

**Condensed Consolidated  
Interim Financial Statements**

**Cognor Holding S.A.**

**as at and for the three months ended  
31 March 2020**

30 April 2020

## Condensed consolidated statement of financial position

in PLN thousand

	Note	31.03.2020	31.12.2019	31.03.2019
<b>Assets</b>				
Property, plant and equipment	5	369 871	375 581	331 741
Intangible assets	5	22 150	22 296	18 661
Investment property		121	121	123
Investment in associates		1 151	1 134	2 627
Other investments		-	-	55
Other receivables	6	5 708	4 293	350
Prepaid perpetual usufruct of land		36 769	36 618	34 222
Deferred tax assets		47 681	47 206	49 729
<b>Total non-current assets</b>		<b>483 451</b>	<b>487 249</b>	<b>437 508</b>
Inventories	7	287 452	297 001	391 279
Other investments		145	145	12
Current income tax receivables		28	38	8 430
Trade and other receivables	6	242 528	188 342	203 705
Cash and cash equivalents	14	52 327	78 956	26 802
<b>Total current assets</b>		<b>582 480</b>	<b>564 482</b>	<b>630 228</b>
<b>Total assets</b>		<b>1 065 931</b>	<b>1 051 731</b>	<b>1 067 736</b>

The consolidated statement of financial position should be read in conjunction with the explanatory notes constituting part of the consolidated financial statements

## Condensed consolidated statement of financial position - continued

in PLN thousand

	Note	31.03.2020	31.12.2019	31.03.2019
<b>Equity</b>				
Issued share capital	9	185 911	185 911	182 041
Reserves		87 035	87 035	85 302
Foreign currency translation reserves		92	50	45
Retained earnings		(13 137)	(14 188)	17 508
<b>Total equity attributable to owners of the Parent Company</b>		<b>259 901</b>	<b>258 808</b>	<b>284 896</b>
Non-controlling interests		18 230	18 383	18 093
<b>Total equity</b>		<b>278 131</b>	<b>277 191</b>	<b>302 989</b>
<b>Liabilities</b>				
Interest-bearing loans and borrowings	11	247 530	249 669	265 961
Employee benefits obligation		11 699	11 071	10 971
Other payables	8	19 055	18 558	17 106
Government grants and other deferred income		586	618	-
Deferred tax liabilities		-	-	1 450
<b>Total non-current liabilities</b>		<b>278 870</b>	<b>279 916</b>	<b>295 488</b>
Bank overdraft	11	8 928	-	33 804
Interest-bearing loans and borrowings	11	55 833	55 170	58 952
Liabilities due to the valuation of financial instruments		4 796	2 869	3 079
Employee benefits obligation		2 471	2 346	1 830
Current income tax payables		280	319	-
Provisions for payables		226	226	226
Trade and other payables	8	426 934	424 370	365 202
Government grants and other deferred income		9 462	9 324	6 166
<b>Total current liabilities</b>		<b>508 930</b>	<b>494 624</b>	<b>469 259</b>
<b>Total liabilities</b>		<b>787 800</b>	<b>774 540</b>	<b>764 747</b>
<b>Total equity and liabilities</b>		<b>1 065 931</b>	<b>1 051 731</b>	<b>1 067 736</b>

The consolidated statement of financial position should be read in conjunction with the explanatory notes constituting part of the consolidated financial statements

## Condensed consolidated statement of profit or loss and other comprehensive income

in PLN thousand

	Note	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Revenue		460 111	519 694
Cost of sales		(414 572)	(473 076)
<b>Gross profit</b>		<b>45 539</b>	<b>46 618</b>
Other income		3 781	2 367
Distribution expenses		(19 409)	(20 218)
Administrative expenses		(11 846)	(12 450)
Other (losses)/gains - net		2 466	(64)
Other expenses		(1 463)	(1 137)
<b>Operating profit before financing costs</b>		<b>19 068</b>	<b>15 116</b>
Financial income		-	1 452
Financial expenses		(16 662)	(6 309)
<b>Net financing costs</b>		<b>(16 662)</b>	<b>(4 857)</b>
Share of profit of associates		17	38
<b>Profit/(loss) before tax</b>		<b>2 423</b>	<b>10 297</b>
Income tax expense		333	(1 169)
<b>Profit/(loss) for the period</b>		<b>2 756</b>	<b>9 128</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Parent Company		2 909	8 756
Non-controlling interests		(153)	372
<b>Profit/(loss) for the period</b>		<b>2 756</b>	<b>9 128</b>
<b>Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met</b>			
Foreign currency translation differences		42	5
<b>Total comprehensive income for the period</b>		<b>2 798</b>	<b>9 133</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Parent Company		2 951	8 761
Non-controlling interests		(153)	372
<b>Total comprehensive income for the period</b>		<b>2 798</b>	<b>9 133</b>
<b>Basic earnings per share (PLN) attributable to the owners of the Parent Company</b>	10	<b>0,02</b>	<b>0,07</b>
- from continuing operations		0,02	0,07
<b>Diluted earnings per share (PLN) attributable to the owners of the Parent Company</b>	10	<b>0,02</b>	<b>0,06</b>
- from continuing operations		0,02	0,06

Przemysław Sztuczowski  
President of the Management Board

Krzysztof Zoła  
Member of the Management Board

Przemysław Grzesiak  
Vice President of the Management Board

Dominik Barszcz  
Member of the Management Board

The condensed consolidated interim statement of comprehensive income should be read in conjunction with the explanatory notes constituting part of the condensed consolidated interim financial statements

## Condensed consolidated statement of profit or loss and other comprehensive income (last twelve months)

in PLN thousand

	Note	01.04.2019 - 31.03.2020	01.04.2018 - 31.03.2019
Revenue		1 842 021	2 077 304
Cost of sales		(1 672 050)	(1 828 337)
<b>Gross profit</b>		<b>169 971</b>	<b>248 967</b>
Other income		14 474	12 249
Distribution expenses		(74 452)	(80 107)
Administrative expenses		(47 536)	(47 665)
Other (losses)/gains - net		3 447	849
Other expenses		(7 360)	(9 874)
<b>Operating profit before financing costs</b>		<b>58 544</b>	<b>124 419</b>
Financial income		(525)	5 912
Financial expenses		(42 084)	(58 217)
<b>Net financing costs</b>		<b>(42 609)</b>	<b>(52 305)</b>
Share of profit of associates		(1 476)	(628)
<b>(Loss)/profit before tax</b>		<b>14 459</b>	<b>71 486</b>
Income tax expense		(1 059)	(16 950)
<b>(Loss)/profit for the period</b>		<b>13 400</b>	<b>54 536</b>
<b>Discontinued operations</b>			
Profit/(loss) for the period from discontinued operations, net of tax		-	-
<b>Profit/(loss) for the period</b>		<b>13 400</b>	<b>54 536</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Parent Company		13 263	52 095
Non-controlling interests		137	2 441
<b>(Loss)/profit for the period</b>		<b>13 400</b>	<b>54 536</b>

The condensed consolidated interim statement of comprehensive income should be read in conjunction with the explanatory notes constituting part of the condensed consolidated interim financial statements

## Condensed consolidated statement of profit or loss and other comprehensive income (last twelve months) - continued

in PLN thousand

### Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met

Foreign currency translation differences	47	26
<b>Total comprehensive income for the period</b>	<b>13 447</b>	<b>54 562</b>

### Total comprehensive income for the period attributable to:

Owners of the Parent Company	13 310	52 121
Non-controlling interests	137	2 441
<b>Total comprehensive income for the period</b>	<b>13 447</b>	<b>54 562</b>

### Basic earnings per share (PLN) attributable to the owners of the Parent Company

10

- from continuing operations	0,11	0,44
- from discontinued operations	-	-

### Diluted earnings per share (PLN) attributable to the owners of the Parent Company

10

- from continuing operations	0,08	0,34
- from discontinued operations	-	-

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The condensed consolidated interim statement of comprehensive income should be read in conjunction with the explanatory notes constituting part of the condensed consolidated interim financial statements

## Condensed consolidated statement of cash flows

in PLN thousand

	01.01.2020 - 31.03.2020	01.01.2019 - 31.03.2019
Profit/(loss) before tax from continuing operations	2 423	10 297
<b>Adjustments</b>		
Depreciation	11 175	11 498
Amortization	263	200
Impairment losses and valuation allowances	(4)	(477)
Foreign exchange (gains)/losses	7 305	91
Net (gains)/losses on disposal of property, plant and equipment	(333)	177
Interest, transaction costs (related to loans and borrowings) and dividends, net	7 655	6 245
Change in receivables	(48 451)	(34 378)
Change in inventories	9 549	(14 310)
Change in trade and other payables	50 330	(10 152)
Change in provisions	-	(4 168)
Change in employee benefits obligation	753	(5 134)
Change in government grants and other deferred income	-	(668)
Share of profit of associates	(17)	(38)
Other adjustments	(145)	(269)
<b>Cash generated/(outflows) from operating activities</b>	<b>40 503</b>	<b>(41 086)</b>
Income tax (paid)/returned, incl.	(171)	(7 770)
<b>Net cash from operating activities</b>	<b>40 332</b>	<b>(48 856)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	387	744
Proceeds from sale of intangibles	-	3
Interest received	-	8
Acquisition of property, plant and equipment	(20 659)	(11 838)
Acquisition of intangible assets	(117)	(896)
<b>Net cash from investing activities</b>	<b>(20 389)</b>	<b>(11 979)</b>
<b>Cash flows from financing activities</b>		
Proceeds from interest-bearing loans and borrowings	-	-
Repayment of interest-bearing loans and borrowings	(10 106)	(10 146)
Payment of lease liabilities	(3 232)	(5 759)
Payment of lease liabilities (operational leases and other leases not previously recognised)	(968)	(562)
Dividends and interests on exchangeable notes paid	(36 412)	(2 029)
Interest and transaction costs (related to loans and borrowings) paid	(4 089)	(5 544)
Interests on lease liabilities (other rent and lease agreements not previously recognized - IFRS 16)	(944)	(36)
Received grants for investing activities	106	762
Other received grants	145	688
<b>Cash outflows from continuing operations</b>	<b>(55 500)</b>	<b>(22 626)</b>
Cash outflows from discontinued operations	-	-
<b>Net cash from financing activities</b>	<b>(55 500)</b>	<b>(22 626)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(35 557)</b>	<b>(83 461)</b>
Cash and cash equivalents net of bank overdraft, at 1 January	78 956	76 459
- effect of exchange rate fluctuations on cash held	-	-
<b>Cash and cash equivalents net of bank overdraft, at 31 March</b>	<b>43 399</b>	<b>(7 002)</b>
- including cash restricted for use	1	571

The condensed consolidated interim statement of cash flows should be read in conjunction with the explanatory notes constituting part of the condensed consolidated interim financial statements

## Condensed consolidated statement of cash flows (last twelve months)

in PLN thousand

	01.04.2019 - 31.03.2020	01.04.2018 - 31.03.2019
(Loss)/profit before tax from continuing operations	14 459	71 486
<b>Adjustments</b>		
Depreciation	44 918	43 657
Amortization	1 058	1 000
Impairment losses and valuation allowances	(1 693)	(794)
Foreign exchange (gains)/losses	6 353	(3 160)
Net gain on purchase of own bonds	-	-
Net (gains)/losses on investment activities	(143)	-
Net (gains)/losses on disposal of property, plant and equipment	359	586
Interest, transaction costs (related to loans and borrowings) and dividends, net	26 581	42 876
Change in receivables	(29 005)	(479)
Change in inventories	99 782	(63 603)
Change in trade and other payables	60 686	77 939
Change in provisions	-	(5 410)
Change in employee benefits obligation	1 369	(4 117)
Change in government grants and other deferred income	(742)	1 432
Share of profit of associates	1 476	628
Other adjustments	(2 038)	(957)
<b>Cash generated/(outflows) from operating activities</b>	<b>223 420</b>	<b>161 084</b>
<b>Cash generated from operating activities</b>	<b>223 420</b>	<b>161 084</b>
Income tax (paid)/returned, incl.	8 248	(7 583)
- continuing operations	8 248	(7 583)
- discontinued operations	-	-
<b>Net cash from operating activities</b>	<b>231 668</b>	<b>153 501</b>

The condensed consolidated interim statement of cash flows should be read in conjunction with the explanatory notes constituting part of the condensed consolidated interim financial statements



## Condensed consolidated statement of cash flows (last twelve months) - continued

in PLN thousand

	01.04.2019 - 31.03.2020	01.04.2018 - 31.03.2019
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	3 005	2 121
Proceeds from sale of intangibles	53	35
Proceeds from sale of perpetual usufruct	49	38
Interest received	13	134
Dividends received	-	50
Other inflows/(outflows) from investing activities	171	-
Acquisition of property, plant and equipment	(64 788)	(45 032)
Acquisition of intangible assets	(2 935)	(6 777)
Acquisition of shares in consolidated companies	(5)	(612)
Loans granted	(126)	-
<b>Cash generated on investing activities from continuing operations</b>	<b>(64 563)</b>	<b>(50 043)</b>
Cash generated on investing activities from discontinued operations	-	-
<b>Net cash from investing activities</b>	<b>(64 563)</b>	<b>(50 043)</b>
<b>Cash flows from financing activities</b>		
Net cash receipts from share issue	-	-
Emission costs paid	-	(1 060)
Proceeds from interest-bearing loans and borrowings	-	299 023
Proceeds from factoring	-	(1 698)
Repayment of interest-bearing loans and borrowings	(40 115)	(424 158)
Payment of lease liabilities	(14 097)	(15 373)
Payment of lease liabilities (operational leases and other leases not previously recognised)	(3 037)	(562)
Dividends and interests on exchangeable notes paid	(38 300)	(15 996)
Interest and transaction costs (related to loans and borrowings) paid	(13 838)	(50 934)
Interests on lease liabilities (other rent and lease agreements not previously recognized - IFRS 16)	(3 194)	(36)
Fee relating to withholding tax relating to financing activities	(10 085)	-
Received grants for investing activities	4 565	4 198
Other received grants	1 397	1 376
<b>Cash outflows on financing activities from continuing operations</b>	<b>(116 704)</b>	<b>(205 220)</b>
Cash outflows from discontinued operations	-	-
<b>Net cash from financing activities</b>	<b>(116 704)</b>	<b>(205 220)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>50 401</b>	<b>(101 762)</b>
Cash and cash equivalents net of bank overdraft, at 1 April	(7 002)	94 760
- effect of exchange rate fluctuations on cash held	-	-
<b>Cash and cash equivalents net of bank overdraft, at 31 March</b>	<b>43 399</b>	<b>(7 002)</b>
- including cash restricted for use	1	571

The condensed consolidated interim statement of cash flows should be read in conjunction with the explanatory notes constituting part of the condensed consolidated interim financial statements

## Condensed consolidated statement of changes in equity

	Attributable to owners of the Parent Company						
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
in PLN thousand							
Equity as at 1 January 2019	180 626	86 717	40	10 781	278 164	17 721	295 885
Total comprehensive income	-	-	5	8 756	8 761	372	9 133
- (loss)/profit	-	-	-	8 756	8 756	372	9 128
- foreign currency translation differences relating to foreign operations	-	-	5	-	5	-	5
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	1 415	(1 415)	-	(2 029)	(2 029)	-	(2 029)
Issuing of exchangeable notes	1 415	(1 415)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(2 029)	(2 029)	-	(2 029)
Equity as at 31 March 2019	182 041	85 302	45	17 508	284 896	18 093	302 989
Equity as at 1 January 2019	180 626	86 717	40	10 781	278 164	17 721	295 885
Total comprehensive income	-	-	10	19 110	19 120	662	19 782
- (loss)/profit	-	-	-	19 110	19 110	662	19 772
- foreign currency translation differences relating to foreign operations	-	-	10	-	10	-	10
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	5 285	(5 285)	-	(38 471)	(38 471)	-	(38 471)
Dividends	-	-	-	(34 554)	(34 554)	-	(34 554)
Conversion of exchangeable notes	5 285	(5 285)	-	-	-	-	-
Interests on exchangeable notes in the period	-	-	-	(3 917)	(3 917)	-	(3 917)
Change in ownership interests	-	-	-	(5)	(5)	-	(5)
Acquisition of non-controlling interests that do not result in a change in control	-	-	-	(5)	(5)	-	(5)
Transfer of profit	-	5 603	-	(5 603)	-	-	-
Equity as at 31 December 2019	185 911	87 035	50	(14 188)	258 808	18 383	277 191

The consolidated statement of changes in equity should be read in conjunction with the explanatory notes constituting part of the consolidated financial statements

## Condensed consolidated statement of changes in equity - continued

	Attributable to owners of the parent						
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
<i>in PLN thousand</i>							
<b>Equity as at 1 January 2020</b>	<b>185 911</b>	<b>87 035</b>	<b>50</b>	<b>(14 188)</b>	<b>258 808</b>	<b>18 383</b>	<b>277 191</b>
Total comprehensive income	-	-	42	2 909	<b>2 951</b>	(153)	<b>2 798</b>
- profit	-	-	-	2 909	<b>2 909</b>	(153)	<b>2 756</b>
- foreign currency translation differences relating to foreign operations	-	-	42	-	<b>42</b>	-	<b>42</b>
<b>Transactions with owners of the Company, recognised in equity</b>							
Contribution by and distributions to owners of the Company	-	-	-	(1 858)	<b>(1 858)</b>	-	<b>(1 858)</b>
Interests on exchangeable notes in the period	-	-	-	(1 858)	<b>(1 858)</b>	-	<b>(1 858)</b>
<b>Equity as at 31 March 2020</b>	<b>185 911</b>	<b>87 035</b>	<b>92</b>	<b>(13 137)</b>	<b>259 901</b>	<b>18 230</b>	<b>278 131</b>

The condensed consolidated interim statement of changes in equity should be read in conjunction with the explanatory notes constituting part of the condensed consolidated interim financial statements

## 1 Reporting entity

Cognor Holding S.A. - previously Cognor S.A. ("Cognor Holding", "the Company", "the Parent Company") with its seat in Poraj, Poland, is the Parent Company of the Group. Until 29 August 2011, the Parent Company of the Group was Złomrex S.A. The Company was established in 1991. Since 1994 Cognor's shares are quoted on Warsaw Stock Exchange. Till May 2011, the main activity of the Parent Company was distribution of steel products. After May 2011, Cognor S.A. became a holding company. On November 29, 2016 the Company has changed its name into Cognor Holding S.A.

The main activities of the Group comprise: scrap collection, scrap processing into steel billets and steel products.

## 2 Cognor Holding S.A. Group

The condensed consolidated interim financial statements as at and for the three months ended 31 March 2020 comprise the Parent Company and its subsidiaries ("the Group"). Details of the subsidiaries that comprise the Group as at 31 March 2020 are presented in the table below.

Name of the entity	Seat of the entity	Ownership interest and voting rights	Date of obtaining control
COGNOR S.A.	Poland	94.38%	2006-01-27*
COGNOR HOLDING S.A. Sp. k. (previously KAPITAŁ S.A. Sp. k.)	Poland	98.0%	2008-03-25*
COGNOR BLACHY DACHOWE S.A.	Poland	100.0%	2007-08-01
COGNOR INTERNATIONAL FINANCE plc	Great Britain	94.38%	2013-10-24
4 GROUPS Sp. z o.o.	Poland	28.31% (associate)	2013-01-21
MADROHUT Sp. z o.o.	Poland	23,60% (associate)	2014-04-11

\* date of obtaining control by Złomrex S.A. Group

## 3 Basis of preparation of consolidated financial statements

### a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2019.

These condensed consolidated interim financial statements were approved by the Board of Directors on 30 April 2020.

### b) Ongoing basis

The condensed consolidated financial statements as of and for the period ended 31 March 2020 have been prepared on the going concern basis.

### c) Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual consolidated financial statements as at 31 December 2019, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

#### d) Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, equity and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and the results of which form a basis for professional judgment on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the consolidated financial statements as at and for the year ended 31 December 2019.

#### 4 Segment reporting

Management has determined the operating segments based on the reports reviewed by the Management Board of the Parent Company that are used to make strategic decisions.

The following main activities have been distinguished:

- scrap metal: comprising purchasing, sorting, processing, refining and subsequent shipment and sale of scrap metal to external customers,
- billets HSJ: comprising production and purchase of steel billets (crude steel) and their subsequent sale to external customers, carried out by our melting shop HSJ in Stalowa Wola,
- billets Ferrostal (FER): comprising production and purchase of steel billets (crude steel) and their subsequent sale to external customers, carried out by our melting shop Ferrostal in Gliwice,
- finished products HSJ: comprising production and purchase of finished steel products and their subsequent sale to external customers, carried out by our rolling mill HSJ in Stalowa Wola,
- finished products FER: comprising production and purchase of finished steel products and their subsequent sale to external customers, carried out by our rolling mill Ferrostal in Gliwice,
- non-ferrous scrap metal: comprising purchasing, sorting, processing, refining and subsequent shipment and sale to external customers of non-ferrous scrap metal,
- non-ferrous finished products: comprising production (from own or from customer's material) and purchase of non-ferrous products, such as bronze shafts and sleeves as well as aluminum alloys in the form of ingots, and then their subsequent shipment and sale to external customers,
- other: including transportation services, property development and other activities.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Management Board of the Parent Company is measured in a manner consistent with that in the statement of comprehensive income.

#### 4 Segment reporting - continued

##### Business segments (for the three months ended 31 March)

in PLN thousand

31.03.2020	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	33 960	40 537	33 479	128 703	181 442	11 650	17 746	11 122	1 460		
Inter-segment revenue	40 358	16 231	-	2 465	12 463	6 819	756	1 146	1 346		
<b>Total revenue</b>	<b>74 318</b>	<b>56 768</b>	<b>33 479</b>	<b>131 168</b>	<b>193 905</b>	<b>18 469</b>	<b>18 502</b>	<b>12 268</b>	<b>2 806</b>	<b>(81 572)</b>	<b>460 111</b>
Cost of sales to external customers	(30 482)	(38 145)	(29 399)	(117 437)	(171 646)	(10 878)	(15 467)	(6 926)	(1 276)		
Inter-segment cost of sales	(38 571)	(14 975)	-	(2 127)	(12 106)	(6 586)	(713)	(430)	-		
<b>Total cost of sales</b>	<b>(69 053)</b>	<b>(53 120)</b>	<b>(29 399)</b>	<b>(119 564)</b>	<b>(183 752)</b>	<b>(17 464)</b>	<b>(16 180)</b>	<b>(7 356)</b>	<b>(1 276)</b>	<b>82 592</b>	<b>(414 572)</b>
<b>Segment result</b>	<b>5 265</b>	<b>3 648</b>	<b>4 080</b>	<b>11 604</b>	<b>10 153</b>	<b>1 005</b>	<b>2 322</b>	<b>4 912</b>	<b>1 530</b>	<b>1 020</b>	<b>45 539</b>
Other income	137	123	70	451	378	34	30	81	21	2 456	3 781
Distribution and administrative expenses	(4 255)	(2 279)	(819)	(8 614)	(8 201)	(1 058)	(1 084)	(1 350)	(4 852)	1 257	(31 255)
Other gain/(losses) net	5	150	216	553	1 170	3	192	200	17	(40)	2 466
Other expenses	(28)	(179)	(80)	(660)	(438)	(7)	(17)	(84)	(5)	35	(1 463)
<b>Operating profit/(loss)</b>	<b>1 124</b>	<b>1 463</b>	<b>3 467</b>	<b>3 334</b>	<b>3 062</b>	<b>(23)</b>	<b>1 443</b>	<b>3 759</b>	<b>(3 289)</b>	<b>4 728</b>	<b>19 068</b>
Net financing costs									(22 845)	6 183	(16 662)
Share of profit of associates, net of tax											17
Income tax expense											333
<b>Profit for the period</b>											<b>2 756</b>

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non- ferrous scrap metal	Non- ferrous finished products	Other	Unallocated	Eliminations	Consolidated
<b>31.03.2019</b>											
Revenue from external customers	41 084	40 193	51 182	178 776	155 944	16 190	20 003	16 303	12		
Inter-segment revenue	50 240	10 699	-	476	12 300	5 989	873	2 006	2 082		
<b>Total revenue</b>	<b>91 324</b>	<b>50 892</b>	<b>51 182</b>	<b>179 252</b>	<b>168 244</b>	<b>22 179</b>	<b>20 876</b>	<b>18 309</b>	<b>2 094</b>	<b>(84 658)</b>	<b>519 694</b>
Cost of sales to external customers	(38 214)	(40 321)	(46 039)	(159 137)	(147 183)	(15 223)	(18 548)	(12 028)	(613)		
Inter-segment cost of sales	(48 258)	(10 547)	-	(435)	(11 984)	(5 646)	(841)	(1 234)	(11)		
<b>Total cost of sales</b>	<b>(86 472)</b>	<b>(50 868)</b>	<b>(46 039)</b>	<b>(159 572)</b>	<b>(159 167)</b>	<b>(20 869)</b>	<b>(19 389)</b>	<b>(13 262)</b>	<b>(624)</b>	<b>83 186</b>	<b>(473 076)</b>
<b>Segment result</b>	<b>4 852</b>	<b>24</b>	<b>5 143</b>	<b>19 680</b>	<b>9 077</b>	<b>1 310</b>	<b>1 487</b>	<b>5 047</b>	<b>1 470</b>	<b>(1 472)</b>	<b>46 618</b>
Other income	292	112	272	395	1 118	72	96	174	4	(168)	2 367
Distribution and administrative expenses	(4 115)	(3 021)	(787)	(9 227)	(7 380)	(1 004)	(1 114)	(1 888)	(5 699)	1 567	(32 668)
Other gain/(losses) net	69	(42)	(17)	(149)	(70)	17	-	16	57	55	(64)
Other expenses	(197)	(156)	(69)	(552)	(285)	(47)	(25)	(70)	(57)	321	(1 137)
<b>Operating profit</b>	<b>901</b>	<b>(3 083)</b>	<b>4 542</b>	<b>10 147</b>	<b>2 460</b>	<b>348</b>	<b>444</b>	<b>3 279</b>	<b>(4 225)</b>	<b>303</b>	<b>15 116</b>
Net financing costs									(6 020)	1 163	(4 857)
Share of profit of associates, net of tax											38
Income tax expense											(1 169)
<b>Profit for the period</b>											<b>9 128</b>

## Business segments (for the twelve months ended 31 March)

in PLN thousand

31.03.2020	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	124 828	166 423	186 230	482 075	694 007	55 265	68 087	59 040	5 978		
Inter-segment revenue	146 157	50 577	11 781	7 117	47 928	21 515	2 575	5 185	8 284		
<b>Total revenue</b>	<b>270 985</b>	<b>217 000</b>	<b>198 011</b>	<b>489 192</b>	<b>741 935</b>	<b>76 780</b>	<b>70 662</b>	<b>64 225</b>	<b>14 262</b>	<b>(301 031)</b>	<b>1 842 021</b>
Cost of sales to external customers	(115 089)	(164 713)	(163 078)	(429 342)	(653 564)	(51 999)	(60 015)	(48 517)	(4 458)		
Inter-segment cost of sales	(139 567)	(49 130)	(10 701)	(6 412)	(45 754)	(20 786)	(2 451)	(2 633)	(1 123)		
<b>Total cost of sales</b>	<b>(254 656)</b>	<b>(213 843)</b>	<b>(173 779)</b>	<b>(435 754)</b>	<b>(699 318)</b>	<b>(72 785)</b>	<b>(62 466)</b>	<b>(51 150)</b>	<b>(5 581)</b>	<b>297 282</b>	<b>(1 672 050)</b>
<b>Segment result</b>	<b>16 329</b>	<b>3 157</b>	<b>24 232</b>	<b>53 438</b>	<b>42 617</b>	<b>3 995</b>	<b>8 196</b>	<b>13 075</b>	<b>8 681</b>	<b>(3 749)</b>	<b>169 971</b>
Other income	2 116	1 104	1 091	3 899	3 490	603	913	784	1 303	(829)	14 474
Distribution and administrative expenses	(15 056)	(10 627)	(4 123)	(30 316)	(31 723)	(4 242)	(4 684)	(5 997)	(21 444)	6 224	(121 988)
Other gain/(losses) net	337	68	66	265	695	96	175	786	(2 581)	3 540	3 447
Other expenses	(644)	(795)	(742)	(2 822)	(2 545)	(186)	(153)	(477)	(5 183)	6 187	(7 360)
<b>Operating profit/(loss)</b>	<b>3 082</b>	<b>(7 093)</b>	<b>20 524</b>	<b>24 464</b>	<b>12 534</b>	<b>266</b>	<b>4 447</b>	<b>8 171</b>	<b>(19 224)</b>	<b>11 373</b>	<b>58 544</b>
Net financing costs									(46 329)	3 720	(42 609)
Share of profit of associates, net of tax											(1 476)
Income tax expense											(1 059)
<b>Profit for the period</b>											<b>13 400</b>



in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non- ferrous scrap metal	Non- ferrous finished products	Other	Unallocated	Eliminations	Consolidated
<b>31.03.2019</b>											
Revenue from external customers	184 025	128 441	190 738	692 863	677 773	67 779	69 992	65 625	61		
Inter-segment revenue	184 181	37 209	-	664	51 613	25 211	8 626	21 749	20 039		
<b>Total revenue</b>	<b>368 206</b>	<b>165 650</b>	<b>190 738</b>	<b>693 527</b>	<b>729 386</b>	<b>92 990</b>	<b>78 618</b>	<b>87 374</b>	<b>20 100</b>	<b>(349 285)</b>	<b>2 077 304</b>
Cost of sales to external customers	(169 578)	(119 357)	(169 700)	(592 774)	(614 133)	(64 048)	(64 290)	(53 609)	(237)		
Inter-segment cost of sales	(177 317)	(34 073)	-	(571)	(47 969)	(24 110)	(7 162)	(19 959)	(1 262)		
<b>Total cost of sales</b>	<b>(346 895)</b>	<b>(153 430)</b>	<b>(169 700)</b>	<b>(593 345)</b>	<b>(662 102)</b>	<b>(88 158)</b>	<b>(71 452)</b>	<b>(73 568)</b>	<b>(1 499)</b>	<b>331 812</b>	<b>(1 828 337)</b>
<b>Segment result</b>	<b>21 311</b>	<b>12 220</b>	<b>21 038</b>	<b>100 182</b>	<b>67 284</b>	<b>4 832</b>	<b>7 166</b>	<b>13 806</b>	<b>18 601</b>	<b>(17 473)</b>	<b>248 967</b>
Other income	832	475	1 031	2 677	4 327	224	841	1 035	1 205	(398)	12 249
Distribution and administrative expenses	(16 271)	(10 381)	(3 114)	(34 025)	(30 129)	(4 215)	(5 110)	(8 661)	(34 620)	18 754	(127 772)
Other gain/(losses) net	371	(66)	170	(168)	624	121	130	145	137	(615)	849
Other expenses	(510)	(357)	(747)	(2 223)	(3 122)	(125)	(109)	(866)	(145)	(1 670)	(9 874)
<b>Operating profit</b>	<b>5 733</b>	<b>1 891</b>	<b>18 378</b>	<b>66 443</b>	<b>38 984</b>	<b>837</b>	<b>2 918</b>	<b>5 459</b>	<b>(14 822)</b>	<b>(1 402)</b>	<b>124 419</b>
Net financing costs									(58 536)	6 231	(52 305)
Share of profit of associates, net of tax											(628)
Income tax expense											(16 950)
<b>Profit for the period</b>											<b>54 536</b>

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
<b>31.03.2020</b>											
Segment assets	87 009	74 643	55 893	250 486	365 597	21 675	28 003	42 634	199 776	(59 785)	<b>1 065 931</b>
Segment liabilities	32 156	41 743	30 344	140 098	177 833	7 976	6 185	23 552	388 118	(60 205)	<b>787 800</b>

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
<b>31.12.2019</b>											
Segment assets	75 666	74 140	54 410	239 334	338 426	21 305	27 117	43 665	216 490	(38 822)	<b>1 051 731</b>
Segment liabilities	22 107	38 590	41 383	124 567	146 600	6 191	6 216	19 585	406 289	(36 988)	<b>774 540</b>

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
<b>31.03.2019</b>											
Segment assets	91 476	75 501	71 566	247 855	356 797	23 333	23 009	67 856	151 630	(41 287)	<b>1 067 736</b>
Segment liabilities	23 181	34 857	32 095	114 431	140 318	12 718	9 082	25 292	419 124	(46 351)	<b>764 747</b>

### Unallocated assets

in PLN thousand

Long-term and short-term investments
Deferred tax assets
Investment property
Income tax receivable
Cash and cash equivalents
Other receivables (statutory receivables, receivables relating to sale of subsidiaries, etc)
Assets of central office

31.03.2020	31.12.2019	31.03.2019
1 296	1 279	2 694
47 681	47 206	49 729
121	121	123
28	38	8 430
52 327	78 956	26 802
72 776	62 467	53 606
25 547	26 423	10 246
<b>199 776</b>	<b>216 490</b>	<b>151 630</b>

### Unallocated liabilities

in PLN thousand

Interest-bearing loans and borrowings
Bank overdraft
Deferred tax liabilities
Provisions
Government grants and other deferred income
Current income tax payables
Other liabilities
Liabilities due to the valuation of financial instruments
Liabilities of central office

31.03.2020	31.12.2019	31.03.2019
303 363	304 839	324 913
8 928	-	33 804
-	-	1 450
226	226	226
10 048	9 942	6 166
280	319	-
54 331	80 456	43 051
4 796	2 869	3 079
6 146	7 638	6 435
<b>388 118</b>	<b>406 289</b>	<b>419 124</b>

## 5 Property, plant and equipment and intangible assets

During the three months ended 31 March 2020, the Group acquired property, plant and equipment at a cost of PLN 4 348 thousand, apart from the recognition the right-of-use assets according to IFRS 16 in amount of PLN 1 014 thousand (three months ended 31 March 2019: PLN 15 469 thousand and PLN 43 458 thousand resulting from the recognition of the right-of-use assets relating to IFRS 16 implementation). Assets with a net book value of PLN 50 thousand were disposed during the three months of 2020 (three months ended 31 March 2019: PLN 922 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 337 thousand (three months ended 31 March 2019: a net loss on disposal of PLN 180 thousand).

During the twelve months ended 31 March 2020, the Group acquired property, plant and equipment at a cost of PLN 82 614 thousand, apart from the recognition the right-of-use assets according to IFRS 16 in amount of PLN 1 014 thousand (twelve months ended 31 March 2019: PLN 54 226 thousand and PLN 43 458 thousand resulting from the recognition of the right-of-use assets relating to IFRS 16 implementation). Assets with a net book value of PLN 1 223 thousand were disposed of during the twelve months ended 31 March 2020 (twelve months ended 31 March 2019: PLN 2 769 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 1 784 thousand (twelve months ended 31 March 2019: a net loss on disposal of PLN 338 thousand).

During the three months ended 31 March 2020, the Group acquired intangible assets at a cost of PLN 117 thousand (three months ended 31 March 2019: PLN 896 thousand). Assets with a net book value of PLN 0 thousand were disposed during the three months of 2020 (three months ended 31 March 2019: PLN 0 thousand). On the sale of intangible assets the Group achieved a net gain on disposal of PLN 0 thousand (three months ended 31 March 2019: a net gain on disposal of PLN 3 thousand).

During the twelve months ended 31 March 2018, the Group acquired intangible assets at a cost of PLN 6 777 thousand (twelve months ended 31 March 2018: PLN 1 525 thousand). Assets with a net book value of PLN 26 thousand were disposed of during the twelve months ended 31 March 2020 (twelve months ended 31 March 2019: PLN 0 thousand). On the sale of intangible assets the Group achieved a net gain on disposal of PLN 27 thousand (twelve months ended 31 March 2019: a net gain on disposal of PLN 35 thousand).

## 6 Trade and other receivables

### Short-term receivables

in PLN thousand

	31.03.2020	31.12.2019	31.03.2019
Trade receivables	133 717	101 740	117 275
Statutory receivables excluding income tax	31 593	18 404	24 846
Prepayments for services and inventories	5 377	5 781	12 445
Prepayments for property, plant and equipment	22 182	15 032	12 048
Factoring receivables	39 824	42 217	26 763
Other receivables	9 835	5 168	10 328
	<b>242 528</b>	<b>188 342</b>	<b>203 705</b>

### Long-term receivables

in PLN thousand

	31.03.2020	31.12.2019	31.03.2019
Other receivables	5 708	4 293	350
	<b>5 708</b>	<b>4 293</b>	<b>350</b>

The Group regularly uses factoring facilities to improve liquidity. Handing over receivables to factoring results in ceasing their recognition in the financial statements according to IFRS 9. Therefore, all trade receivables that the Group provides to the factor do not meet the criteria of the model "hold to collect" and "hold for the purpose of collection and sale" are therefore classified as "measured at fair value through profit or loss". The application of IFRS 9 changed therefore the method of measurement of these receivables from amortized cost at fair value. The effects of fair value measurement is recognized in the financial result. As at March 31, 2020 the Group discloses PLN 39,824 thousand PLN of factoring receivables (as at December 31, 2019: PLN 42,217 thousand, March 31, 2019: PLN 26,763 thousand). The fair value of factoring receivables has been estimated based on provisions of factoring and insurance agreements.

Trade receivables (not transferred to the factor) are classified as measured at amortized cost and are subject to impairment loss. The application of IFRS 9 has affected the calculation of the impairment loss from the model of losses incurred for model of expected losses.

The receivables of the Group do not contain a significant element of financing, therefore the impairment allowance is calculated on the basis of expected loan losses over the entire lifetime of the receivables.

The analysis conducted by the Group shows that the write-down on this account do not significantly affect the consolidated financial statements and amounted as at March 31, 2020: PLN 235 thousand (as at December 31, 2019: PLN 192 thousand, as at March 31, 2019: PLN 262 thousand).

## 7 Inventories

in PLN thousand

	31.03.2020	31.12.2019	31.03.2019
Raw materials	70 848	65 174	93 378
Semi-finished goods and work in progress	111 505	95 267	178 520
Finished products	89 190	117 651	96 650
Goods for resale	15 909	18 909	22 731
	<b>287 452</b>	<b>297 001</b>	<b>391 279</b>

## 8 Trade and other payables

### Short term

in PLN thousand

	31.03.2020	31.12.2019	31.03.2019
Trade payables	364 133	324 561	303 902
Statutory payables	25 078	19 868	14 199
Investment payables	10 173	22 845	8 677
Prepayments for services and deliveries of goods	716	770	5 638
Liabilities due to Shareholder	26	26	21
Dividend payables	-	34 556	-
Payroll liabilities	7 114	7 118	8 232
Accrued expenses relating to employees	8 025	5 064	6 799
Accrued expenses	8 611	9 232	14 241
Other payables	3 058	330	3 493
	<b>426 934</b>	<b>424 370</b>	<b>365 202</b>

### Long term

in PLN thousand

	31.03.2020	31.12.2019	31.03.2019
Liabilities due to Shareholder	19 055	18 558	17 106
	<b>19 055</b>	<b>18 558</b>	<b>17 106</b>

## 9 Equity

### Issued share capital

	31.03.2020	31.12.2019	31.03.2019
Registered shares number at reporting date	123 940 417	123 940 417	121 360 369
Number of issued warrants	51 030 446	51 030 446	53 610 494
<b>Nominal value of 1 share</b>	<b>1,5 PLN</b>	<b>1,5 PLN</b>	<b>1,5 PLN</b>

At 31 March 2020, the parent Company's share capital comprised 123 940 417 ordinary shares with a nominal value of PLN 1,5 each (31 December 2019: 123 940 417 ordinary shares with a nominal value of PLN 1,5 each; 31 March 2019: 121 360 369 with a nominal value of PLN 1,5 each).

On 29 August 2011 Cognor S.A. purchased from PS Holdco Sp. z o.o. 20 957 400 shares of Złomrex S.A. On the same day Cognor Holding S.A. and PS Holdco Sp. z o.o. entered into the agreement on settlement of the liability arising from the said purchase (Settlement Agreement). In the Settlement Agreement the price for the shares in Złomrex S.A. was fixed at PLN 145 995 116.10 and its payment was made conditional on the concurrent increase of share capital of Cognor Holding S.A. by PS Holdco Sp. z o.o. by way of subscribing to Cognor's warrants series B owned by PS Holdco Sp. z o.o. at the amount at least equal to the price for shares.

The parties also agreed that the price for the shares in Złomrex S.A. shall be appropriately reduced in case of the lack of the ability to repay the receivable of Złomrex S.A. (currently Cognor S.A.) owned from the Republic of Croatia at the amount of PLN 39 215 thousand. It was also decided that until the payment of the liability of Cognor Holding S.A. resulting from the purchase of shares in Złomrex S.A. (also until the final price for Złomrex S.A. shares is determined), this liability shall be bearing the interest at the level of 7% p.a. and that the payments of the liability or related interest shall not fall below the price for the shares in Złomrex S.A.

Following the restructuring of Cognor Holding's indebtedness on 4 February 2014 PS Holdco Sp. z o.o. agreed to transfer all of its warrants series B for the purpose of the restructuring process. Consequently, on 31 March 2014 PS Holdco Sp. z o.o. and Cognor Holding S.A., concluded the amendment no. 3 to the Settlement Agreement in order to reflect the arrangement of the restructuring in its terms. In particular it was decided that the payment of Cognor Holding's liability shall occur following subscription for warrants series B and series C by PS Holdco Sp. z o.o. and that the total amount of the subscription shall at least equal the price of Złomrex S.A. shares. The deadlines for the PS Holdco's undertaking to increase Cognor Holding's equity and for the payment of the price for shares in Złomrex S.A. by Cognor Holding S.A. were postponed to 31 December 2021 when the remaining number of warrants series B surviving the conversion of Cognor Holding's convertible notes, will have become known.

On 13 March 2015, based on the amendment no. 4 to the Settlement Agreement, resulting from the lack of payment of receivable at the amount of EUR 10 million owned from the Republic of Croatia and in connection with impairment loss recognised for the total amount of that receivable in Cognor Holding's consolidated financial statements in 2014, the parties decided to appropriately reduce the price for shares in Złomrex S.A. by the amount of PLN 39 215 thousand and to adjust the interests for previous years on the reduced price for the shares in Złomrex S.A. Due to direct connection between the price for the shares in Złomrex S.A. with the value of the subscription for warrants series B and series C described in previous paragraph, the reduction of the price for the shares in Złomrex S.A. due to impairment loss recognized on receivables from Republic of Croatia was included in Group's equity in 2014 as an adjustment of transactions with the Owner of the Parent Company.

The reduction of the price for shares in Złomrex S.A. following amendment no. 4 resulted in reduction of reserve equity in consolidated financial statements in 2014 by PLN 39 215 thousand.

Moreover, as a consequence of the amendments no. 3 and 4 to the Settlement Agreement, due to the fact that payment deadline has been postponed till 31 December 2021, the Group recognised liability to PS Holdco Sp. z o.o. related to the discounted value of interest accrued on the unpaid price for the shares in Złomrex S.A. totalling PLN 34 446 thousand (the value as at 31.03.2020: PLN 19 055 thousand).

In connection with the request of the holders of Exchangeable Notes (EN) to Cognor International Finance plc (the subsidiary) for a conversion of Notes held by them into shares of Cognor Holding S.A., there have been series of conversions of Exchangeable Notes into shares. Till December 31, 2019 the National Securities Depository admitted to trading 15 189 754 of shares Cognor Holding S.A.

Altogether 9 864 997 shares of Cognor Holding S.A. were admitted to trading in years 2015-2017 as a result of conversions of 5 391 340 EUR of Exchangeable Notes (conversion price 2.35 PLN per share), 1 801 482 shares were admitted to trading in 2018 as a result of conversions of 804 384 (conversion price 1.92 PLN per share).

The conversion price of Exchangeable Notes was reduced to PLN 2.05 per share according to resolution of the Management Board of Cognor Holding S.A. of 9 January 2018 in connection with the reduction of the nominal price of the shares. Due to the payment of dividend the conversion price was reduced to PLN 1.92 per share according to resolution of the Management Board of 12 July 2018. In connection with determining the dividend day the Management Board at 23 October 2019 resolved the decrease of conversion price to PLN 1.61.

Altogether 3 523 275 shares of Cognor Holding S.A. were admitted to trading in 2019 as a result of conversions of 1 534 675 EUR of Exchangeable Notes (including 1 334 675 EUR converted at PLN 1.92 per share and 200 000 EUR converted at PLN 1.61).

The ownership structure as at 31 March 2020 is presented in the table below:

Shareholder	Shares number	Shares in equity	Number of votes	Share of votes on General Shareholders' Meeting %
PS HoldCo Sp. z o.o.*	92 430 239	74,58%	92 430 239	74,58%
Other shareholders	31 510 178	25,42%	31 510 178	25,42%
<b>Total</b>	<b>123 940 417</b>	<b>100,00%</b>	<b>123 940 417</b>	<b>100,00%</b>

\* Przemysław Sztuczkowski owns indirectly 100% of shares in PS Holdco Sp. z o.o. through 4Workers Sp. z o.o. and therefore the shares owned by PS Holdco Sp. z o.o. represent the indirect participation of Przemysław Sztuczkowski in Cognor Holding S.A.

The ownership structure as at the date of previous corrected report's publication (March 30, 2020) is presented in the table below:

Shareholder	Shares number	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS HoldCo Sp. z o.o.*	92 430 239	74,58%	92 430 239	74,58%
Other shareholders	31 510 178	25,42%	31 510 178	25,42%
<b>Total</b>	<b>123 940 417</b>	<b>100,00%</b>	<b>123 940 417</b>	<b>100,00%</b>

\* Przemysław Sztuczkowski owns indirectly 100% of shares in PS Holdco Sp. z o.o. through 4Workers Sp. z o.o. and therefore the shares owned by PS Holdco Sp. z o.o. represent the indirect participation of Przemysław Sztuczkowski in Cognor Holding S.A.

The ownership structure as at the date of current report's publication (April 30, 2020) is presented in the table below:

Shareholder	Shares number	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS HoldCo Sp. z o.o.*	92 430 239	74,58%	92 430 239	74,58%
Other shareholders	31 510 178	25,42%	31 510 178	25,42%
<b>Total</b>	<b>123 940 417</b>	<b>100,00%</b>	<b>123 940 417</b>	<b>100,00%</b>

\* Przemysław Sztuczkowski owns indirectly 100% of shares in PS Holdco Sp. z o.o. through 4Workers Sp. z o.o. and therefore the shares owned by PS Holdco Sp. z o.o. represent the indirect participation of Przemysław Sztuczkowski in Cognor Holding S.A.

#### Changes in the period:

No changes in the ownership structure in the reporting period.

PS HoldCo Sp. z o.o. as at March 31, 2020, it held Exchangeable Notes with a nominal value of EUR 5 438 906, which in the future will result in the acquisition of 14 526 269 shares of Cognor Holding S.A. as a result of conversion.

## 10 Earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2020 was based on the profit attributable to ordinary shareholders of PLN 2 909 thousand (the three-month period ended 31 March 2019: profit PLN 8 756 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 31 March 2020 of 123 940 thousand (the three-month period ended 31 March 2019: 120 732 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the 3 months period ended March 31, 2020 was 171 455 thousand (31 March 2019: 152 426 thousand).



The calculation of basic earnings per share for the twelve-month period ended 31 March 2020 was based on the profit attributable to ordinary shareholders of PLN 13 263 thousand (the twelve-month period ended 31 March 2019: profit PLN 52 109 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 31 March 2020 of 123 038 thousand (the twelve-month period ended 31 March 2019: 119 469 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 31 March 2020 was 167 780 thousand (31 March 2019: 152 704 thousand).

As at 31 March 2020, issued warrants, which will remain after the mandatory conversion of Exchangeable Notes on their maturity date, were excluded from the diluted weighted average number of ordinary shares calculation as the effect of warrants which may remain unconverted into shares would have been anti-dilutive due to the fact that the average market value of the Parent Company's shares was lower than price of warrants conversion. The average market value of the Company's shares for purposes of calculating the dilutive

## 11 Interest-bearing loans and borrowings and bank overdraft

in PLN thousand

	31.03.2020	31.12.2019	31.03.2019
<b>Bank overdraft</b>	<b>8 928</b>	<b>-</b>	<b>33 804</b>
<b>Non-current liabilities</b>			
Secured bank loans	164 978	168 725	196 253
Lease liabilities	34 062	32 532	21 623
Lease liabilities (operational leases and other leases not previously recognised)	47 551	47 299	46 445
Other borrowings	939	1 113	1 640
	<b>247 530</b>	<b>249 669</b>	<b>265 961</b>
<b>Current liabilities</b>			
Current portion of secured bank loans	38 323	36 907	36 945
Current portion of lease liabilities	11 619	12 505	11 858
Current portion of lease liabilities (operational leases and other leases not previously recognised)	4 977	4 879	7 802
Factoring liabilities	209	166	70
Other borrowings	705	713	2 277
	<b>55 833</b>	<b>55 170</b>	<b>58 952</b>

### Dual currency term and revolving facilities

On July 12, 2018 the facility agreement has been signed between subsidiary Cognor S.A. and consortium of four banks (mBank S.A., Bank Zachodni WBK S.A., Bank Gospodarstwa Krajowego and European Bank for Reconstruction and Development) under which banks committed to provide Cognor S.A. with a term loan facility of up to EUR 60 million and a revolving facility up to PLN 40 million. The loan term facility is intended for the repayment of Senior Secured Notes, which outstanding nominal value at June 30, 2018 is EUR 80,9 million. The companies from the capital group i.e.: Cognor Holding S.A., Cognor International Finance plc, Odlewnia Metali Szopienice Sp. z o.o. (currently branch of Cognor S.A.), Cognor Blachy Dachowe S.A., Business Support Services Sp. z o.o. (currently branch of Cognor S.A.), Cognor Holding S.A. Sp. k., Przedsiębiorstwo Transportu Samochodowego S.A. (currently branch of Cognor S.A.) joined the facility agreement as guarantors.

The long-term facility was disbursed in 2 currencies: EUR 30 million, PLN 129,1 million. Part of the loan will be repaid on the loan maturity date as a balloon installment (EUR 10 million, PLN 43 million), the remaining part will be repaid in quarterly installments (EUR 20 million - quarterly installment EUR 1.1 million, PLN 86.1 million - quarterly installment PLN 4.8 million). The final repayment of the loan will take place on December 31, 2022. The above loan was granted on a variable rate (margin + EURIBOR3M, WIBOR3M), however the Group concluded an IRS agreement, which allowed to guarantee a fixed interest rate of the above-mentioned rate loan.



The revolving facility in the amount of PLN 40 million is due on October 31, 2021 (the repayment date for revolving facility was extended by the annex of 8 January 2020). The interest rate for this loan is variable and amounted to margin + WIBOR1M. In the reporting period, the revolving limit was used as an overdraft facility. As at March 30, 2020 the liability resulting from revolving facility amounted to PLN 8 928 thousand.

### **Secured fixed interest debt**

In 2018, the Group fully repaid the Senior Secured Notes. More details in the consolidated financial statement of the Cognor Capital Group for 2018.

The Exchangeable Notes have EUR 25 087 003 aggregate principal amount, mature on 1 February 2021, interest will be payable semi-annually in arrears on 1st February and 1st August and the fixed interest rate is 5%. In addition, Cognor International Finance plc has right not to pay a cash but capitalize the interest on exchangeable notes (using higher, i.e. 10% coupon). The holders of the Exchangeable Notes will be entitled to have their Exchangeable Notes converted into Cognor S.A. new and/or existing shares, credited as fully paid, in the period from 1 March 2015 until the lapse of 6 months following the maturity date thereof. Upon a conversion, Cognor International Finance will have the option to:

- (i) deliver (or procure the issue or transfer and delivery of) Cognor Holding S.A. shares,
- (ii) pay a cash settlement amount, or
- (iii) a combination thereof.

Unless previously purchased and cancelled, redeemed or converted, the Exchangeable Notes will be mandatorily converted into Cognor Holding S.A. shares at the conversion price on the Exchangeable Notes maturity date at the current conversion price of PLN 1.61.

In connection with the determining of dividend day, the the Management Board of Cognor Holding S.A. adopted resolution on 23 October 2019 which reduced the conversion price of Exchangeable Notes to PLN 1.61 per share.

In these consolidated financial statements the Exchangeable Notes are presented within Reserves.

In 2015, bondholders of Exchangeable Notes converted 1 983 422 EUR nominal value of notes into 3 629 239 shares of Cognor Holding S.A. worth PLN 7 258 thousand. In 2016, bondholders of Exchangeable Notes converted 2 959 024 EUR nominal value of notes into 5 414 381 shares of Cognor Holding S.A. worth PLN 10 830 thousand. In 2017 bondholders of Exchangeable Notes converted 448 894 EUR nominal value of notes into 821 377 shares of Cognor Holding S.A. worth PLN 1 643 thousand. In 2018 bondholders of Exchangeable Notes converted 804 384 Eur nominal value of notes into 1 801 482 shares of Cognor Holding S.A. worth PLN 2 703 thousand. In 2019 bondholders of Exchangeable Notes converted 1 534 675 Eur nominal value of notes into 3 523 275 shares of Cognor Holding S.A. worth PLN 5 285 thousand. The amount was transferred from reserves to issued share capital. The total principal value of Exchangeable Notes remaining to be settled as at 31 March 2020 was 17 356 604 EUR.

Within the debt restructuring process described above, on 3 February 2014 PS Holdco Sp. z o.o. transferred to Cognor International Finance plc (CIF) an ownership of 60 860 000 of subscription warrants of series B that are convertible into 60 860 000 shares of Cognor Holding S.A. for a remuneration in the amount of PLN 304 thousand and also entered into an option agreement for delivery of additional 30 082 812 shares of Cognor Holding S.A. free of charge in order to secure the holders of the Exchangeable Notes with the possibility of conversion bonds into shares. The transfer of warrants was a key element enabling the structuring of terms of Exchangeable Notes in a manner acceptable to investors and thus the successful finalization of the issue.

Terms of the agreement between PS Holdco Sp. z o.o. and Cognor International Finance plc provide among other things, that warrants not used for conversion of the bonds into shares will be transferred back to PS Holdco Sp. z o.o. Depending on a choice of a payment form of the Exchangeable Notes' coupon up to 15 million warrants may return to PS Holdco Sp. z o.o. Their exact number will be known after the final settlement of the Exchangeable Notes of Cognor Holding S.A.

## **12 Contingencies, guarantees and other commitments**

The Group has not the contingent liabilities. For subsidiary guarantees please refer to note no. 21.

### 13 Transactions with related parties

#### Identity of related parties

The Group has a related party relationship with the Group's parent Company and ultimate controlling party, the companies controlled by the Parent Company's Management Board members and with members of the Management and Supervisory Boards of Group entities

#### Controlling entities:

- PS Holdco Sp. z o.o.
- 4Workers Sp. z o.o. (previously 4Workers Przemysław Sztuczowski)

#### Associates are as follows:

- 4 Groups Sp. z o.o. (from January 21st, 2013)
- Madrohut Sp. z o.o. (from April 11, 2014)

#### Related companies to the controlling entities (owners):

- KDPP Doradztwo Biznesowe Sp. z o.o. (sold on August 27th, 2011 to PS Holdco Sp. z o.o.)
- czystyefekt.pl Sp. z o.o.

in PLN thousand

	31.03.2020	31.12.2019	31.03.2019
<i>Short-term receivables:</i>			
- associates	297	266	253
- controlling entities	5	1	50
- related companies to the controlling entities	1	-	10
<i>Liabilities</i>			
- controlling entities	20 939	45 837	17 625
- related companies to the controlling entities	524	524	2 077
- associates	77	-	77

in PLN thousand

	01.01.2020- 31.03.2020	01.01.2019- 31.03.2019	01.04.2019- 31.03.2020	01.04.2018- 31.03.2019
<i>Revenues from sale of services</i>				
- associates	488	225	1 153	247
- controlling entities	11	6	46	30
- companies controlled by the owner	-	-	5	-
<i>Revenues from sale of raw materials and commodities</i>				
- associates	51	53	188	53
- controlling entities	-	-	37	-
<i>Purchase of commodities and raw materials</i>				
- controlling entities	369	401	1 328	321
<i>Purchase of services</i>				
- associates	234	109	925	653
- related companies to the controlling entities	1 278	2 199	5 111	12 389
- controlling entities	952	762	3 354	4 057
<i>Other income</i>				
- controlling entities	-	-	-	-
<i>Financial income</i>				
- controlling entities	-	1 452	(1 452)	1 452
<i>Financial costs</i>				
- controlling entities	(496)	-	(1 630)	(2 866)

## 14 Cash and cash equivalents presented in cash flow statements

in PLN thousand

	31.03.2020	31.12.2019	31.03.2019
Cash in bank	51 997	78 703	25 952
Cash in bank restricted in use	1	50	571
Cash in hand	270	181	263
Short-term bank deposit	-	-	-
Other	59	22	16
<b>Cash and cash equivalents</b>	<b>52 327</b>	<b>78 956</b>	<b>26 802</b>
Bank overdrafts	(8 928)	-	(33 804)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>43 399</b>	<b>78 956</b>	<b>(7 002)</b>

## 15 Financial instruments

### Financial instruments measured at fair values

#### Fair values

The following are details of the fair values of the financial instruments for which it is practicable to estimate such value:

- Cash and cash equivalents, short-term bank deposits and short-term bank loans: the carrying amounts approximate fair value due to the short term nature of these instruments.
- Trade and other receivables, bills of exchange, trade and other payables and accrued liabilities: the carrying amounts approximate fair value due to the short-term nature of these instruments.
- Interest-bearing loans and borrowings, excluding fixed rate debt securities: the carrying amounts approximate fair value due to the variable nature of the related interest rates.
- Fixed rate debt securities. The carrying amount of liability to PS Holdco Sp. z o.o. approximates fair value due to an interest rate which was similar to the interest rate applicable for liabilities with similar risk.

The fair value of IRS has been estimated on the base of valuation model taking into consideration the future cash flows in fixed and variable interest rate. As at 31 March 2020 the fair value relating to IRS amounted PLN 4 796 thousand (31 December 2019: PLN 2 869 thousand, 31 March 2019: 3 079 PLN).

## 16 Seasonability

Trading activity on the steel product market is characterized by seasonability of revenue from sales, resulting from the variability of weather conditions in the annual weather cycle. Seasonability is reflected by lower demand for steel products in the winter as a result of restrictions on investment and infrastructure construction during this period.

## 17 Management Board's position on the possibility of implementing previously published forecasts for the year, in light of the results presented in the quarterly report

Management Board didn't publish forecasts.

**18 Ownership of the Parent Company shares or rights held by Management Board or by Supervisory Board at the date of this quarterly report, along with an indication of changes in ownership during the period from the previous report, separately for each person**

	As at the date of the current report		As at the date of the previous report	
	quantity	% in share capital	quantity	% in share capital
<b>Management Board</b>				
- Przemysław Sztuczowski *	-	-	-	-
- Przemysław Grzesiak	40 018	0,03%	40 018	0,03%
- Krzysztof Zoła**	250 000	0,20%	250 000	0,20%
- Dominik Barszcz	144 500	0,12%	144 500	0,12%
<b>Supervisory Board</b>				
- Hubert Janiszewski	-	-	-	-
- Piotr Freyberg	-	-	-	-
- Jerzy Kak	-	-	-	-
- Marek Rocki	-	-	-	-
- Zbigniew Łapiński	-	-	-	-

\*Przemysław Sztuczowski owns indirectly 100% of shares in PS Holdco Sp. z o.o. through 4Workers Sp. z o.o. and therefore the shares owned by PS Holdco Sp. z o.o. represent the indirect participation of Przemysław Sztuczowski in Cognor Holding S.A. Detailed information in note 9.

**19 Proceedings before a court, an arbitration or a public authority**

The Group is party to a range of court proceedings, the majority of which it participates in as the plaintiff. Group has not been charged in any singular or group proceedings which together could significantly affect their financial results or level of obligations.

Additionally, as important from the point of view of the Group, there are the following procedures:

-the company Złomrex Metal Sp. z o.o. (currently branch of Cognor S.A.) filed to the Supreme Administrative Court a cassation complaint against the judgment of the Provincial Administrative Court in Gliwice of 28 September 2015. on November 17, 2017, a hearing was held, ending with a valid judgement for setting aside the judgment under appeal: annulment of the decision of the Director of Tax Chamber in Katowice of September 19, 2014, and reconsideration of the case. As a result, on April 19, 2018, the Director of the Tax Chamber in Katowice quashed the decision of the first instance and remitted the case for reconsideration by this institution. Complaint concerns challenged by the Tax Control Office in Katowice deductions of VAT invoices issued in 2008 by 19 suppliers of the Company. The dispute concerns the assessment of whether Złomrex Metal Sp. z o.o. exercised due diligence in verifying the legality of the activities of his suppliers. The amount of the contested tax is PLN 1 418 thousand. Challenged tax along with interest in the total amount of PLN 2 478 thousand has been paid by Złomrex Metal Sp. z o.o. in 2014. In the current period, the Company made a 50% write-off of the said receivable with interest in the amount of PLN 799 thousand.

-on January 1, 2019, the Amendment to the CIT Act entered into force. In Articles 18-22 of the Amendment to the CIT Act for Polish taxpayers who are issuers of bonds on which the issue of funds were obtained from an issue carried out by a non-resident related taxpayer (Article 21), there is possibility of retrospective exemption from the potential withholding tax in the amount of 20% of the amount of interest and discounts paid in the period from January 1, 2004, by choosing them to be taxed with a flat income tax of 3%.

Management Board of Cognor S.A. estimating the risk of Cognor S.A. relating to withholding tax obligation regarding the interest and discount paid to Cognor International Finance plc, found it reasonable to take advantage of the option of choosing a flat-rate tax. As a result, on January 31, 2019, the Group paid the first installment of this tax in the amount of PLN 6,611 thousand together with interest in the amount of PLN 1,155 thousand, while the second installment in the amount of PLN 2,029 thousand PLN together with interest in the amount of 290 thousand PLN was paid on July 31, 2019. This cost is not transferable to bondholders, therefore it increases the interest cost of issued bonds.

At the same time, the Management Board of Cognor S.A. questioned the legitimacy of the obligation to collect withholding tax in connection with payments to Cognor International Finance plc and applied to the Director of National Tax Information for interpretation as to whether Cognor S.A. was subject to the obligation to collect withholding tax for the above transaction, which in the future will open the way to claiming a refund of the flat-rate tax paid. This proceedings are pending.

**20 Information on the Parent Company or its subsidiary of one or more transactions with related parties if individually or in the aggregate are material and have been included under conditions other than market.**

Not applicable.

**21 Information on the Parent Company or its subsidiary guarantees for credit or loans or warranties**

Warranties and guarantees granted to subsidiaries by the Parent Company:

Subsidiary	Type of liability	Guarantee value (in PLN thousand)	Period of guarantee
Cognor S.A.*	Dual currency term	206 711	till 31.12.2022
Cognor S.A.*	Bank overdraft	40 000	till 31.10.2021
Cognor S.A.	Trade liability	1 832	without deadline
Cognor S.A.	Factoring	40 000	without deadline
Cognor S.A.	Contracts for co-financing the implementation of research projects	12 134	till 30.11.2020

\* guarantee granted by the Issuer together with subsidiaries, i.e. Cognor Holding S.A. Sp. K., Cognor Blachy Dachowe S.A. and Cognor International Finance plc

**22 Other information that the Parent Company is relevant to the assessment of its personnel, assets, financial position, financial performance and their changes and information that is relevant to the assessment of the Parent Company's capacity to meet obligation.**

The report covering data for the previous financial year indicates the threats to the Cognor's continuation of operations related to the COVID-19 pandemic. Some of the risks identified at the time materialized by: increased absence of employees, also due to the contact of some of them with SARS-COV-2; some of our clients, especially from the automotive industry, stopped their plants and canceled previously agreed deliveries. Fortunately, the scale of these phenomena was not large, and the organizational measures taken allowed us to maintain the current scale of production. Thanks to our technological flexibility and product diversification we were able to produce various product ranges responding to the needs of many customer groups.

The risk of administrative restrictions resulting in a complete cessation of production, as was the case in Italy or Spain, seems less probable today than it was a few weeks ago. We also consider the risk of interruptions in the supply of critical production components to be lower. We also do not expect further escalation of restrictions regarding the possibility of deliveries to our customers. Nevertheless, the epidemic crisis will affect the results of our activities in the coming quarters until the recession caused by the fight against coronavirus stops. We anticipate that in the coming months the impact of the epidemic crisis on our activities may be more visible. We do not rule out reducing the scale of operations in some of our production plants, including the reduction of the crew's working time depending on the current market situation. At the same time, we analyze the available assistance funds under the so-called "Anti-crisis shield" and if reasons to apply for support occur we shall apply for it in order to minimize the impact of the ongoing crisis on our financial results and to maintain the current state of employment.

**23 Factors which in the opinion of the Parent Company will have an impact on its financial performance for at least next quarter.**

The consolidated financial results of the Cognor Capital Group in the the perspective of the second quarter of 2020 will depend mainly on:

- the formation of relation of product prices to material prices, including especially steel scrap,
- the formation of energy prices,
- the formation of the relations of the PLN to EUR and USD.

## 24 Subsequent events

There were no subsequent events requiring disclosure.

Poraj, 30 April 2019

Przemysław Sztuczkowski  
*President of the Management Board*

Przemysław Grzesiak  
*Vice President of the Management Board*

Krzysztof Zoła  
*Member of the Management Board*

Dominik Barszcz  
*Member of the Management Board*