other fixed assets	Fixed assets under construction	Total
Gross value							
1 January 2024	**7,777.0**	**1,056.8**	**504.4**	**105.8**	**49.0**	**66.1**	**1,782.1**
Increases / (decreases):							
Periodic repairs of rolling stock	-	-	-	-	-	300.2	**300.2**
Other acquisitions	-	-	-	-	-	11.7	**11.7**
Purchase of leased items	38.8	-	-	0.7	-	-	**0.7**
Settlement of fixed assets under construction	267.6	6.2	13.8	2.8	0.9	(291.3)	**(267.6)**
Subsidy for non-current assets	(11.4)	-	-	-	-	-	**-**
Sales (including finance lease)	(12.9)	(0.1)	(10.6)	(1.0)	(0.2)	-	**(11.9)**
Liquidation	(122.2)	(0.1)	(1.4)	-	(2.3)	(0.1)	**(3.9)**
Reclassified to assets held for sale	(21.7)	(0.4)	-	-	-	-	**(0.4)**
FX translation differences	(16.6)	(3.6)	(1.1)	(0.9)	-	(0.1)	**(5.7)**
30 June 2024	**7,898.6**	**1,058.8**	**505.1**	**107.4**	**47.4**	**86.5**	**1,805.2**
Accumulated depreciation							
1 January 2024	**(3,169.6)**	**(390.0)**	**(399.3)**	**(88.3)**	**(42.7)**	-	**(920.3)**
(Increases) / decreases:							
Depreciation expenses	(333.8)	(16.7)	(11.8)	(2.4)	(1.1)	-	**(32.0)**
Purchase of leased items	(13.8)	-	-	(0.3)	-	-	**(0.3)**
Sales (including finance lease)	10.4	0.1	3.4	1.0	0.1	-	**4.6**
Liquidation	122.0	-	1.4	-	2.3	-	**3.7**
Reclassified to assets held for sale	18.8	0.1	-	-	-	-	**0.1**
FX translation differences	6.8	1.2	0.7	0.7	-	-	**2.6**
Other	-	(0.4)	(0.9)	(0.2)	(0.2)	-	**(1.7)**
30 June 2024	**(3,359.2)**	**(405.7)**	**(406.5)**	**(89.5)**	**(41.6)**	**-**	**(943.3)**
Accumulated impairment							
1 January 2024	**(167.1)**	**(0.8)**	**(1.7)**	**-**	**-**	**(1.6)**	**(4.1)**
(Increases) / decreases:							
Impairment loss allowance recognized	(182.1)	(35.2)	(37.6)	(3.7)	(3.6)	-	**(80.1)**
Impairment loss allowance utilized	-	-	0.1	-	-	-	**0.1**
FX translation differences	1.1	-	-	-	-	-	**-**
30 June 2024	**(348.1)**	**(36.0)**	**(39.2)**	**(3.7)**	**(3.6)**	**(1.6)**	**(84.1)**
Net value							
1 January 2024	**4,440.3**	**666.0**	**103.4**	**17.5**	**6.3**	**64.5**	**857.7**
30 June 2024	**4,191.3**	**617.1**	**59.4**	**14.2**	**2.2**	**84.9**	**777.8**

(in PLN million)

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					
		Property	Technical machinery & equipment	Means of transport	Other fixed assets	Fixed assets under construction	Total
Gross value							
1 January 2023	**7,343.7**	**1,033.2**	**483.6**	**104.5**	**46.0**	**103.1**	**1,770.4**
Increases / (decreases):							
Periodic repairs of rolling stock	-	-	-	-	-	375.6	**375.6**
Other acquisitions	-	-	-	-	-	221.5	**221.5**
Purchase of leased items	73.0	-	4.8	2.2	-	-	**7.0**
Settlement of fixed assets under construction	518.3	6.8	8.3	2.0	0.9	(536.3)	**(518.3)**
Sales (including finance lease)	(0.7)	-	(0.6)	(3.2)	-	-	**(3.8)**
Liquidation	(148.0)	-	(0.4)	-	(0.2)	(0.1)	**(0.7)**
FX translation differences	(28.7)	(7.3)	(1.9)	(1.6)	(0.1)	(0.4)	**(11.3)**
Other	0.4	0.1	-	-	-	(3.9)	**(3.8)**
30 June 2023	**7,758.0**	**1,032.8**	**493.8**	**103.9**	**46.6**	**159.5**	**1,836.6**
Accumulated depreciation							
1 January 2023	**(2,950.2)**	**(363.3)**	**(381.8)**	**(88.3)**	**(41.6)**	**-**	**(875.0)**
(Increases) / decreases:							
Depreciation expenses	(293.7)	(17.5)	(12.7)	(2.4)	(0.9)	-	**(33.5)**
Purchase of leased items	(32.6)	-	(3.0)	(1.8)	-	-	**(4.8)**
Sales (including finance lease)	0.6	-	0.6	1.7	-	-	**2.3**
Liquidation	146.0	-	0.4	-	0.2	-	**0.6**
FX translation differences	9.4	2.3	1.2	1.4	0.1	-	**5.0**
Other	(0.2)	(0.2)	(0.5)	(0.1)	-	-	**(0.8)**
30 June 2023	**(3,120.7)**	**(378.7)**	**(395.8)**	**(89.5)**	**(42.2)**	**-**	**(906.2)**
Accumulated impairment							
1 January 2023	**(185.2)**	**(0.9)**	**(1.8)**	**-**	**-**	**(1.6)**	**(4.3)**
(Increases) / decreases:							
Impairment loss allowance reversed	0.2	-	-	-	-	-	**-**
Impairment loss allowance utilized	0.1	-	-	-	-	0.1	**0.1**
FX translation differences	5.5	-	-	-	-	-	**-**
30 June 2023	**(179.4)**	**(0.9)**	**(1.8)**	**-**	**-**	**(1.5)**	**(4.2)**
Net value							
1 January 2023	**4,208.3**	**669.0**	**100.0**	**16.2**	**4.4**	**101.5**	**891.1**
30 June 2023	**4,457.9**	**653.2**	**96.2**	**14.4**	**4.4**	**158.0**	**926.2**

(in PLN million)

5.2 Right-of-use assets

Movement in right-of-use assets

6 months ended 30 June 2024	Rolling stock	Property	Technical machinery and equipment	Means of transport	Other fixed assets	Total
Gross value						
1 January 2024	**847.0**	**926.4**	**72.2**	**31.3**	**2.0**	**1,878.9**
Increases / (decreases):						
New leases	50.7	5.3	0.5	6.4	-	**62.9**
Modifications of agreements	0.1	58.0	1.1	0.3	0.2	**59.7**
Sale and leaseback	-	-	6.2	-	-	**6.2**
Periodic repairs of rolling stock	0.3	-	-	-	-	**0.3**
Return of leased items	(8.9)	(2.7)	-	(2.2)	-	**(13.8)**
Purchase of leased items	(38.8)	-	-	(0.7)	-	**(39.5)**
Other	-	(0.6)	-	-	-	**(0.6)**
FX translation differences	(45.2)	(18.2)	(10.3)	(2.8)	-	**(76.5)**
30 June 2024	**805.2**	**968.2**	**69.7**	**32.3**	**2.2**	**1,877.6**
Accumulated depreciation						
1 January 2024	**(112.9)**	**(284.8)**	**(22.6)**	**(20.9)**	**(1.6)**	**(442.8)**
(Increases) / decreases:						
Depreciation expenses	(22.0)	(38.9)	(4.8)	(1.8)	(0.2)	**(67.7)**
Return of leased items	8.6	2.3	-	2.2	-	**13.1**
Purchase of leased items	13.8	-	-	0.3	-	**14.1**
Other	-	-	-	(0.1)	-	**(0.1)**
FX translation differences	44.5	17.9	10.0	2.6	-	**75.0**
30 June 2024	**(68.0)**	**(303.5)**	**(17.4)**	**(17.7)**	**(1.8)**	**(408.4)**
Net value						
1 January 2024	**734.1**	**641.6**	**49.6**	**10.4**	**0.4**	**1,436.1**
30 June 2024	**737.2**	**664.7**	**52.3**	**14.6**	**0.4**	**1,469.2**

6 months ended 30 June 2023	Rolling stock	Property	Technical machinery and equipment	Means of transport	Other fixed assets	Total
Gross value						
1 January 2023	**486.9**	**844.4**	**61.4**	**25.5**	**1.4**	**1,419.6**
Increases / (decreases):						
New leases	270.4	12.7	2.3	3.0	-	**288.4**
Modifications of agreements	0.3	59.5	0.1	2.5	0.3	**62.7**
Sale and leaseback	-	-	-	1.5	-	**1.5**
Periodic repairs of rolling stock	1.9	-	-	-	-	**1.9**
Return of leased items	(4.6)	(1.9)	-	(0.1)	-	**(6.6)**
Purchase of leased items	(73.0)	-	(4.8)	(2.2)	-	**(80.0)**
Other	-	0.6	-	-	-	**0.6**
FX translation differences	(4.1)	(1.6)	(0.9)	(0.4)	-	**(7.0)**
30 June 2023	**677.8**	**913.7**	**58.1**	**29.8**	**1.7**	**1,681.1**
Accumulated depreciation						
1 January 2023	**(186.4)**	**(220.9)**	**(20.5)**	**(18.4)**	**(1.2)**	**(447.4)**
(Increases) / decreases:						
Depreciation expenses	(20.3)	(33.7)	(3.3)	(2.3)	(0.1)	**(59.7)**
Return of leased items	4.6	1.4	-	0.1	-	**6.1**
Purchase of leased items	32.6	-	3.0	1.8	-	**37.4**
FX translation differences	2.5	0.9	0.5	0.1	-	**4.0**
30 June 2023	**(167.0)**	**(252.3)**	**(20.3)**	**(18.7)**	**(1.3)**	**(459.6)**
Net value						
1 January 2023	**300.5**	**623.5**	**40.9**	**7.1**	**0.2**	**972.2**
30 June 2023	**510.8**	**661.4**	**37.8**	**11.1**	**0.4**	**1,221.5**

(in PLN million)

5.3 Investments in entities accounted for under the equity method

Investments in entities accounted for under the equity method

	Carrying amount	
	30 June 2024	31 December 2023
COSCO Shipping Lines (POLAND) Sp. z o.o.	0.7	0.2
Terminale Przeładunkowe Sławków - Medyka Sp. z o.o.	22.1	22.7
Transgaz S.A.	7.0	8.2
PKP CARGO CONNECT GmbH	4.2	3.6
PKP CARGO INTERNATIONAL SK a. s.	2.3	2.5
PKP CARGO INTERNATIONAL SI d.o.o.	2.5	4.2
Centralny Terminal Multimodalny Sp. z o.o.	1.3	1.3
Total	**40.1**	**42.7**

Investments in entities accounted for under the equity method

	6 months ended 30 June 2024	6 months ended 30 June 2023
As at the beginning of the reporting period	**42.7**	**41.8**
Share in the profit / (loss) of entities accounted for under the equity method	4.4	5.6
Movement in equity on account of dividends	(6.8)	(6.6)
FX differences from translation of financial statements of foreign operations	(0.2)	(0.3)
As at the end of the reporting period	**40.1**	**40.5**

5.4 Inventories

Structure of inventories

	30 June 2024	31 December 2023
Strategic inventories	39.3	36.8
Rolling stock designated for spare parts	13.9	23.2
Other inventories	135.2	143.5
Impairment losses	(3.2)	(3.3)
Net inventories	**185.2**	**200.2**

5.5 Trade receivables

Structure of trade receivables

	30 June 2024	31 December 2023
Trade receivables	733.0	800.2
Impairment losses for receivables	(134.8)	(130.7)
Total	**598.2**	**669.5**
Non-current assets	0.1	1.2
Current assets	598.1	668.3
Total	**598.2**	**669.5**

(in PLN million)

5.6 Other assets

Structure of other assets

	30 June 2024	31 December 2023
Financial assets		
Shares in unlisted companies	9.5	9.5
Non-financial assets		
Costs settled over time		
Prepayments for purchase of electricity	35.3	36.7
Insurance	13.5	9.0
IT services	8.5	7.9
Purchase of transportation benefits	8.3	-
Other costs settled over time	5.9	5.5
Prepayments for purchase of non-financial non-current assets	0.6	3.4
Other	1.4	4.0
Other receivables		
VAT settlements	58.6	63.7
Receivables from the sale of shares	2.0	2.7
Dividend receivables	3.2	0.4
Other	10.4	22.1
Intangible assets		
Licenses	21.6	24.3
Other intangible assets	0.7	0.8
Intangible assets during adjustment	8.1	8.6
Total	**187.6**	**198.6**
Non-current assets	46.7	52.4
Current assets	140.9	146.2
Total	**187.6**	**198.6**

5.7 Trade payables

Structure of trade payables

	30 June 2024	31 December 2023
Trade payables	947.7	742.9
Interest payable	81.9	49.5
Prepayments and accruals	43.4	55.4
Total	**1,073.0**	**847.8**
Non-current liabilities	2.3	3.4
Current liabilities	1,070.7	844.4
Total	**1,073.0**	**847.8**

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 Consolidated Financial Statements.

5.8 Investment commitments

Structure of investment commitments

	30 June 2024	31 December 2023
Investment commitments related to rolling stock	128.9	131.5
Investment commitments related to property	5.6	3.6
Other	4.5	21.8
Total	**139.0**	**156.9**
Non-current liabilities	7.4	15.6
Current liabilities	131.6	141.3
Total	**139.0**	**156.9**

(in PLN million)

5.9 Provisions for employee benefits

As at 30 June 2024 and 31 December 2023, the actuarial valuation of provisions for employee benefits for the Parent Company 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	266.8	(3.6)	3.7	3.0	(2.9)	(2.8)	2.9
Retirement and disability severance pays	237.4	(2.9)	3.0	2.4	(2.4)	(1.7)	1.7
Post-mortem benefits	6.6	(0.1)	0.1	0.1	(0.1)	(0.1)	0.1
Company Social Benefits Fund	183.8	(7.0)	7.4	5.9	(5.6)	(0.7)	0.7
Transportation benefits	24.1	(0.7)	0.8	0.6	(0.6)	(0.1)	0.1
Total	**718.7**	**(14.3)**	**15.0**	**12.0**	**(11.6)**	**(5.4)**	**5.5**

	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	271.3	(3.9)	4.0	3.5	(3.4)	(3.0)	3.1
Retirement and disability severance pays	245.3	(3.1)	3.2	2.9	(2.8)	(1.8)	1.9
Post-mortem benefits	6.8	(0.1)	0.1	0.1	(0.1)	(0.1)	0.1
Company Social Benefits Fund	150.6	(5.7)	6.1	4.9	(4.7)	(0.6)	0.6
Transportation benefits	26.6	(0.9)	0.9	0.8	(0.7)	(0.1)	0.1
Total	**700.6**	**(13.7)**	**14.3**	**12.2**	**(11.7)**	**(5.6)**	**5.8**

(in PLN million)

5.9 Provisions for employee benefits (cont'd)

Movement in provisions for employee benefits

	Retirement and disability severance pays	Charges to ZFŚS for old-age and disability pensioners	Transportation benefits	Post-mortem benefits	Jubilee awards	Other employee benefits	Total provisions
1 January 2024	**245.3**	**150.6**	**26.6**	**6.8**	**271.3**	**48.5**	**749.1**
Current employment cost	3.8	1.3	0.2	0.2	6.0	-	**11.5**
Interest expense	5.4	3.8	0.7	0.2	6.7	-	**16.8**
Actuarial (gains) and losses recognized in comprehensive income	1.9	32.0	(2.7)	(0.2)	-	-	**31.0**
Actuarial (gains) and losses recognized in profit or loss	-	-	-	-	(0.5)	-	**(0.5)**
Provisions created	-	-	-	-	-	18.1	**18.1**
Provisions reversed	-	-	-	-	-	(7.4)	**(7.4)**
Benefits paid out	(19.0)	(3.9)	(0.7)	(0.4)	(16.6)	(1.3)	**(41.9)**
FX translation differences	-	-	-	-	(0.1)	(0.1)	**(0.2)**
30 June 2024	**237.4**	**183.8**	**24.1**	**6.6**	**266.8**	**57.8**	**776.5**
Long-term provisions	174.5	175.7	22.9	5.6	216.8	-	**595.5**
Short-term provisions	62.9	8.1	1.2	1.0	50.0	57.8	**181.0**
Total	**237.4**	**183.8**	**24.1**	**6.6**	**266.8**	**57.8**	**776.5**

	Retirement and disability severance pays	Charges to ZFŚS for old-age and disability pensioners	Transportation benefits	Post-mortem benefits	Jubilee awards	Other employee benefits	Total provisions
1 January 2023	**217.5**	**91.7**	**20.5**	**7.1**	**252.6**	**50.8**	**640.2**
Current employment cost	3.4	0.7	0.2	0.2	5.6	-	**10.1**
Interest expense	6.2	3.0	0.7	0.3	8.0	-	**18.2**
Actuarial (gains) and losses recognized in comprehensive income	18.1	34.6	2.2	0.6	-	-	**55.5**
Actuarial (gains) and losses recognized in profit or loss	-	-	-	-	18.6	-	**18.6**
Provisions created	-	-	-	-	-	18.0	**18.0**
Provisions reversed	-	-	-	-	-	(3.8)	**(3.8)**
Benefits paid out	(16.8)	(2.9)	(0.5)	(0.8)	(15.9)	(1.6)	**(38.5)**
FX translation differences	-	-	-	-	(0.2)	(0.3)	**(0.5)**
30 June 2023	**228.4**	**127.1**	**23.1**	**7.4**	**268.7**	**63.1**	**717.8**
Long-term provisions	173.3	120.9	21.9	6.2	215.1	-	**537.4**
Short-term provisions	55.1	6.2	1.2	1.2	53.6	63.1	**180.4**
Total	**228.4**	**127.1**	**23.1**	**7.4**	**268.7**	**63.1**	**717.8**

5.10 Other provisions

Structure of other provisions

	30 June 2024	31 December 2023
Provision for land reclamation	3.4	3.5
Other provisions	15.4	17.8
Total	**18.8**	**21.3**
Long-term provisions	3.5	3.6
Short-term provisions	15.3	17.7
Total	**18.8**	**21.3**

(in PLN million)

5.11 Other liabilities

Structure of other liabilities

	30 June 2024	31 December 2023
Financial liabilities		
Cash pool	14.3	14.2
Derivatives – swap contract	-	0.1
Other liabilities		
Liabilities arising out of collateral (security deposits, bid deposits, guarantees)	43.0	45.1
Public law liabilities	130.5	134.9
Settlements with employees	109.1	113.9
VAT settlements	3.2	8.8
Current tax liabilities	5.3	17.7
Other settlements	52.4	20.9
Total	**357.8**	**355.6**
Current liabilities	357.8	355.6
Total	**357.8**	**355.6**

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
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	*Note 5.6*	9.5	9.5
Financial assets carried at amortized cost			
Trade receivables	*Note 5.5*	598.2	669.5
Receivables from the sale of shares	*Note 5.6*	2.0	2.7
Cash and cash equivalents	*Note 4.3*	170.9	263.7
Financial assets excluded from the scope of IFRS 9		11.7	9.8
Total		**792.3**	**955.2**

Financial liabilities by categories and classes	Note	30 June 2024	31 December 2023
Financial liabilities at fair value through profit or loss			
Derivatives – swap contract	*Note 5.11*	-	0.1
Hedging financial instruments			
Bank loans and borrowings	*Note 4.1*	442.4	495.2
Financial liabilities excluded from the scope of IFRS 9	*Note 4.1*	-	3.9
Financial liabilities carried at amortized cost			
Bank loans and borrowings	*Note 4.1*	879.0	985.1
Trade payables	*Note 5.7*	1,073.0	847.8
Investment commitments	*Note 5.8*	139.0	156.9
Cash pool	*Note 5.11*	14.3	14.2
Financial liabilities excluded from the scope of IFRS 9	*Note 4.1*	1,463.0	1,409.6
Total		**4,010.7**	**3,912.8**

Impairment losses on trade receivables are presented in **Note 1.6** to these Interim Condensed Consolidated Financial Statements.

(in PLN million)

6.1 Financial instruments (cont'd)

Hedge accounting

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

As at 30 June 2024, the Group has established the following hedging instruments:

- investment loans denominated in EUR. The hedged cash flows will be realized until January 2035. As at 30 June 2024, the nominal amount of the hedging instrument was EUR 102.6 million, which is an equivalent of PLN 442.4 million.

Fair value hierarchy

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

	30 June 2024		31 December 2023	
	Level 2	Level 3	Level 2	Level 3
Assets				
Investments in equity instruments - shares in unlisted companies	-	9.5	-	9.5
Liabilities				
Derivatives – swap contract	-	-	0.1	-

Measurement methods for financial instruments carried at fair value

a) Derivatives – swap contract

Fair value of the swap contract was determined on the basis of a difference between the price from the contract date and the market price as at the balance sheet date. The forward price is calculated based on the market price of diesel fuel.

b) Investments in financial 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.

c) Other financial instruments

For the category of financial instruments that are not carried at fair value as at the balance sheet date, the Group 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.

(in PLN million)

6.1 Financial instruments (cont'd)

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

6 months ended 30 June 2024	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	Total financial liabilities excluded from the scope of IFRS 9	Total
Dividends and profit-sharing	-	0.1	-	-	-	-	**0.1**
Interest income / (expense)	(9.3)	-	4.4	0.3	(72.0)	(41.9)	**(118.5)**
FX differences	-	-	(0.2)	(0.7)	0.6	0.2	**(0.1)**
Impairment losses / remeasurement	-	-	(6.3)	-	-	-	**(6.3)**
Transaction costs related to loans	-	-	-	-	(0.5)	-	**(0.5)**
Effect of settlement of cash flow hedge accounting	0.2	-	-	-	-	-	**0.2**
Pre-tax profit / (loss)	**(9.1)**	**0.1**	**(2.1)**	**(0.4)**	**(71.9)**	**(41.7)**	**(125.1)**
Revaluation	2.6	-	-	-	-	-	**2.6**
Other comprehensive income	**2.6**	**-**	**-**	**-**	**-**	**-**	**2.6**

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 0.2 million.
In the period ended 30 June 2024, the change in the measurement of hedging financial instruments recognized in other comprehensive income included a change in the measurement of bank loans in the amount of PLN 2.8 million and lease liabilities in the amount of PLN (0.2) million, recognized as part of the hedge accounting applied by the Group.

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 fair value	Financial liabilities carried at amortized cost	Total financial liabilities excluded from the scope of IFRS 9	Total
Interest income / (expense)	(8.2)	-	4.2	0.2	-	(45.7)	(25.7)	**(75.2)**
FX differences	-	-	(3.6)	-	-	(1.1)	(1.0)	**(5.7)**
Impairment losses / remeasurement	-	-	(2.0)	-	-	-	-	**(2.0)**
Transaction costs related to loans	-	-	-	-	-	(0.4)	-	**(0.4)**
Effect of settlement of cash flow hedge accounting	(3.5)	-	-	-	-	-	-	**(3.5)**
Other	-	-	-	-	0.1	-	-	**0.1**
Pre-tax profit / (loss)	**(11.7)**	**-**	**(1.4)**	**0.2**	**0.1**	**(47.2)**	**(26.7)**	**(86.7)**
Revaluation	31.7	3.8	-	-	-	-	-	**35.5**
Other comprehensive income	**31.7**	**3.8**	**-**	**-**	**-**	**-**	**-**	**35.5**

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 (3.5) million.
In the financial year ended 30 June 2023, the change in the measurement of hedging financial instruments recognized in other comprehensive income included a change in the measurement of bank loans and leases in the amount of PLN 31.7 million, which are recognized under the hedge accounting applied by the Group.

(in PLN million)

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 entity of the PKP CARGO w restrukturyzacji Group. Accordingly, all companies owned by the State Treasury (directly or indirectly) are the Group's related parties and are presented separately as PKP Group related parties and other State Treasury related parties. In these Interim Condensed Consolidated Financial Statements, the Parent Company's 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 PKP CARGO w restrukturyzacji Group and the State Treasury or other entities related to the State Treasury which would be significant due to a non-standard scope and amount. In the periods covered by these Interim Condensed Consolidated Financial Statements, the Group's most important clients among other parties related to the State Treasury were members of the following groups: PGE, PKN Orlen, JSW and ENEA. In the period of 6 months ended 30 June 2024, the Group's most important suppliers related to the State Treasury were PGE Group entities.

Transactions with PKP Group related parties

In the periods covered by these Interim Condensed Consolidated Financial Statements, the Group 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	0.2	49.8	0.1	643.2
Subsidiaries/co-subsidiaries – unconsolidated	3.3	13.8	2.6	2.2
Associates	2.0	1.6	0.3	-
Other PKP Group related parties	17.1	222.9	6.1	357.7

	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	44.0	1.1	587.4
Subsidiaries/co-subsidiaries – unconsolidated	5.0	13.8	0.7	2.2
Associates	3.0	1.0	0.8	0.1
Other PKP Group related parties	20.0	269.8	3.0	168.4

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 Group had dividend receivables and cash pooling settlements disclosed in **Note 5.6** and **Note 5.11** of these Consolidated Financial Statements.

(in PLN million)

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	Parent Company		Subsidiaries	
	6 months ended 30 June 2024	6 months ended 30 June 2023	6 months ended 30 June 2024	6 months ended 30 June 2023
Short-term benefits	1.0	1.4	3.5	3.2
Post-employment benefits	0.4	-	0.1	-
Termination benefits	0.5	-	0.2	-
Total	**1.9**	**1.4**	**3.8**	**3.2**

Compensation of Supervisory Board Members	Parent Company		Subsidiaries	
	6 months ended 30 June 2024	6 months ended 30 June 2023	6 months ended 30 June 2024	6 months ended 30 June 2023
Short-term benefits	0.8	0.7	0.6	0.6
Total	**0.8**	**0.7**	**0.6**	**0.6**

Compensation of other members of key management personnel	Parent Company		Subsidiaries	
	6 months ended 30 June 2024	6 months ended 30 June 2023	6 months ended 30 June 2024	6 months ended 30 June 2023
Short-term benefits	3.7	3.3	11.7	10.9
Post-employment benefits	-	-	0.1	-
Termination benefits	0.1	0.2	0.2	-
Total	**3.8**	**3.5**	**12.0**	**10.9**

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

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 on account of purchase and repairs of rolling stock and other property, plant and equipment	137.7	337.4
Contractual liabilities on account of non-commenced lease contracts	3.3	7.8
Total	**141.0**	**345.2**

7.3 Contingent liabilities

Structure of contingent liabilities

	30 June 2024	31 December 2023
Guarantees issued on the Group's order	124.6	142.7
Other contingent liabilities	114.6	109.0
Total	**239.2**	**251.7**

Guarantees issued on the Group's order

As at 30 June 2024, the Group included in contingent liabilities guarantees issued by banks and insurance companies at the request of companies belonging to the PKP CARGO w restrukturyzacji Group. This line item comprises mainly commercial contract performance bonds, customs guarantees and excise tax guarantees.

7.3 Contingent liabilities (cont'd)

Other contingent liabilities

This line item comprises the claims made against the Group 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 Group. The amounts presented in this note correspond to the value of the full claims reported by external entities. Assessment of the 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 Parent 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 Parent 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"). 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 Parent 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 Parent 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, 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 Group 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 Consolidated Financial Statements, the Group is in the process of analyzing and estimating the impact of this event on the operating activities of PKP CARGO w restrukturyzacji Group.

7.5 Approval of the financial statements

These Interim Condensed Consolidated 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

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

Warsaw, 30 September 2024