

**Condensed Consolidated  
Interim Financial Statements**

**Cognor Holding S.A.**

**as at and for the nine months ended  
30 September 2023**

14 November 2023

## Condensed consolidated statement of financial position

in PLN thousand

	Note	30.09.2023	30.06.2023	31.12.2022	30.09.2022
<b>Assets</b>					
Property, plant and equipment	8	949 323	803 431	647 439	592 286
Intangible assets		19 094	19 448	12 851	14 558
Investment property		116	116	117	117
Investment in associates		1 004	1 082	1 087	1 121
Financial assets due to valuation of derivative instruments	20	34 839	37 679	50 551	64 036
Other receivables	9	15 076	14 643	13 971	13 658
Deferred tax assets		1 449	443	14 339	-
<b>Total non-current assets</b>		<b>1 020 901</b>	<b>876 842</b>	<b>740 355</b>	<b>685 776</b>
Inventories	10	556 255	589 003	549 078	516 730
Other investments		15	13	77	75
Financial assets due to valuation of derivative instruments	20	3 828	3 260	6 842	7 610
Current income tax receivables		19 900	18 510	16 172	38
Trade and other receivables	9	487 305	483 961	427 760	437 017
Cash and cash equivalents	19	168 178	251 892	335 761	284 426
Assets classified as held for sale	15	6 955	6 960	6 971	6 977
<b>Total current assets</b>		<b>1 242 436</b>	<b>1 353 599</b>	<b>1 342 661</b>	<b>1 252 873</b>
<b>Total assets</b>		<b>2 263 337</b>	<b>2 230 441</b>	<b>2 083 016</b>	<b>1 938 649</b>

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

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	30.09.2023	30.06.2023	31.12.2022	30.09.2022 *restated
<b>Equity</b>					
Issued share capital	12	257 131	257 131	257 131	257 131
Reserves		710 977	710 977	351 548	351 548
Foreign currency translation reserves		(3 360)	(5 237)	-	-
Retained earnings		199 636	171 251	547 417	420 679
<b>Total equity attributable to owners of the Parent Company</b>		<b>1 164 384</b>	<b>1 134 122</b>	<b>1 156 096</b>	<b>1 029 358</b>
Non-controlling interests		79 014	77 322	72 335	65 580
<b>Total equity</b>		<b>1 243 398</b>	<b>1 211 444</b>	<b>1 228 431</b>	<b>1 094 938</b>
<b>Liabilities</b>					
Interest-bearing loans and borrowings	14	289 595	325 076	235 045	237 074
Lease liabilities		101 119	91 678	92 491	97 409
Employee benefits obligation		12 994	13 076	11 878	13 104
Other payables	11	9 355	9 227	-	-
Government grants and other deferred income		5 650	5 999	6 698	4 577
Deferred tax liabilities		15 509	6 479	-	1 615
<b>Total non-current liabilities</b>		<b>434 222</b>	<b>451 535</b>	<b>346 112</b>	<b>353 779</b>
Bank overdraft	14	33 217	28 000	46	1 095
Interest-bearing loans and borrowings	14	126 979	108 205	48 891	42 610
Lease liabilities		24 018	22 333	21 550	19 401
Employee benefits obligation		1 929	1 826	1 863	2 143
Current income tax payables		67	114	783	13 187
Provisions for payables	16	1 300	1 330	1 330	1 300
Trade and other payables	11	395 129	402 618	431 067	404 098
Government grants and other deferred income		1 557	1 537	1 398	4 575
Liabilities of disposal assets held for sale	15	1 521	1 499	1 545	1 523
<b>Total current liabilities</b>		<b>585 717</b>	<b>567 462</b>	<b>508 473</b>	<b>489 932</b>
<b>Total liabilities</b>		<b>1 019 939</b>	<b>1 018 997</b>	<b>854 585</b>	<b>843 711</b>
<b>Total equity and liabilities</b>		<b>2 263 337</b>	<b>2 230 441</b>	<b>2 083 016</b>	<b>1 938 649</b>

\*details in note 4

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

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	01.07.2023 - 30.09.2023	01.07.2022 - 30.09.2022	01.01.2023 - 30.09.2023	01.01.2022 - 30.09.2022
Revenue	6	499 497	749 424	2 151 545	2 743 515
Cost of sales		(457 697)	(525 130)	(1 918 017)	(2 019 986)
<b>Gross profit</b>		<b>41 800</b>	<b>224 294</b>	<b>233 528</b>	<b>723 529</b>
Other income		52 252	9 506	105 660	27 597
Distribution expenses		(22 630)	(33 005)	(89 440)	(97 514)
Administrative expenses		(17 181)	(22 526)	(55 594)	(67 649)
Other (losses)/gains - net		8 156	10 470	1 980	11 161
Other expenses		(2 397)	(16 440)	(6 092)	(19 567)
<b>Operating profit before financing costs</b>		<b>60 000</b>	<b>172 299</b>	<b>190 042</b>	<b>577 557</b>
Financial income		(3 227)	8 403	10 093	55 935
Financial expenses		(16 072)	(14 810)	(57 640)	(35 715)
<b>Net financing costs</b>		<b>(19 299)</b>	<b>(6 407)</b>	<b>(47 547)</b>	<b>20 220</b>
Share of profit of associates		22	-	17	106
Gain on bargain purchase		-	-	112 076	-
<b>Profit before tax</b>		<b>40 723</b>	<b>165 892</b>	<b>254 588</b>	<b>597 883</b>
Income tax expense		(10 646)	(35 549)	(27 158)	(121 004)
<b>Profit for the period</b>		<b>30 077</b>	<b>130 343</b>	<b>227 430</b>	<b>476 879</b>
<b>Profit for the period attributable to:</b>					
Owners of the Parent Company		28 385	123 124	221 124	451 178
Non-controlling interests		1 692	7 219	6 306	25 701
<b>Profit for the period</b>		<b>30 077</b>	<b>130 343</b>	<b>227 430</b>	<b>476 879</b>
<b>Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met</b>					
Foreign currency translation differences		1 877	-	(3 360)	(84)
<b>Total comprehensive income for the period</b>		<b>31 954</b>	<b>130 343</b>	<b>224 070</b>	<b>476 795</b>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Parent Company		30 262	123 124	217 764	451 094
Non-controlling interests		1 692	7 219	6 306	25 701
<b>Total comprehensive income for the period</b>		<b>31 954</b>	<b>130 343</b>	<b>224 070</b>	<b>476 795</b>
<b>Basic earnings per share (PLN) attributable to the owners of the Parent Company</b>	13	<b>0,17</b>	<b>0,72</b>	<b>1,29</b>	<b>2,63</b>
<b>Diluted earnings per share (PLN) attributable to the owners of the Parent Company</b>	13	<b>0,15</b>	<b>0,72</b>	<b>1,18</b>	<b>2,63</b>

Przemysław Sztuczkowski  
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	01.10.2022 - 30.09.2023	01.10.2021 - 30.09.2022
Revenue		3 074 720	3 574 111
Cost of sales		(2 670 441)	(2 659 411)
<b>Gross profit</b>		<b>404 279</b>	<b>914 700</b>
Other income		132 815	38 326
Distribution expenses		(120 704)	(124 055)
Administrative expenses		(76 253)	(85 988)
Other (losses)/gains - net		(9 523)	7 731
Other expenses		4 597	(22 145)
<b>Operating profit before financing costs</b>		<b>335 211</b>	<b>728 569</b>
Financial income		3 340	73 714
Financial expenses		(65 351)	(48 430)
<b>Net financing costs</b>		<b>(62 011)</b>	<b>25 284</b>
Share of profit of associates		133	244
Gain on bargain purchase		112 076	-
<b>Profit before tax</b>		<b>385 409</b>	<b>754 097</b>
Income tax expense		(24 485)	(151 866)
<b>Profit for the period</b>		<b>360 924</b>	<b>602 231</b>
<b>Profit for the period attributable to:</b>			
Owners of the Parent Company		347 863	569 529
Non-controlling interests		13 061	32 702
<b>Profit for the period</b>		<b>360 924</b>	<b>602 231</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

<i>in PLN thousand</i>	<i>Note</i>	<b>01.10.2022 - 30.09.2023</b>	<b>01.10.2021 - 30.09.2022</b>
<b>Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met</b>			
Foreign currency translation differences		(3 360)	(89)
<b>Total comprehensive income for the period</b>		<b>357 564</b>	<b>602 142</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Parent Company		344 503	569 440
Non-controlling interests		13 061	32 702
<b>Total comprehensive income for the period</b>		<b>357 564</b>	<b>602 142</b>
<b>Basic earnings per share (PLN) attributable to the owners of the Parent Company</b>	<i>13</i>	<b>2,03</b>	<b>3,32</b>
<b>Diluted earnings per share (PLN) attributable to the owners of the Parent Company</b>	<i>13</i>	<b>1,90</b>	<b>3,32</b>

Przemysław Sztuczkowski  
*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 cash flows

in PLN thousand

Note

	01.07.2021 - 30.09.2021	01.07.2022 - 30.09.2022	01.01.2021 - 30.09.2021	01.01.2022 - 30.09.2022
Profit/(loss) before tax from continuing operations	40 723	165 892	254 588	597 883
<b>Adjustments</b>				
Depreciation	11 411	10 725	35 260	32 193
Amortization	486	276	1 444	879
Impairment losses and valuation allowances	-	-	-	-
Foreign exchange (gains)/losses	3 547	3 346	(1 478)	2 978
Net (gains)/losses on investment activities	-	-	-	-
Net (gains)/losses on disposal of property, plant and equipment	(397)	(21)	(6 773)	(344)
Interest, transaction costs (related to loans and borrowings) and dividends, net	16 117	(2 265)	48 317	(24 256)
Change in receivables	(1 443)	(28 249)	(35 375)	(80 550)
Change in inventories	33 405	95 290	75 000	(90 843)
Change in trade and other payables	(67 658)	(116 947)	(124 424)	(73 300)
Change in provisions	(83)	-	59	(500)
Change in employee benefits obligation	21	(261)	1 109	(1 235)
Change in government grants and other deferred income	(329)	(133)	(889)	(898)
Share of profit of associates	(22)	-	(17)	(106)
Gain on bargain purchase	-	-	(112 076)	-
Other adjustments	-	(34)	-	(34)
<b>Cash generated/(outflows) from operating activities</b>	<b>35 778</b>	<b>127 619</b>	<b>134 745</b>	<b>361 867</b>
Income tax (paid)/returned, incl.	(4 086)	(5 166)	(12 683)	(38 298)
<b>Net cash from operating activities</b>	<b>31 692</b>	<b>122 453</b>	<b>122 062</b>	<b>323 569</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	-	132	8 482	504
Acquisition of shares in consolidated companies (net of cash acquired)	(59)	(4)	26 608	(10)
Interest received	-	6	-	7
Dividends received	100	-	100	-
Repayment of loans granted	3	2	9	23
Other inflows from investing activities	-	4	-	4
Acquisition of property, plant and equipment	(78 211)	(30 690)	(231 338)	(126 895)
Acquisition of intangible assets	(32)	(19)	(104)	(298)
Proceeds from acquisition of an organized part of an enterprise	-	-	200	-
Grants received for investing activities	-	-	-	211
Loans granted	(5)	-	(10)	(6)
<b>Net cash from investing activities</b>	<b>(78 204)</b>	<b>(30 569)</b>	<b>(196 053)</b>	<b>(126 460)</b>
<b>Cash flows from financing activities</b>				
Net cash receipts from share issue	-	-	-	106 000
Proceeds from interest-bearing loans and borrowings	24 468	10 000	175 788	132 038
Proceeds from IRS	-	-	6 564	1 703
Proceeds from transactions with minority shareholders	-	-	250	-
Repayment of interest-bearing loans and borrowings	(40 059)	(50 016)	(40 114)	(59 049)
Payment of lease liabilities	(9 788)	(4 846)	(21 715)	(15 942)
Dividends and other distributions from profit	-	(25 713)	(209 245)	(25 713)
Interest and transaction costs (related to loans and borrowings) paid	(17 111)	(9 880)	(37 818)	(36 010)
Other transactions with the Owner	-	-	-	(107 415)
<b>Net cash from financing activities</b>	<b>(42 490)</b>	<b>(80 455)</b>	<b>(126 290)</b>	<b>(4 388)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(89 002)</b>	<b>11 429</b>	<b>(200 281)</b>	<b>192 721</b>
Cash and cash equivalents net of bank overdraft, at 1 January/1 July	223 892	271 902	335 715	90 610
- effect of exchange rate fluctuations on cash held	71	-	(473)	-
<b>Cash and cash equivalents net of bank overdraft, at 30 September</b>	<b>134 961</b>	<b>283 331</b>	<b>134 961</b>	<b>283 331</b>
- including cash restricted for use	63 692	138 332	63 692	138 332

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)

<i>in PLN thousand</i>	<i>Note</i>	<b>01.10.2022 - 30.09.2023</b>	<b>01.10.2021 - 30.09.2022</b>
(Loss)/profit before tax		<b>385 409</b>	<b>754 097</b>
<b>Adjustments</b>			
Depreciation		46 127	44 720
Amortization		1 756	1 201
Impairment losses and valuation allowances		-	-
Foreign exchange (gains)/losses		(4 629)	7 987
Net (gains)/losses on investment activities		-	-
Net (gains)/losses on disposal of property, plant and equipment		(7 245)	(712)
Interest, transaction costs (related to loans and borrowings) and dividends, net		63 995	(37 301)
Change in receivables		28 504	(154 448)
Change in inventories		42 652	(100 849)
Change in trade and other payables		(104 220)	(62 393)
Change in provisions		89	1 275
Change in employee benefits obligation		(397)	1 763
Change in government grants and other deferred income		(1 049)	1 719
Share of profit of associates		(133)	(244)
Gain on bargain purchase		(112 076)	-
Other adjustments		560	573
<b>Cash generated from operating activities</b>		<b>339 343</b>	<b>457 388</b>
Income tax (paid)/returned, incl.		(54 432)	(67 318)
<b>Net cash from operating activities</b>		<b>284 911</b>	<b>390 070</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

<i>in PLN thousand</i>	<i>Note</i>	<b>01.10.2022 - 30.09.2023</b>	<b>01.10.2021 - 30.09.2022</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		9 704	927
Acquisition of shares in consolidated companies (net of cash acquired)		(5 962)	(10)
Interest received		-	7
Dividends received		250	40
Repayment of loans granted		10	23
Other inflows/(outflows) from investing activities		-	4
Acquisition of property, plant and equipment		(309 386)	(164 070)
Acquisition of intangible assets		(235)	(832)
Proceeds from acquisition of an organized part of an enterprise		200	-
Grants received for investing activities		6	296
Loans granted		(14)	(6)
<b>Net cash from investing activities</b>		<b>(305 427)</b>	<b>(163 621)</b>
<b>Cash flows from financing activities</b>			
Net cash receipts from share issue		-	106 000
Proceeds from interest-bearing loans and borrowings		175 788	134 538
Proceeds from IRS		13 369	1 703
Proceeds from transactions with minority shareholders		250	-
Repayment of interest-bearing loans and borrowings		(40 130)	(64 079)
Payment of lease liabilities		(27 908)	(20 405)
Dividends and interests on exchangeable notes paid		(209 245)	(49 452)
Interest and transaction costs (related to loans and borrowings) paid		(39 505)	(41 834)
Other transactions with the Owner		-	(107 415)
<b>Net cash from financing activities</b>		<b>(127 381)</b>	<b>(40 944)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(147 897)</b>	<b>185 505</b>
Cash and cash equivalents net of bank overdraft, at 1 October		283 331	97 826
- effect of exchange rate fluctuations on cash held		(473)	-
<b>Cash and cash equivalents net of bank overdraft, at 30 September</b>	<i>19</i>	<b>134 961</b>	<b>283 331</b>
- including cash restricted for use	<i>19</i>	63 692	138 332

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 2022	257 131	29 301	84	317 369	603 885	39 984	643 869
Total comprehensive income	-	-	(84)	451 178	451 094	25 701	476 795
- (loss)/profit	-	-	-	451 178	451 178	25 701	476 879
- foreign currency translation differences relating to foreign operations	-	-	(84)	-	(84)	-	(84)
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	-	-	-	(25 713)	(25 713)	-	(25 713)
Dividends	-	-	-	(25 713)	(25 713)	-	(25 713)
Change in ownership interests	-	-	-	92	92	(105)	(13)
Acquisition of non-controlling interests that do not result in a change in control	-	-	-	92	92	(105)	(13)
Transfer of profit	-	322 247	-	(322 247)	-	-	-
Equity as at 30 September 2022	257 131	351 548	-	420 679	1 029 358	65 580	1 094 938
Equity as at 1 January 2022	257 131	29 301	84	317 369	603 885	39 984	643 869
Total comprehensive income	-	-	(84)	577 917	577 833	32 456	610 289
- (loss)/profit	-	-	-	577 917	577 917	32 456	610 373
- foreign currency translation differences relating to foreign operations	-	-	(84)	-	(84)	-	(84)
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	-	-	-	(25 713)	(25 713)	-	(25 713)
Dividends	-	-	-	(25 713)	(25 713)	-	(25 713)
Change in ownership interests	-	-	-	91	91	(105)	(14)
Acquisition of non-controlling interests that do not result in a change in control	-	-	-	91	91	(105)	(14)
Transfer of profit	-	322 247	-	(322 247)	-	-	-
Equity as at 31 December 2022	257 131	351 548	-	547 417	1 156 096	72 335	1 228 431

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					Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings	Total		
<i>in PLN thousand</i>							
<b>Equity as at 1 January 2023</b>	<b>257 131</b>	<b>351 548</b>	<b>-</b>	<b>547 417</b>	<b>1 156 096</b>	<b>72 335</b>	<b>1 228 431</b>
Total comprehensive income	-	-	(3 360)	221 124	<b>217 764</b>	6 306	<b>224 070</b>
- profit	-	-	-	221 124	<b>221 124</b>	6 306	<b>227 430</b>
- foreign currency translation differences relating to foreign operations	-	-	(3 360)	-	<b>(3 360)</b>	-	<b>(3 360)</b>
<b>Transactions with owners of the Company, recognised in equity</b>							
Contribution by and distributions to owners of the Company	-	-	-	(209 133)	<b>(209 133)</b>	(108)	<b>(209 241)</b>
Dividends	-	-	-	(209 133)	<b>(209 133)</b>	(108)	<b>(209 241)</b>
Change in ownership interests	-	-	-	(231)	<b>(231)</b>	481	<b>250</b>
Non-controlling interests as at the date of acquisition of subsidiaries	-	-	-	-	-	250	<b>250</b>
Acquisition of non-controlling interests that do not result in a change in control	-	-	-	(231)	<b>(231)</b>	231	<b>-</b>
Transfer of profit	-	359 429	-	(359 429)	-	-	-
Other	-	-	-	(112)	<b>(112)</b>	-	<b>(112)</b>
<b>Equity as at 30 September 2023</b>	<b>257 131</b>	<b>710 977</b>	<b>(3 360)</b>	<b>199 636</b>	<b>1 164 384</b>	<b>79 014</b>	<b>1 243 398</b>
<b>Equity as at 1 July 2023</b>	<b>257 131</b>	<b>710 977</b>	<b>(5 237)</b>	<b>171 251</b>	<b>1 134 122</b>	<b>77 322</b>	<b>1 211 444</b>
Total comprehensive income	-	-	1 877	28 385	<b>30 262</b>	1 692	<b>31 954</b>
- profit	-	-	-	28 385	<b>28 385</b>	1 692	<b>30 077</b>
- foreign currency translation differences relating to foreign operations	-	-	1 877	-	<b>1 877</b>	-	<b>1 877</b>
<b>Equity as at 30 September 2023</b>	<b>257 131</b>	<b>710 977</b>	<b>(3 360)</b>	<b>199 636</b>	<b>1 164 384</b>	<b>79 014</b>	<b>1 243 398</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

*This financial statement is English version of the original in Polish, which is ultimately the only binding document.*

## 1 Parent 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: trade in scrap, casting steel billets from scrap and production of long steel products from billets.

## 2 Cognor Holding S.A. Group

The condensed consolidated interim financial statements as at and for the nine months ended 30 September 2023 comprise the Parent Company and its subsidiaries ("the Group"). Details of the subsidiaries that comprise the Group as at 30 September 2023 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	94.40%	2006-01-27*
COGNOR HOLDING S.A. Sp. k.	Poland	50.9% (share in profit), 88.13% (contributions held, voting rights)	2008-03-25*
MADROHUT Sp. z o.o.	Poland	23.6% (associate in which 25% of shares are held directly by Cognor S.A.)	11.04.2014
JAP INDUSTRIES s.r.o.	Czechia	100.00%	2023-01-01
HUTNIK KRAKÓW Sp. z o.o.	Poland	100.00%	2023-03-17
ECOGNOR Sp. z o.o.	Poland	75.00%	2023-04-03

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

### Acquisitions, mergers and disposal of companies within the Capital Group

#### Acquisitions in 2023

On December 15, 2022, Cognor Holding S.A. signed an agreement to purchase 100% of shares in JAP Industries s.r.o. and SPED-EX Trinec s.r.o. for the total amount of CZK 280,000 thousand. The agreement entered into force on January 1, 2023. Data related to the acquisition of these companies are presented in Note 5.

Hutnik Kraków Sp. z o. o., a new company has been registered on March 17, 2023, with a share capital of 200,000 PLN, in which Cognor Holding S.A. acquired 100% of the shares. On February 22, 2023, this company, while still in organization, acquired an organized part of the enterprise from the association Nowy Hutnik 2010, including the Hutnik Kraków football club. As a result of the transaction, the company recognized a gain on a bargain purchase in the amount of PLN 240 thousand.

On April 3, 2023, a new company, Ecognor Sp. z o.o. has been registered, with a capital of PLN 1,000 thousand, in which Cognor Holding S.A. acquired 75% of the shares. The aim of the company is to develop an innovative technology and to build from scratch and run a plant producing profiles, boards and other elements solely on the basis of plastic waste for various industries.

#### Mergers in 2023

On July 1, 2023, the merger of JAP Industries s.r.o. and SPED-EX Trinec s.r.o. was registered. The merger had no impact on these consolidated financial statements.

### 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 2022.

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 November 2023.

#### b) Ongoing basis

The condensed consolidated financial statements as of and for the period ended 30 September 2023 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 2022, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

#### Initial application of new amendments to the existing standards effective for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period:

- a) IFRS 17 "Insurance Contracts" including amendments to IFRS 17 issued by IASB on 25 June 2020 - adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- b) Amendments to IFRS 17 "Insurance contracts" - Initial Application of IFRS 17 and IFRS 9 – Comparative Information, adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after 1 January 2023),
- c) Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure of Accounting Policies adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- d) Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- e) Amendments to IAS 12 "Income Taxes" - Deferred Tax related to Assets and Liabilities arising from a Single Transaction adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023),
- f) amendments to IFRS 4 - extension of the temporary exemption from the application of IFRS 9 (effective for annual periods beginning on or after 1 January 2023).

The adoption of amendments to the existing standards has not led to any material changes in the Group's consolidated financial statements.

#### New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU as at date of this report (the effective dates stated below is for IFRS as issued by IASB):

- a) Amendments to IAS 1 "Presentation of Financial Statements" - Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),
- b) Amendments to IFRS 16 "Leases" - Lease Liability in a Sale and Leaseback and Covid-19-Related Rent Concessions beyond 30 June 2021 (effective for annual periods beginning on or after 1 January 2024),
- c) Amendments to IFRS 7 and IAS 7 regarding suppliers finance arrangements (effective for annual periods beginning on or after January 1, 2024 - approved by the EU on July 17, 2023)

The Group anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Group in the period of initial application.

#### 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 2022.

When preparing the interim condensed consolidated financial statements, accounting estimates and assumptions were made, in particular in determining the expected revenues from compensation for the increase in quotations of CO2 emission rights, assets and liabilities relating to leases, settlements with the owner, depreciation costs of fixed and intangible assets, inventory valuation, valuation of receivables and derivatives, determination of the value of provisions and valuation of assets and provisions for deferred tax and asset impairment analysis.

#### e) Additional comparative periods

The Group publishes additional comparative periods for the last 12 months for the statement of profit or loss and other income and for cash flow statement.

### 4 Transformation of comparative data in the consolidated financial statements

The Group decided to present lease liabilities in a separate item in the balance sheet and to separate them from the previous combined presentation with other liabilities due to loans, borrowings and other debt instruments. Appropriate transformations were made in the notes.

#### Change in the presentation of lease liabilities

Excerpt from the consolidated statement of financial position as at September 30, 2022

<i>in PLN thousand</i>	according to the approved report for September		Restated data
	30, 2022	Adjustments	
Interest-bearing loans and borrowings	334 483	(97 409)	237 074
Lease liabilities	-	97 409	97 409
<b>Total non-current liabilities</b>	<b>353 779</b>	<b>-</b>	<b>353 779</b>
Interest-bearing loans and borrowings	62 011	(19 401)	42 610
Lease liabilities	-	19 401	19 401
<b>Total current liabilities</b>	<b>489 932</b>	<b>-</b>	<b>489 932</b>

### 5 Acquisition of subsidiaries

On December 15, 2022, the company signed an agreement to purchase 100% of shares in companies JAP Industries s.r.o. and SPED-EX Trinec s.r.o. for the total amount of CZK 280,000 thousand.

JAP Industries s.r.o. is a manufacturer of graphite products, including graphite electrodes produced in the process of impregnation of a semi-finished product purchased from external suppliers developed by this company. This entity is also involved in, among other things, trading in ferroalloys. Electrodes and ferroalloys are the key materials used by the Cognor Holding Capital Group in the process of melting steel using the electric arc furnace (EAF). The company has so far been a long-term supplier of the subsidiary company Cognor S.A.

SPED-EX Trinec s.r.o. is a company that provides specific services, including logistics, to JAP Industries s.r.o. and does not conduct any other activity.

The acquisition of these companies will shorten the supply chains and reduce the Group's risk related to the timely delivery of key materials.

In 2022, JAP Industries s.r.o. achieved sales revenue of CZK 1 090 987 thousand and a net profit of CZK 131 276 thousand, while SPED-EX Trinec s.r.o. achieved sales revenue of CZK 18 333 thousand and a net profit of CZK 481 thousand. As at 31 December 2022, the Group had trade liabilities towards the acquired companies in the amount of PLN 2 856 thousand. In 2022, the Group made purchases from the acquired companies in the amount of PLN 19 719 thousand.

The purchase agreement entered into force on January 1, 2023 and this is the date of taking control over the acquired companies, thus the acquisition will be settled in the consolidated financial statements of the Group in 2023. The average exchange rate of the National Bank of Poland of January 2, 2023 PLN/CZK 0.1936 was used to convert the acquired net assets as well as to pay for it. There are no settlements with the selling party regarding the purchase price depending on the fulfillment of any conditions.

As at the date of preparation of these consolidated financial statements, the accounting settlement of the acquisition has not been completed. The Group presented provisional fair values for all identifiable assets acquired and liabilities assumed. In particular, the Group decided to engage independent experts to carry out the fair value measurement of the acquired assets and assumed liabilities. The Group plans to finalize the accounting settlement of acquisition transaction within 12 months from the acquisition date. The Management Board believes that the final settlement will not differ significantly from the data presented in this interim report.

Acquired net assets	Fair values		Total
	JAP	SPED-EX	
Property, plant and equipment	38 954	179	39 133
Intangible assets	8 092	-	8 092
Inventories	83 399	-	83 399
Trade and other receivables	25 762	1 764	27 526
Other assets	361	-	361
Deferred tax assets	-	65	65
Cash and cash equivalents	26 436	376	26 812
Trade and other liabilities	(14 346)	(626)	(14 972)
Employee benefits obligation	(53)	(20)	(73)
Deferred tax liabilities	(6 703)	-	(6 703)
<b>A. Total identifiable assets acquired and liabilities assumed</b>	<b>161 902</b>	<b>1 738</b>	<b>163 640</b>
<b>B. The consideration transferred, of which:</b>			<b>51 597</b>
- in the form of cash 60% of the price (CZK 168 million)			32 525
- 20% of the price (CZK 56 million) within 1 year from the date of closing the transaction (discounted value)			9 947
- 20% of the price (CZK 56 million) within 2 years from the date of closing the transaction (discounted value)			9 125
<b>C. Costs related to the acquisition of shares</b>			<b>207</b>
<b>Gain from a bargain purchase (A-B-C)</b>			<b>111 836</b>

## 6 Revenues from sale

in PLN thousand

	01.01.2023- 30.09.2023	01.01.2022- 30.09.2022
Revenue from sale goods or services transferred to customers at a point in time	2 144 133	2 735 629
Revenue from sale goods or services transferred to customers over time	7 412	7 886
	<b>2 151 545</b>	<b>2 743 515</b>
Revenues from sale of products	1 592 080	2 376 769
Revenues from sale of services	38 689	33 887
Revenues from sale of goods	518 410	331 904
Revenues from sale of raw materials	2 366	955
	<b>2 151 545</b>	<b>2 743 515</b>



**Revenues are generated from the following sources:**

-sale of steel scrap and non-ferrous metals scrap	200 912	299 828
-sale of slabs, ingots	416 747	586 522
-sale of rolled bars, rolled slabs and sheets	770 458	894 267
-sale of ribbed, flat, round, square bars, angles, tees, channels, sections	256 929	780 311
-sale of bronze and zinc casting alloys shafts and sleeves	93 386	94 824
-sale of graphite electrodes and ferroalloys	75 653	-
-sale of transport services	18 620	24 143
-sale of houses and apartments	-	32 255
-sale resulting from the construction contract	7 412	7 886
-sale of electricity and gas	251 542	-
-sale of CO2 emission allowances	22 728	-
-other sale	37 158	23 479

In 2020, the Group concluded 2-3-year futures contracts for the purchase of electricity and gas for own needs, of which for a subsidiary Cognor S.A., Ferrostal Łabędy division, these were base contracts requiring daily balancing on the stock exchange due to the daily demand for these utilities being uneven over time. Due to production downtimes of individual plants, resulting from the implementation of modernization projects Cognor S.A. was obliged to resell unused significant volumes of electricity and gas on the exchange. As the market prices of these media in 2023 were significantly higher than the purchase forward prices under the contracts concluded in 2020, and the unused volumes were significant, this year the Company generated sales revenues on these transactions in the total amount of PLN 251 541 thousand (PLN 251 307 thousand for electricity, PLN 234 thousand for gas) and a profit in total amount of PLN 50 537 thousand (PLN 50 303 thousand for electricity, PLN 234 thousand for gas). The purchase of electricity and gas is made with the assumption of consumption for own needs, resale takes place as a result of production downtime. There are no obligations to return on account of the transactions carried out. On the basis of the conducted analyzes, due to the described situation and the purchase of energy with the intention of using it for own needs, the Group does not measure open contracts for the purchase of energy and gas to fair value.

Moreover, in the period of 9 months of 2023, due to production downtime, the Group sold unused CO2 emission allowances and recognized revenue from this in the amount of PLN 22 728 thousand, and a profit of PLN 14 839 thousand.

## 7 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), including from other segments, 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, including from other segments, 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
- graphite electrodes and ferroalloys: including the production and purchase of graphite electrodes and ferroalloys, 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.



## 7 Segment reporting - continued

### Business segments (for the three months ended 30 September)

in PLN thousand

30.09.2023	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Graphite electrodes and ferroalloys	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	32 333	38 105	36 063	187 802	44 419	22 197	27 536	20 143	87 466	2 977		
Inter-segment revenue	46 061	19 798	5 411	4 821	337	3 304	-	4 672	2 476	1 534		
<b>Total revenue</b>	<b>78 394</b>	<b>57 903</b>	<b>41 474</b>	<b>192 623</b>	<b>44 756</b>	<b>25 501</b>	<b>27 536</b>	<b>24 815</b>	<b>89 942</b>	<b>4 511</b>	<b>(87 958)</b>	<b>499 497</b>
Cost of sales to external customers	(30 568)	(37 387)	(52 738)	(148 827)	(74 366)	(20 066)	(24 180)	(16 980)	(50 227)	(2 657)		
Inter-segment cost of sales	(43 589)	(16 805)	(5 526)	(3 464)	(431)	(3 003)	-	(4 036)	(1 618)	(33)		
<b>Total cost of sales</b>	<b>(74 157)</b>	<b>(54 192)</b>	<b>(58 264)</b>	<b>(152 291)</b>	<b>(74 797)</b>	<b>(23 069)</b>	<b>(24 180)</b>	<b>(21 016)</b>	<b>(51 845)</b>	<b>(2 690)</b>	<b>78 804</b>	<b>(457 697)</b>
<b>Segment result</b>	<b>4 237</b>	<b>3 711</b>	<b>(16 790)</b>	<b>40 332</b>	<b>(30 041)</b>	<b>2 432</b>	<b>3 356</b>	<b>3 799</b>	<b>38 097</b>	<b>1 821</b>	<b>(9 154)</b>	<b>41 800</b>
Other income	30	5 966	10 787	25 691	9 255	15	61	-	697	1	(251)	52 252
Distribution and administrative expenses	(5 178)	(1 858)	(2 695)	(12 468)	(4 227)	(1 532)	(1 193)	(2 196)	(2 992)	(6 309)	837	(39 811)
Other gain/(losses) net	79	296	884	1 031	1 382	18	218	506	399	4 800	(1 457)	8 156
Other expenses	(47)	(384)	(191)	(1 636)	(142)	(20)	(36)	(1)	(48)	(47)	155	(2 397)
<b>Operating profit/(loss)</b>	<b>(879)</b>	<b>7 731</b>	<b>(8 005)</b>	<b>52 950</b>	<b>(23 773)</b>	<b>913</b>	<b>2 406</b>	<b>2 108</b>	<b>36 153</b>	<b>266</b>	<b>(9 870)</b>	<b>60 000</b>
Net financing costs										(19 305)	6	(19 299)
Share of profit of associates, net of tax												22
Gain on bargain purchase												-
Income tax expense												(10 646)
<b>Profit for the period</b>												<b>30 077</b>

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Graphite electrodes and ferroalloys	Other	Unallocated	Eliminations	Consolidated
<b>30.09.2022</b>												
Revenue from external customers	47 213	109 334	71 139	251 254	200 086	24 728	30 551	-	10 792	3 120		
Inter-segment revenue	67 252	42 955	2 244	13 590	3 355	8 055	-	-	10 528	2 561		
<b>Total revenue</b>	<b>114 465</b>	<b>152 289</b>	<b>73 383</b>	<b>264 844</b>	<b>203 441</b>	<b>32 783</b>	<b>30 551</b>	<b>-</b>	<b>21 320</b>	<b>5 681</b>	<b>(149 333)</b>	<b>749 424</b>
Cost of sales to external customers	(44 975)	(95 520)	(36 318)	(193 067)	(108 556)	(23 125)	(25 537)	-	(7 683)	(2 798)		
Inter-segment cost of sales	(63 968)	(33 481)	(2 536)	(8 981)	(4 189)	(7 592)	-	-	(10 208)	(65)		
<b>Total cost of sales</b>	<b>(108 943)</b>	<b>(129 001)</b>	<b>(38 854)</b>	<b>(202 048)</b>	<b>(112 745)</b>	<b>(30 717)</b>	<b>(25 537)</b>	<b>-</b>	<b>(17 891)</b>	<b>(2 863)</b>	<b>143 469</b>	<b>(525 130)</b>
<b>Segment result</b>	<b>5 522</b>	<b>23 288</b>	<b>34 529</b>	<b>62 796</b>	<b>90 696</b>	<b>2 066</b>	<b>5 014</b>	<b>-</b>	<b>3 429</b>	<b>2 818</b>	<b>(5 864)</b>	<b>224 294</b>
Other income	29	871	1 314	2 224	3 614	3	48	-	831	671	(99)	9 506
Distribution and administrative expenses	(464)	(6 143)	(3 799)	(14 435)	(11 491)	(5 282)	(1 612)	-	(2 039)	(10 849)	583	(55 531)
Other gain/(losses) net	(3)	646	597	1 953	1 459	12	317	-	261	5 228	-	10 470
Other expenses	(123)	(201)	(3 603)	(489)	(9 764)	(26)	(85)	-	(1 667)	(563)	81	(16 440)
<b>Operating profit</b>	<b>4 961</b>	<b>18 461</b>	<b>29 038</b>	<b>52 049</b>	<b>74 514</b>	<b>(3 227)</b>	<b>3 682</b>	<b>-</b>	<b>815</b>	<b>(2 695)</b>	<b>(5 299)</b>	<b>172 299</b>
Net financing costs										(6 406)	(1)	(6 407)
Share of profit of associates, net of tax												-
Income tax expense												(35 549)
<b>Profit/(loss) for the period</b>												<b>130 343</b>

## Business segments (for the nine months ended 30 September)

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Graphite electrodes and ferroalloys	Other	Unallocated	Eliminations	Consolidated
<b>30.09.2023</b>												
Revenue from external customers	134 204	198 003	218 744	770 458	256 929	66 708	93 386	75 653	328 391	7 433		
Inter-segment revenue	220 851	71 662	62 129	33 885	7 246	15 446	-	14 886	20 854	14 603		
<b>Total revenue</b>	<b>355 055</b>	<b>269 665</b>	<b>280 873</b>	<b>804 343</b>	<b>264 175</b>	<b>82 154</b>	<b>93 386</b>	<b>90 539</b>	<b>349 245</b>	<b>22 036</b>	<b>(459 926)</b>	<b>2 151 545</b>
Cost of sales to external customers	(126 742)	(183 805)	(240 930)	(625 693)	(299 045)	(62 028)	(81 167)	(68 351)	(247 309)	(6 677)		
Inter-segment cost of sales	(213 458)	(61 480)	(57 023)	(26 700)	(7 403)	(14 297)	-	(13 753)	(16 814)	(8 088)		
<b>Total cost of sales</b>	<b>(340 200)</b>	<b>(245 285)</b>	<b>(297 953)</b>	<b>(652 393)</b>	<b>(306 448)</b>	<b>(76 325)</b>	<b>(81 167)</b>	<b>(82 104)</b>	<b>(264 123)</b>	<b>(14 765)</b>	<b>442 746</b>	<b>(1 918 017)</b>
<b>Segment result</b>	<b>14 855</b>	<b>24 380</b>	<b>(17 080)</b>	<b>151 950</b>	<b>(42 273)</b>	<b>5 829</b>	<b>12 219</b>	<b>8 435</b>	<b>85 122</b>	<b>7 271</b>	<b>(17 180)</b>	<b>233 528</b>
Other income	227	11 396	22 308	46 698	23 604	56	169	220	1 980	4	(1 002)	105 660
Distribution and administrative expenses	(18 172)	(11 608)	(10 315)	(48 297)	(17 846)	(4 200)	(4 605)	(6 677)	(10 459)	(22 562)	9 707	(145 034)
Other gain/(losses) net	55	(498)	(1 069)	(2 041)	5 895	(1)	(409)	244	399	3 632	(4 227)	1 980
Other expenses	(384)	(655)	(631)	(2 685)	(2 272)	(87)	(50)	(53)	(103)	(79)	907	(6 092)
<b>Operating profit/(loss)</b>	<b>(3 419)</b>	<b>23 015</b>	<b>(6 787)</b>	<b>145 625</b>	<b>(32 892)</b>	<b>1 597</b>	<b>7 324</b>	<b>2 169</b>	<b>76 939</b>	<b>(11 734)</b>	<b>(11 795)</b>	<b>190 042</b>
Net financing costs										(47 465)	(82)	(47 547)
Share of profit of associates, net of tax												17
Gain on bargain purchase												112 076
Income tax expense												(27 158)
<b>Profit for the period</b>												<b>227 430</b>

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Graphite electrodes and ferroalloys	Other	Unallocated	Eliminations	Consolidated
<b>30.09.2022</b>												
Revenue from external customers	216 569	299 706	286 816	894 267	780 311	83 259	94 824	-	76 974	7 913		
Inter-segment revenue	325 276	101 476	54 293	38 304	58 597	21 855	-	-	21 126	22 771		
<b>Total revenue</b>	<b>541 845</b>	<b>401 182</b>	<b>341 109</b>	<b>932 571</b>	<b>838 908</b>	<b>105 114</b>	<b>94 824</b>	<b>-</b>	<b>98 100</b>	<b>30 684</b>	<b>(640 822)</b>	<b>2 743 515</b>
Cost of sales to external customers	(197 362)	(263 458)	(199 457)	(674 645)	(553 391)	(76 799)	(80 041)	-	(58 058)	(7 094)		
Inter-segment cost of sales	(311 406)	(82 642)	(37 570)	(26 633)	(42 578)	(20 222)	-	-	(18 034)	(3 553)		
<b>Total cost of sales</b>	<b>(508 768)</b>	<b>(346 100)</b>	<b>(237 027)</b>	<b>(701 278)</b>	<b>(595 969)</b>	<b>(97 021)</b>	<b>(80 041)</b>	<b>-</b>	<b>(76 092)</b>	<b>(10 647)</b>	<b>632 957</b>	<b>(2 019 986)</b>
<b>Segment result</b>	<b>33 077</b>	<b>55 082</b>	<b>104 082</b>	<b>231 293</b>	<b>242 939</b>	<b>8 093</b>	<b>14 783</b>	<b>-</b>	<b>22 008</b>	<b>20 037</b>	<b>(7 865)</b>	<b>723 529</b>
Other income	44	2 280	4 232	7 516	10 684	15	247	-	2 117	684	(222)	27 597
Distribution and administrative expenses	(19 546)	(14 729)	(7 999)	(44 462)	(39 245)	(3 810)	(4 151)	-	(5 217)	(38 778)	12 774	(165 163)
Other gain/(losses) net	156	1 007	707	3 307	1 561	45	633	-	525	3 455	(235)	11 161
Other expenses	(165)	(557)	(3 805)	(1 826)	(10 114)	(38)	(297)	-	(1 741)	(1 423)	399	(19 567)
<b>Operating profit</b>	<b>13 566</b>	<b>43 083</b>	<b>97 217</b>	<b>195 828</b>	<b>205 825</b>	<b>4 305</b>	<b>11 215</b>	<b>-</b>	<b>17 692</b>	<b>(16 025)</b>	<b>4 851</b>	<b>577 557</b>
Net financing costs										20 137	83	20 220
Share of profit of associates, net of tax												106
Income tax expense												(121 004)
<b>Profit for the period</b>												<b>476 879</b>

## Business segments (for the twelve months ended 30 September)

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Graphite electrodes and ferroalloys	Other	Unallocated	Eliminations	Consolidated
<b>30.09.2023</b>												
Revenue from external customers	178 190	281 387	267 559	1 034 080	413 157	90 941	120 778	75 653	600 332	10 142		
Inter-segment revenue	297 559	93 014	102 889	44 745	15 382	21 975	-	14 886	27 993	17 129		
<b>Total revenue</b>	<b>475 749</b>	<b>374 401</b>	<b>370 448</b>	<b>1 078 825</b>	<b>428 539</b>	<b>112 916</b>	<b>120 778</b>	<b>90 539</b>	<b>628 325</b>	<b>27 271</b>	<b>(633 071)</b>	<b>3 074 720</b>
Cost of sales to external customers	(167 099)	(256 145)	(319 394)	(827 478)	(543 654)	(84 511)	(104 729)	(68 351)	(331 582)	(9 105)		
Inter-segment cost of sales	(287 715)	(79 147)	(86 141)	(34 523)	(14 946)	(20 279)	-	(13 753)	(23 469)	(8 139)		
<b>Total cost of sales</b>	<b>(454 814)</b>	<b>(335 292)</b>	<b>(405 535)</b>	<b>(862 001)</b>	<b>(558 600)</b>	<b>(104 790)</b>	<b>(104 729)</b>	<b>(82 104)</b>	<b>(355 051)</b>	<b>(17 244)</b>	<b>609 719</b>	<b>(2 670 441)</b>
<b>Segment result</b>	<b>20 935</b>	<b>39 109</b>	<b>(35 087)</b>	<b>216 824</b>	<b>(130 061)</b>	<b>8 126</b>	<b>16 049</b>	<b>8 435</b>	<b>273 274</b>	<b>10 027</b>	<b>(23 352)</b>	<b>404 279</b>
Other income	509	15 064	24 519	58 875	27 948	115	246	220	7 155	737	(2 573)	132 815
Distribution and administrative expenses	(24 148)	(15 788)	(11 596)	(63 871)	(25 993)	(5 643)	(5 959)	(6 677)	(15 604)	(31 934)	10 256	(196 957)
Other gain/(losses) net	69	(1 505)	(1 799)	(5 361)	4 257	(6)	(790)	244	88	(1 350)	(3 370)	(9 523)
Other expenses	(441)	(679)	2 040	(2 768)	4 988	(102)	212	(53)	304	(240)	1 336	4 597
<b>Operating profit/(loss)</b>	<b>(3 076)</b>	<b>36 201</b>	<b>(21 923)</b>	<b>203 699</b>	<b>(118 861)</b>	<b>2 490</b>	<b>9 758</b>	<b>2 169</b>	<b>265 217</b>	<b>(22 760)</b>	<b>(17 703)</b>	<b>335 211</b>
Net financing costs										(61 919)	(92)	(62 011)
Share of profit of associates, net of tax												133
Gain on bargain purchase												112 076
Income tax expense												(24 485)
<b>Profit for the period</b>												<b>360 924</b>

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Graphite electrodes and ferroalloys	Other	Unallocated	Eliminations	Consolidated
<b>30.09.2022</b>												
Revenue from external customers	277 888	371 201	347 905	1 100 906	1 132 349	111 080	121 261	-	100 167	8 453		
Inter-segment revenue	400 514	130 645	67 552	42 841	92 675	26 003	-	-	24 039	29 525		
<b>Total revenue</b>	<b>678 402</b>	<b>501 846</b>	<b>415 457</b>	<b>1 143 747</b>	<b>1 225 024</b>	<b>137 083</b>	<b>121 261</b>	<b>-</b>	<b>124 206</b>	<b>37 978</b>	<b>(810 893)</b>	<b>3 574 111</b>
Cost of sales to external customers	(252 283)	(328 664)	(248 726)	(832 135)	(816 467)	(101 950)	(100 841)	-	(75 069)	(8 312)		
Inter-segment cost of sales	(382 696)	(107 776)	(48 023)	(29 841)	(68 227)	(24 151)	-	-	(20 201)	(7 882)		
<b>Total cost of sales</b>	<b>(634 979)</b>	<b>(436 440)</b>	<b>(296 749)</b>	<b>(861 976)</b>	<b>(884 694)</b>	<b>(126 101)</b>	<b>(100 841)</b>	<b>-</b>	<b>(95 270)</b>	<b>(16 194)</b>	<b>793 833</b>	<b>(2 659 411)</b>
<b>Segment result</b>	<b>43 423</b>	<b>65 406</b>	<b>118 708</b>	<b>281 771</b>	<b>340 330</b>	<b>10 982</b>	<b>20 420</b>	<b>-</b>	<b>28 936</b>	<b>21 784</b>	<b>(17 060)</b>	<b>914 700</b>
Other income	206	4 050	5 837	13 843	18 076	53	340	-	2 216	693	(6 988)	38 326
Distribution and administrative expenses	(26 048)	(18 660)	(9 018)	(57 154)	(51 900)	(5 346)	(6 041)	-	(8 041)	(47 344)	19 509	(210 043)
Other gain/(losses) net	266	328	716	588	1 615	67	619	-	442	3 463	(373)	7 731
Other expenses	(344)	(749)	(3 867)	(2 481)	(10 394)	(79)	(383)	-	(1 795)	(2 515)	462	(22 145)
<b>Operating profit</b>	<b>17 503</b>	<b>50 375</b>	<b>112 376</b>	<b>236 567</b>	<b>297 727</b>	<b>5 677</b>	<b>14 955</b>	<b>-</b>	<b>21 758</b>	<b>(23 919)</b>	<b>(4 450)</b>	<b>728 569</b>
Net financing costs										25 200	84	25 284
Share of profit of associates, net of tax												244
Income tax expense												(151 866)
<b>Profit for the period</b>												<b>602 231</b>

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Graphite electrodes and ferroalloys	Other	Unallocated	Eliminations	Consolidated
<b>30.09.2023</b>												
Segment assets	94 741	85 755	355 745	348 603	714 367	22 440	41 376	79 628	68 362	515 755	(63 435)	<b>2 263 337</b>
Segment liabilities	28 138	30 195	124 397	122 718	112 243	6 703	13 510	7 428	27 947	658 761	(112 101)	<b>1 019 939</b>
Depreciation and amortisation	(4 447)	(3 108)	(3 958)	(12 636)	(6 309)	(1 023)	(969)	(423)	(1 005)	(1 247)	(1 579)	<b>(36 704)</b>
Capital expenditures	1 567	4 828	29 677	19 625	206 120	361	371	31	8 744	-	-	<b>271 324</b>

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Graphite electrodes and ferroalloys	Other	Unallocated	Eliminations	Consolidated
<b>31.12.2022</b>												
Segment assets	93 215	101 898	150 116	320 098	751 546	18 011	37 714	-	50 658	604 309	(44 549)	<b>2 083 016</b>
Segment liabilities	27 148	50 749	52 716	159 490	123 466	5 615	6 997	-	29 217	487 868	(88 681)	<b>854 585</b>
Depreciation and amortisation*	(4 664)	(4 792)	(2 723)	(14 918)	(13 240)	(966)	(1 248)	-	(1 013)	(811)	124	<b>(44 251)</b>
Capital expenditures*	2 800	1 966	31 093	6 056	128 250	579	738	-	5 451	-	-	<b>176 933</b>

\* for the entire year 2022

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Graphite electrodes and ferroalloys	Other	Unallocated	Eliminations	Consolidated
<b>30.09.2022</b>												
Segment assets	106 148	107 332	137 899	329 684	732 178	21 130	40 461	-	50 573	506 008	(92 764)	<b>1 938 649</b>
Segment liabilities	40 700	44 548	58 958	137 088	149 159	8 021	12 239	-	33 784	468 647	(109 433)	<b>843 711</b>
Depreciation and amortisation	(3 542)	(3 573)	(2 119)	(9)	(20 929)	(695)	(933)	-	(769)	(593)	90	<b>(33 072)</b>
Capital expenditures	2 696	1 684	15 308	5 095	84 509	526	558	-	3 931	-	-	<b>114 307</b>

### Unallocated assets

in PLN thousand

Long-term and short-term investments	1 019	1 164	1 196
Deferred tax assets	1 449	14 339	-
Investment property	116	117	117
Financial assets due to valuation of derivative instruments	38 667	57 393	71 646
Income tax receivable	19 900	16 172	38
Cash and cash equivalents	168 178	335 761	284 426
Assets held for sale	6 955	6 971	6 977
Other receivables (statutory receivables, receivables relating to sale of subsidiaries, etc)	203 921	107 213	82 358
Assets of central office	75 550	65 179	59 250

30.09.2023	31.12.2022	30.09.2022
1 019	1 164	1 196
1 449	14 339	-
116	117	117
38 667	57 393	71 646
19 900	16 172	38
168 178	335 761	284 426
6 955	6 971	6 977
203 921	107 213	82 358
75 550	65 179	59 250
<b>515 755</b>	<b>604 309</b>	<b>506 008</b>

### Unallocated liabilities

in PLN thousand

Interest-bearing loans and borrowings	416 574	283 936	279 684
Lease liabilities	125 137	114 041	116 810
Bank overdraft	33 217	46	1 095
Deferred tax liabilities	15 509	-	1 615
Provisions	1 300	1 330	1 300
Government grants and other deferred income	7 207	8 096	9 152
Current income tax payables	67	783	13 187
Other liabilities	50 356	57 419	27 085
Liabilities of disposal assets held for sale	1 521	1 545	1 523
Liabilities of central office	7 873	20 672	17 196

30.09.2023	31.12.2022	30.09.2022
416 574	283 936	279 684
125 137	114 041	116 810
33 217	46	1 095
15 509	-	1 615
1 300	1 330	1 300
7 207	8 096	9 152
67	783	13 187
50 356	57 419	27 085
1 521	1 545	1 523
7 873	20 672	17 196
<b>658 761</b>	<b>487 868</b>	<b>468 647</b>



## 8 Property, plant and equipment

During the three months ended 30 September 2023, the Group acquired property, plant and equipment at a cost of PLN 156 341 thousand (three months ended 30 September 2022: PLN 28 386 thousand). Assets with a net book value of PLN 1 078 thousand were disposed during the three months of 2023 (three months ended 30 September 2022: PLN 111 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 397 thousand (three months ended 30 September 2022: a net gain on disposal of PLN 21 thousand).

During the nine months ended 30 September 2023, the Group acquired property, plant and equipment at a cost of PLN 339 147 thousand (nine months ended 30 September 2022: PLN 131 401 thousand). Assets with a net book value of PLN 1 331 thousand were disposed during the nine months of 2023 (nine months ended 30 September 2022: PLN 160 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 7 141 thousand (nine months ended 30 September 2022: a net gain on disposal of PLN 344 thousand).

During the twelve months ended 30 September 2023, the Group acquired property, plant and equipment at a cost of PLN 405 916 thousand (twelve months ended 30 September 2022: PLN 164 261 thousand). Assets with a net book value of PLN 3 095 thousand were disposed of during the twelve months ended 30 September 2023 (twelve months ended 30 September 2022: PLN 1 728 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 7 613 thousand (twelve months ended 30 September 2022: a net gain on disposal of PLN 1 026 thousand).

### Capital commitments

As at 30 September 2023 the Group had capital commitments in the amount of PLN 88 532 thousand (30 June 2023: PLN 28 049 thousand, 31 December 2022: PLN 21 344 thousand; 30 September 2022: PLN 14 573 thousand).

In addition, the Group has the following material contractual investment obligations (not shown in the statement of financial position)

Investment project	Capital commitment as at 30 September 2023 (in thousand PLN)
Construction works (Siemianowice Śl.)	282 352
Production line for the production of hot-rolled bars (new rolling mill for light sections - Siemianowice Śl.)	55 459
Automatic storage warehouse (Siemianowice Śl.)	42 833
Purchase of cranes (Siemianowice Śl.)	15 897
Connection to the power network (gas, electricity - Siemianowice Śl.)	3 469
Contractor (Siemianowice Śl.)	10
Compressor room (Siemianowice Śl.)	1 036
Gas station (Siemianowice Śl.)	241
Investor supervision (Siemianowice Śl.)	972
Winch for straightener (Siemianowice Śl.)	917
Transfer vehicle (Siemianowice Śl.)	210
Transformer 25 MVA 1 pc (Siemianowice Śl.)	2 600
Lathes (Siemianowice Śl.)	2 439
Transformer 4.5 MVA 4 pcs (Siemianowice Śl.)	2 587
Rod winding installation - spooler (Kraków)	2 702
Electricity and automation (Kraków)	4 079
Construction and installation works (Kraków)	4 399
4 gantry cranes (Kraków)	789
Installation of furnace (Kraków)	5 839
Equipment assembly (Kraków)	2 608
Building project (Kraków)	136
Installation of the initial group of devices (Kraków)	1 416
Electrical and automatic works - spooler (Kraków)	12 006
Grinder (Kraków)	1 847
Testing machine (Kraków)	618
3 slag wagons (Gliwice)	2 169
Fire alarm system at the steelworks (Gliwice)	80
4MWp PV installation (Gliwice)	2 493

Skew roll straightener (Stalowa Wola)	17 122
EAF furnace power system (Stalowa Wola)	11 956
Rod improvement line (Stalowa Wola)	1 155
Construction of the second VOD tank (Stalowa Wola)	3 076
D5 furnace portal (Stalowa Wola)	780
Modernization of dust collection (Stalowa Wola)	2 666
60t batch crane (Stalowa Wola)	1 512
Wire feeder (Stalowa Wola)	878
Soft annealing furnace (Stalowa Wola)	352
	<b>491 700</b>

## 9 Trade and other receivables

### Short-term receivables

in PLN thousand

	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Trade receivables	141 178	173 197	185 436	251 764
Receivables under a construction contract*	32 462	29 741	25 045	22 352
Statutory receivables excluding income tax (including recognized receivables due to CO2 compensation)***	179 249	135 366	80 054	51 877
Prepayments for services and inventories	12 225	7 412	9 169	32 433
Prepayments for fixed assets	93 233	94 411	65 941	43 608
Factoring receivables	15 238	26 587	25 995	29 229
Payment for purchase of shares	-	-	32 558	
Other receivables	13 720	17 247	3 562	5 754
	<b>487 305</b>	<b>483 961</b>	<b>427 760</b>	<b>437 017</b>

### Long-term receivables

in PLN thousand

	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Prepayments**	14 512	14 170	13 497	13 159
Other receivables	564	473	474	499
	<b>15 076</b>	<b>14 643</b>	<b>13 971</b>	<b>13 658</b>

\* service provided to Przemysław Sztuczowski, President of the Management Board - more in note 18

\*\*costs of launching the investment loan at Banco Santander. Due to the partial use of the loan, the Group allocates proportionally the costs of disbursement to the loan tranches taken. The loan can be used until December 21, 2023

\*\*\* under this item, the Group discloses the estimated revenue related to compensations related to the increase in quotations of CO2 emission rights September 30, 2023: PLN 80 404 (June 30, 2023: PLN 72 161, December 31, 2022: PLN 42 245 thousand, September 30, 2022: PLN 42 248 thousand). This item also includes receivables from VAT, September 30, 2023: PLN 55 663 thousand (June 30, 2023: PLN 58 574 thousand December 31, 2022: PLN 36 439 thousand, September 30, 2022: PLN 8 454 thousand). As at September 30, 2023, the Group also recognized revenue of PLN 42 043 thousand in connection with the compensation due under the Act of September 29, 2022 on the principles of implementing support programs for entrepreneurs in connection with the situation on the energy market in 2022-2024

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 September 30, 2023 the Group discloses PLN 15 238 thousand of factoring receivables (as at June 30, 2023: PLN 26 587 thousand, December 31, 2022: PLN 25 995 thousand, as at September 30, 2022: PLN 29 229 thousand). The fair value of factoring receivables has been estimated based on provisions of factoring and insurance agreements.

The carrying value of trade receivables subject to factoring agreements, including the carrying value of factoring receivables and related liabilities that are continue to be recognized in the statement of financial position is shown below:

	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Trade receivables in total	261 505	384 338	377 322	510 976
Receivables subject to factoring without recourse	(120 327)	(211 141)	(191 886)	(259 212)
<b>Trade receivables net disclosed in the statement of financial position</b>	<b>141 178</b>	<b>173 197</b>	<b>185 436</b>	<b>251 764</b>
Receivables subject to factoring without recourse in the part not financed by the factor (factoring receivables)	15 238	26 587	25 995	29 229

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, the Group applies the simplified approach required by IFRS 9 and therefore the impairment allowance is calculated on the basis of expected loan losses over the entire lifetime of the receivables. The Group uses a write-off matrix in which the impairment allowances are calculated for trade receivables classified as different age ranges or past due periods.

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 September 30, 2023: PLN 570 thousand (as at June 30, 2023: PLN 552 thousand, as at December 31, 2022: PLN 594 thousand, as at September 30, 2022: PLN 242 thousand).

## 10 Inventories

in PLN thousand

	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Raw materials	183 597	193 515	196 043	160 947
Semi-finished goods and work in progress	172 927	159 680	60 509	136 075
Finished products	171 290	209 819	263 059	186 705
Goods for resale	28 441	25 989	29 467	33 003
	<b>556 255</b>	<b>589 003</b>	<b>549 078</b>	<b>516 730</b>

### Movements in allowances for inventories

in PLN thousand

	01.01.2023- 30.09.2023	01.01.2023- 30.06.2023	01.01.2022- 31.12.2022	01.01.2022 - 30.09.2022
Opening balance	(11 080)	(11 080)	(12 535)	(12 535)
Increase due to acquisition of subsidiaries	(100)	(100)	-	-
Recognition	(22 156)	(12 026)	(880)	-
Utilization	-	-	2 333	-
Reversal	-	-	2	-
F/x differences due to valuation of subsidiaries	12	38	-	-
<b>Closing balance</b>	<b>(33 324)</b>	<b>(23 168)</b>	<b>(11 080)</b>	<b>(12 535)</b>

In semi-finished goods and work in progress, the Group presents PLN 18 581 thousand as a development project implemented by a subsidiary Cognor Holding S.A. Sp.k. (30 June 2023: PLN 16 654 thousand, 31 December 2022: PLN 15 598 thousand, 30 September 2022: PLN 15 481 thousand).

## 11 Trade and other payables

### Short term

in PLN thousand

	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Trade payables	234 990	310 166	297 676	322 470
Statutory payables	17 277	16 458	46 287	15 520
Investment payables	88 532	28 049	21 344	14 573
Prepayments for services and deliveries of goods	13 198	7 452	7 771	1 641
Liabilities due to Shareholder	26	26	-	26
Dividend payables	97	97	-	-
Liabilities due to the acquisition of a subsidiary	10 325	10 202	-	-
Accrued expenses relating to bonuses for the Management Board	4 627	3 184	23 115	10 953
Payroll liabilities	9 662	11 002	10 535	9 896
Accrued expenses relating to employees	7 970	8 912	11 536	16 145
Accrued expenses	4 811	2 706	12 206	11 231
Other payables	3 614	4 364	597	1 643
	<b>395 129</b>	<b>402 618</b>	<b>431 067</b>	<b>404 098</b>

### Long term

in PLN thousand

	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Liabilities due to the acquisition of a subsidiary	9 355	9 227	-	-
	<b>9 355</b>	<b>9 227</b>	<b>-</b>	<b>-</b>

## 12 Equity

### Issued share capital

	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Registered shares number at reporting date	171 420 663	171 420 663	171 420 663	171 420 663
Number of issued warrants	94	94	94	94
<b>Nominal value of 1 share</b>	<b>1,5 PLN</b>	<b>1,5 PLN</b>	<b>1,5 PLN</b>	<b>1,5 PLN</b>

At 30 September 2023, the parent Company's share capital comprised 171 420 663 ordinary shares with a nominal value of PLN 1,5 each (30 June 2023: 171 420 663 ordinary shares, 31 December 2022: 171 420 663 ordinary shares; 30 September 2022: 171 420 663 ordinary shares).

The parent Company has no preference shares. Holders of ordinary shares are entitled to receive approved dividends and have the right to one vote per share at the General Meeting of the Company.

On April 24, 2023, the General Meeting of Shareholders of Parent Company adopted a resolution on the payment of dividends in the amount of PLN 209 133 thousand (PLN 1.22 per share). The record date was set for May 5, 2023, while the dividend payment date was set for May 16, 2023.

### Warrants

As of September 30, 2023, there are 94 series C warrants owned by PS HoldCo Sp. z o.o. These warrants entitle to take up shares of Cognor Holding S.A. at the issue price of PLN 1 million each. Due to the small number of potential shares resulting from the conversion of the above-mentioned warrants, it will not have a noticeable effect on the dilution of the consolidated results of the Group. These warrants expire on December 30, 2023.

### Issue of bonds convertible into shares and conditional capital increase

On November 23, 2022, the extraordinary shareholders' meeting adopted a resolution:

a) on the issue of series A registered bonds convertible into ordinary bearer shares of the Company of issue No. 13 with a total value not exceeding PLN 100,000 thousand with a nominal value of PLN 1,000.00 each bond. Bonds will bear interest at the level of WIBOR 6M increased by 2.6 percentage points. The bondholder shall have the right to: pay interest on the interest payment dates provided for in the terms and conditions of the issue; payment on the redemption date or on the early redemption date of the nominal value of each bond subject to redemption (including accrued and unpaid interest until that date); taking up the Company's ordinary bearer shares of issue no 13 with a nominal value of PLN 1.50 each bond, which will be issued as part of the conditional increase of the Company's share capital, in exchange for the bonds held on the terms set out in the resolution.

The conversion of bonds will take place according to the conversion factor of 200 shares per 1 bond. The minimum amount of converting bonds into shares is 1 bond. The shares shall be acquired by the bondholder at the issue price of PLN 5.00 each share. The bonds will be issued for a period of 5-10 years from the issue date. The details of the bond issue will be determined by the Management Board in the Bond Issue Terms.

b) on a conditional increase in the company's capital by an amount not exceeding PLN 30,000 thousand by issuing no more than 20,000 thousand ordinary bearer shares of issue No. 13 with a nominal value of PLN 1.50 each share. The issue price was set at PLN 5.00 per share. No special rights will be associated with the shares. The Company's share capital is increased in order to grant the series A bond holders the right to take up shares in the Company's increased share capital.

c) to deprive all shareholders of the Company of pre-emptive rights in relation to the series A bonds and the shares of issue no 13.

On March 8, 2023, the Management Board of Cognor Holding S.A. adopted a resolution on the issue of 100 000 Series A unsecured registered bonds convertible into shares with a nominal value of PLN 1 000 each and the total value of PLN 100 000 thousand with a redemption period of up to 7 years from the issue date. Details on convertible bonds are described in Note 14.

### The shareholders' structure

The ownership structure as at 30 September 2023 is presented in the table below:

Shareholder	Shares number	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
4Workers Sp. z o.o.*	127 608 221	74,44%	127 608 221	74,44%
Przemysław Sztuczkowski	4 886 771	2,85%	4 886 771	2,85%
Other shareholders	38 925 671	22,71%	38 925 671	22,71%
<b>Total</b>	<b>171 420 663</b>	<b>100,00%</b>	<b>171 420 663</b>	<b>100,00%</b>

\* Przemysław Sztuczkowski owns directly 100% of shares in 4Workers Sp. Z o.o. (on August 30, 2023, 4Workers merged with PS Holdco Sp. z o. o.) and therefore the shares owned by 4Workers 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 (August 18, 2023) 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.*	126 619 125	73,86%	126 619 125	73,86%
Przemysław Sztuczkowski	4 886 771	2,85%	4 886 771	2,85%
Pozostali akcjonariusze	39 914 767	23,28%	39 914 767	23,28%
<b>Total</b>	<b>171 420 663</b>	<b>100,00%</b>	<b>171 420 663</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 (November 14, 2023) is presented in the table below:

Shareholder	Shares number	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
4Workers Sp. z o.o.*	127 923 232	74,63%	127 923 232	74,63%
Przemysław Sztuczkowski	4 886 771	2,85%	4 886 771	2,85%
Pozostali akcjonariusze	38 610 660	22,52%	38 610 660	22,52%
<b>Total</b>	<b>171 420 663</b>	<b>100,00%</b>	<b>171 420 663</b>	<b>100,00%</b>

\* Przemysław Sztuczkowski owns directly 100% of shares in 4Workers Sp. Z o.o. (on August 30, 2023, 4Workers merged with PS Holdco Sp. z o. o.) and therefore the shares owned by 4Workers Sp. z o.o. represent the indirect participation of Przemysław Sztuczkowski in Cognor Holding S.A.

### 13 Earnings per share

The calculation of basic earnings per share for the three-month period ended 30 September 2023 was based on the profit attributable to ordinary shareholders of PLN 28 385 thousand (the three-month period ended 30 September 2022: profit PLN 123 124 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 30 September 2023 of 171 421 thousand (the three-month period ended 30 September 2022: 171 421 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the 3 months period ended September 30, 2023 was 191 421 thousand (30 September 2022: 171 421 thousand).

The calculation of basic earnings per share for the nine-month period ended 30 September 2023 was based on the profit attributable to ordinary shareholders of PLN 221 124 thousand (the nine-month period ended 30 September 2022: profit PLN 451 178 thousand) and a weighted average number of ordinary shares outstanding during the nine-month period ended 30 September 2023 of 171 421 thousand (the nine-month period ended 30 September 2022: 171 421 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the 9 months period ended September 30, 2023 was 186 976 thousand (30 September 2022: 171 421 thousand).

The calculation of basic earnings per share for the twelve-month period ended 30 September 2023 was based on the profit attributable to ordinary shareholders of PLN 347 863 thousand (the twelve-month period ended 30 September 2022: profit PLN 569 440 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 30 September 2023 of 171 421 thousand (the twelve-month period ended 30 September 2022: 171 421 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 30 September 2023 was 183 088 thousand (30 September 2022: 171 421 thousand).

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

in PLN thousand

	30.09.2023	30.06.2023	31.12.2022	30.09.2022 *restated
<b>Bank overdraft</b>	<b>33 217</b>	<b>28 000</b>	<b>46</b>	<b>1 095</b>
<b>Non-current liabilities</b>				
Secured bank loans	102 284	106 660	116 144	118 266
Secured debt (bonds)	79 351	119 219	118 901	118 766
Convertible bonds	98 214	98 218	-	-
Other borrowings	9 746	979	-	42
	<b>289 595</b>	<b>325 076</b>	<b>235 045</b>	<b>237 074</b>
<b>Current liabilities</b>				
Current portion of secured bank loans	13 707	8 785	2 426	327
Current portion of secured debt (bonds)	41 624	46 389	46 449	42 228
Current portion of convertible bonds	5 197	2 593	-	-
Other borrowings	66 451	50 438	16	55
	<b>126 979</b>	<b>108 205</b>	<b>48 891</b>	<b>42 610</b>

\*Note 4 includes the transformation of data in connection with the separation of financial leases and their presentation in a separate item of the statement of financial position



## Investment loan

On December 21, 2021, an investment loan agreement was signed between the subsidiary Cognor S.A. as the borrower and the Issuer as the guarantor, and Banco Santander S.A. as the sole organizer, agent and lender and Santander Bank Polska S.A. as a security agent, a hedging party and a bank issuing a letter of credit, on the basis of which Cognor S.A. an investment term loan was granted in EUR and PLN tranches, in the maximum amounts of EUR 30 500 thousand and PLN 240 000 thousand. This loan is intended to finance an investment related to the contract concluded by Cognor S.A. with Danieli & C. Officine Meccaniche S.p.a. for the supply of a complete production line for the production of hot-rolled bars and a device for coiling ribbed bars into coils (spooler).

The final repayment date for the loan was set on December 21, 2031, with the repayment period starting after the end of the availability period, which is 24 months from the date of conclusion of credit agreement. The loan interest rate will be the sum of the appropriate WIBOR or EURIBOR rate and the margin, and the interest will be charged in six-month interest periods. The collateral for the loan will be, inter alia, Cognor Holding's guarantee, registered pledge on assets constituting the object of the investment, mortgage on the real estate on which the investment will be implemented, transfer of receivables from contracts related to the investment and statements of submission to enforcement by Cognor S.A. and Cognor Holding S.A. The loan disbursement is subject to the fulfillment of standard conditions precedent.

The agreement provides for 80% of the financing value to be covered by a repayment guarantee issued by Korporacja Ubezpieczeń Kredytów Eksportowych S.A. (KUKE S.A.).

On March 15, 2022, the subsidiary Cognor S.A. released the first tranche in the amount of EUR 12 865 thousand. On May 12, 2022, the Company released another tranche in the amount of PLN 61 502 thousand. Liability due to the above-mentioned loan amounted to PLN 115 991 thousand as at September 30, 2023 (June 30, 2023: PLN 115 445 thousand, December 31, 2022: PLN 118 570 thousand, September 30, 2022: PLN 118 593 thousand).

Cognor S.A. entered into derivative instruments (interest rate swap) in order to hedge the costs of the above debt at a constant level. The valuation of derivative instruments on this account is disclosed in a separate item in the statement of financial position (Financial assets due to the valuation of financial instruments) divided into long-term and short-term parts.

## Bonds issue

On July 21, 2021, the subsidiary Cognor S.A. issued 200,000 series 1/2021 secured bonds with a nominal value of PLN 1,000 each. The bond redemption date is July 15, 2026. The bonds bear interest at the interest rate equal to WIBOR for 6-month deposits plus a margin. Interest will be payable in six-month periods (the date of payment of interest was set on January 15 and July 15 of each year). The bonds will be subject to early redemption in proportion to 20% of their original par value on July 15 of each year during the 5-year bond period.

The funds from the bond issue were used to repay the loan agreement dated July 18, 2018 (with mBank S.A., Bank Zachodni WBK S.A., Bank Gospodarstwa Krajowego oraz Europejski Bank Odbudowy i Rozwoju) in full - made on July 22, 2021 and to finance investment plans.

As at September 30, 2022, the liability resulted from above bonds amounted to PLN 160 994 thousand (June 30, 2022: PLN 203 289 thousand, December 31, 2021: PLN 199 950 thousand, September 30, 2021: PLN 197 848 thousand).

Cognor S.A. entered into derivative instruments (interest rate swap) in order to hedge the costs of the above debt at a constant level. The valuation of derivative instruments on this account is disclosed in a separate item in the statement of financial position (Financial assets due to the valuation of financial instruments) divided into long-term and short-term parts.

## Convertible bonds

On March 8, 2023, the Management Board of Cognor Holding S.A. adopted a resolution on the issue of 100 000 Series A unsecured registered bonds convertible into shares with a nominal value of PLN 1 000 each and the total value of PLN 100 000 thousand with a redemption period of up to 7 years from the issue date and a coupon WIBOR6M + 2,6 p.p. The conversion into shares is not mandatory, and the issue price for the conversion was set at PLN 5 per share. The issuer has the right to redeem the bonds earlier, and the bondholder has the right to convert the bonds into shares, but not earlier than 12 months from the date of issue. On March 15, 2023, the Company received a proposal to acquire all bonds by PS HoldCo Sp. z o.o. and accepted this offer. PS HoldCo Sp. z o.o., which as a result covered the entire issue of bonds, is entitled to interest in the amount of WIBOR6M + 2.6 p.p. and reimbursement of costs incurred in connection with the acquisition of the issue.

In accordance with IAS 32 Cognor Holding S.A. identified the capital element in the above mentioned instrument. However, due to its immateriality, it was decided to recognize the entire instrument as a liability.

## Bonds issue

On July 21, 2021, the subsidiary Cognor S.A. issued 200,000 series 1/2021 secured bonds with a nominal value of PLN 1,000 each. The bond redemption date is July 15, 2026. The bonds bear interest at the interest rate equal to WIBOR for 6-month deposits plus a margin. Interest will be payable in six-month periods (the date of payment of interest was set on January 15 and July 15 of each year). The bonds will be subject to early redemption in proportion to 20% of their original par value on July 15 of each year during the 5-year bond period.

The funds from the bond issue were used to repay the loan agreement dated July 18, 2018 (with mBank S.A., Bank Zachodni WBK S.A., Bank Gospodarstwa Krajowego oraz Europejski Bank Odbudowy i Rozwoju) in full - made on July 22, 2021 and to finance investment plans.

The bonds are secured with fixed assets and part of the inventories held by Cognor S.A.

As at September 30, 2023, the liability resulted from above bonds amounted to PLN 120 975 thousand (June 30, 2023: PLN 165 608 thousand, December 31, 2022: PLN 165 350 thousand, September 30, 2022: PLN 160 994 thousand).

Cognor S.A. entered into derivative instruments (interest rate swap) in order to hedge the costs of the above debt at a constant level. The valuation of derivative instruments on this account is disclosed in a separate item in the statement of financial position (Financial assets due to the valuation of financial instruments) divided into long-term and short-term parts.

## Other borrowings

On June 14, 2023, the subsidiary Cognor S.A. concluded a loan agreement with BMD Sp. z o. o. within the limit of up to PLN 75 000 thousand for the sole purpose of repaying the debt due to overdrafts, bearing an interest rate of 10% per annum. The debt limit under the loan was set until December 31, 2023. Indebtedness from above loans as at September 30, 2023 amounted to PLN 50 000 thousand capital and PLN 411 thousand accrued interest.

On July 18, 2023, the subsidiary Cognor S.A. concluded a loan agreement with BMD Sp. z o. o. within the limit of up to PLN 15 000 thousand, bearing an interest rate of 10% per annum. The debt limit under the loan was set until December 31, 2023. Indebtedness from above loans as at September 30, 2023 amounted to PLN 15 000 thousand capital and PLN 123 thousand accrued interest.

## Overdraft facilities

The subsidiary - Cognor S.A. signed an overdraft facility agreement with bank Pekao S.A. on August 13, 2021 with a limit of PLN 40 000 thousand. The limit may be used in the following currencies: PLN, EUR, USD. The loan interest rate is WIBOR 1M / EURIBOR 1M / LIBOR 1M + margin. The agreement was valid until July 31, 2022. By Annex No. 1 of July 29, 2022, the overdraft amount was increased to PLN 60 000 thousand and the period of validity was extended to July 28, 2023. By Annex No. 2 of December 22, 2022, the loan amount was reduced to PLN 40 000 thousand and the validity period was extended until December 21, 2023. The loan is secured with a power of attorney to the Company's bank accounts, a declaration of submission to enforcement and a registered pledge on finished products up to the amount of PLN 48 000 thousand. Utilization as at September 30, 2023 in the amount of PLN 22 542 thousand.

The subsidiary - Cognor S.A. signed an overdraft facility agreement with Santander S.A. on September 3, 2021 with a limit of PLN 20 000 thousand. The loan interest rate is WIBOR 1M + margin. The agreement is valid until September 3, 2023. The loan is secured with a declaration of submission to enforcement and a registered pledge on finished products up to the amount of PLN 20 000 thousand. Utilization as at September 30, 2023 in the amount of PLN 0 thousand.

The subsidiary - Cognor S.A. signed an overdraft facility agreement with mBank S.A. on September 28, 2021 with a limit of PLN 34 000 thousand. The limit may be used in the following currencies: PLN, EUR. The loan interest rate is WIBOR 1M / EURIBOR 1M + margin. The agreement is valid until September 14, 2023. The loan is secured with a declaration of submission to enforcement and a registered pledge on finished products up to the amount of PLN 34 000 thousand. Utilization as at September 30, 2023 in the amount of PLN 10 665 thousand.

The subsidiary - Cognor S.A. signed an overdraft facility agreement with Bank Ochrony Środowiska S.A. on February 7, 2022, with a limit of PLN 10 000 thousand. The credit use period expires on December 27, 2023. The loan interest rate is set at WIBOR 3M + margin. The collateral is a BGK guarantee in the amount of 80% of the loan, a power of attorney to a bank account, a blank bill of exchange and a declaration of submission to enforcement. Utilization as at September 30, 2023 in the amount of PLN 0 thousand.



The subsidiary - Cognor S.A. signed a loan agreement with Alior Bank S.A. on September 30, 2022 in PLN with a limit of PLN 50 000 thousand. Within the limit, the Company may use an overdraft facility as well as letters of credit and guarantees. The credit use period expires on September 28, 2024. The loan interest rate is set at WIBOR 1M + margin. The security is a power of attorney to a bank account, a pledge on finished products up to the amount of PLN 40 000 thousand and a declaration of submission to enforcement. Utilization as at September 30, 2023 in the amount of PLN 10 thousand.

The subsidiary - JAP Industries s.r.o. signed a loan agreement with ČSOB on October 12, 2022 with a limit of CZK 200 000 thousand. Within the limit, the Company may use an overdraft facility up to CZK 100,000 thousand as well as letters of credit and guarantees up to CZK 140 000 thousand. The limit can be used in CZK, USD and EUR currencies. The interest rate on the overdraft facility is determined depending on the currency by ON PRIBOR/ESTER/1M SOFR + margin. The collateral consists of inventories and receivables. Utilization of the overdraft facility as at September 30, 2023 in the amount of PLN 0 thousand.

The subsidiary - JAP Industries s.r.o. signed a loan agreement with Citibank on October 31, 2022 with a limit of CZK 50 000 thousand. Within the limit, the Company may use an overdraft as well as letters of credit and guarantees. The limit can be used in CZK, USD and EUR currencies. The loan interest rate is determined depending on the currency by 1D PRIBOR/overnight LIBOR EUR/overnight LIBOR USD + margin. The collateral is receivables. Utilization of the overdraft facility as at September 30, 2023 in the amount of PLN 0 thousand.

## 15 Assets classified as held for sale and related liabilities

Subsidiary of Cognor S.A. decided to sell the right of perpetual usufruct of land to the real estate located in Chorzów. On December 21, 2022, a preliminary sale agreement was signed, specifying the net sale price in the amount of PLN 7 477 thousand. On July 27, 2023, the Company received a binding request from the buyer to conclude the final agreement. The transfer of ownership of the right is planned for the turn of the third and fourth quarters of this year. The net value of the asset as at September 30, 2023 amounted to PLN 6 955 thousand, while the discounted payments related to the perpetual usufruct fees of land (in accordance with IFRS16) amounted to PLN 1 521 thousand.

In the first nine months of 2023, the Company incurred 16 PLN thousand depreciation costs of the said asset (nine months of 2022: PLN 16 thousand), recognized PLN 66 thousand interest costs due to the settlement of the discounted liability (nine months of 2022: PLN 66 thousand), and incurred property tax costs in the amount of PLN 130 thousand (nine months of 2022: PLN 116 thousand).

## 16 Provisions for payables

As at September 30, 2023, the Group recognized PLN 1 300 thousand with the title provisions for a possible fine from the Office of Competition and Consumer Protection (June 30, 2023: PLN 1 330 thousand, December 31, 2022: PLN 1 330 thousand, September 30, 2022: PLN 1 300 thousand).

## 17 Contingencies, guarantees and other commitments

The Group has no the contingent liabilities.

## 18 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

- 4 Workers Sp. z o.o. / PS HoldCo Sp. z o.o. (On August 30, 2023, 4Workers Sp. z o.o. merged with PS Holdco Sp. z o.o.)

### Associates are as follows;

- 4 Groups Sp. z o.o. (till August 23, 2021)
- Madrohut Sp. z o.o. (from April 11, 2014)
- KDPP Doradztwo Biznesowe Sp. z o.o. (from May 25, 2020 till August 23, 2021)

### Related companies to the controlling entities:

- KDPP Doradztwo Biznesowe Sp. z o.o. (until May 25, 2020, and from August 23, 2021 till December 30, 2021)
- czystyefekt.pl Sp. z o.o.
- 4 Groups Sp. z o.o. (from August 23, 2021)
- 4 Groups Sp. z o.o. Sp. komandytowa (from June 22, 2022)
- PS Green Investments Sp. z o.o. (from October 3, 2022)

## Entities personally related to Members of the Management Board

PS Przemysław Sztuczkowski  
Przemysław Grzesiak  
BMD Dominik Barszcz  
BMD Biuro Rachunkowo-Prawne Sp. z o.o. Sp.k. (till December 20, 2021)  
BMD Sp. z o.o.  
BMD Sp. z o.o. S.K.A.  
BMLaw Kancelaria Prawna  
BMLaw Kancelaria Prawna Marcin Barszcz S.K.A.  
Michał Kotas (limited partner Cognor Holding S.A. Sp. k.)  
Foundation "Zdążyć na czas"

in PLN thousand

	30.09.2023	30.06.2023	31.12.2022	30.09.2022
<i>Short-term receivables:</i>				
-entities personally related to Members of the Management Board	33 243	30 526	25 795	22 395
- associates	218	165	312	591
- controlling entities	2	13	9	21
- related companies to the controlling entities	1	9	6	11
<i>Short-term and long-term liabilities</i>				
- controlling entities	6	1 276	1 154	1 034
- related companies to the controlling entities	5 886	7 402	23 976	11 814
-entities personally related to Members of the Management Board	105	113	86	79
<i>Loans received</i>				
- controlling entities	105 433	100 811	-	-
-entities personally related to Members of the Management Board	65 534	50 205	-	-

in PLN thousand

	01.07.2023- 30.09.2023	01.07.2022- 30.09.2022	01.01.2023- 30.09.2023	01.01.2022- 30.09.2022	01.10.2022- 30.09.2023	01.10.2021- 30.09.2022
<i>Revenues from sale of services</i>						
- associates	355	1 072	1 270	2 500	2 002	3 292
- controlling entities	34	42	97	98	124	125
- related companies to the controlling entities	-	3	12	8	22	8
-entities personally related to Members of the Management Board	2 986	3 138	7 412	7 940	10 051	10 267
<i>Revenues from sale of raw materials and commodities</i>						
- associates	64	88	233	263	332	58
- controlling entities	-	-	-	-	4	1
- related companies to the controlling entities	-	-	1	-	1	-
<i>Purchase of commodities and raw materials</i>						
- controlling entities	1 852	335	2 547	1 401	2 812	2 202
<i>Purchase of services</i>						
- related companies to the controlling entities	3 963	6 694	20 005	19 063	28 777	24 741
- controlling entities	531	1 669	4 470	3 698	6 295	4 554
-entities personally related to Members of the Management Board	392	566	1 285	970	1 855	1 017
<i>Other (losses)/gains - net</i>						
- associates	-	-	-	-	-	95
<i>Other costs</i>						
-entities personally related to Members of the Management Board	-	-	-	-	(109)	(120)
<i>Financial income</i>						
- controlling entities	-	-	94	-	94	-
<i>Financial costs</i>						
- controlling entities	(806)	(35)	(5 540)	(96)	(5 540)	(213)
-entities personally related to Members of the Management Board	(1 532)	-	(1 737)	-	(1 737)	-

## Transactions with the members of the Management and Supervisory Boards

in PLN thousand

The remuneration of Management Board of the Parent Company paid during the period

-received from the Parent Company (appointment, consulting agreements)

- including the premium paid for previous year

-received from the subsidiaries (appointment, consulting agreements)

- including the premium paid for previous year

Supervisory Board of the Parent Company

01.01.2023- 30.09.2023	01.01.2022- 30.09.2022
1 080	13 343
-	12 900
30 812	6 128
24 300	594
284	284

The table above does not include the provision for the bonus for the Management Board in the amount of PLN 4 627 thousand established on the basis of the Incentive Reward Program in force at Cognor S.A. with effect from January 1, 2022. This amount is an estimate of the Management Board of the Company as to the amount of the bonus, however, the Supervisory Board of Cognor S.A. following the criteria included in the Program, is free to both define the bonus budget and its division into individual members of the management board. Above mentioned provision was recognized in administrative expenses.

On 23-05-2019, the subsidiary Cognor S.A. has concluded a contract with a general contractor and began building an exhibition and conference center in the vicinity of Krakow. This object is being implemented by the group at the request of the main (indirectly) shareholder of the Parent Entity, and at the same time the President of the Management Board, i.e. Przemysław Sztuczowski. In the provisions of the agreement concluded between the parties, Cognor S.A. undertook to build the said facility in a standard 'move-in ready', and Przemysław Sztuczowski undertook to purchase it immediately after commissioning at a price in the amount of costs actually incurred by the Company increased by a 15% margin. Completion and settlement of the contract is planned within 12 months from September 30, 2023, hence the presented receivables are short-term. As at the balance sheet date, the value of expenditure incurred cumulatively by the Group in this respect is PLN 28 223 thousand (in nine months of 2023: PLN 6 445 thousand, in nine months of 2022: PLN 6 857 thousand). In accordance with the requirements of IFRS 15, the Group recognized income and receivables from the owner in the amount of PLN 32 456 thousand in the financial statements (in nine months of 2023: PLN 7 412 thousand, in nine months of 2022: PLN 7 886 thousand), which is equivalent to the expenditure incurred increased by margin PLN 4 233 thousand (in nine months of 2023: PLN 967 thousand, in nine months of 2022: PLN 1 029 thousand).

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

in PLN thousand

	30.09.2023	30.06.2023	31.12.2022	30.09.2022
Cash in bank	101 171	179 219	215 936	145 807
Cash in bank restricted in use	63 692	72 308	119 639	138 332
Cash in hand	427	365	186	287
Short-term bank deposit	2 888	-	-	-
Other	-	-	-	-
<b>Cash and cash equivalents</b>	<b>168 178</b>	<b>251 892</b>	<b>335 761</b>	<b>284 426</b>
Bank overdrafts	(33 217)	(28 000)	(46)	(1 095)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>134 961</b>	<b>223 892</b>	<b>335 715</b>	<b>283 331</b>

Inflows from IRS settlements are recognized as cash flows from financing activities due to the securing nature of interest payments that are recognized as part of financing activities in the statement of cash flows.

## 20 Financial instruments

### Financial instruments measured at fair values

As at 30 September 2023, 30 June 2023, 31 December 2022 and 30 September 2022 the Group recognized at fair value through profit or loss an interests rate swap (IRS) asset/liability in the amount of PLN 38 667 thousand (assets), PLN 40 939 thousand (assets), PLN 57 393 thousand (assets), PLN 71 646 thousand (assets) respectively. The fair value of the interest rate swap was estimated on the basis of valuations obtained from banks, which are based on the valuation of the difference between the contractually agreed interest rate value and the rate values based on market quotations.

## 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 (which are not measured at fair value), 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 (bonds): the carrying amounts approximate fair value due to the variable nature of the related interest rates.
- Fixed rate instruments. The fair value of liability resulting from fixed rate instruments approximates carrying amount due to the short-term nature of these instruments and the interest rate similar to the market rate
- The fair value of the interest rate swap was estimated on the basis of valuations obtained from banks, which are based on the valuation of the difference between the contractually agreed interest rate value and the rate values based on market quotations. As at 30 September 2023 the fair value relating to IRS amounted PLN 38 667 thousand (June 30, 2023: PLN 40 939 thousand, December 31, 2022: PLN 57 393 thousand, September 30, 2022: PLN 71 646 thousand)

Factoring receivables and interest rate swaps in the fair value hierarchy are classified at level 2. In the current period, there were no reclassifications between the levels of the hierarchy.

## 21 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.

## 22 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.

## 23 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 Sztuczkowski *	4 886 771	2,85%	4 886 771	2,85%
- Przemysław Grzesiak	-	0,00%	40 018	0,02%
- Krzysztof Zoła	-	0,00%	-	0,00%
- Dominik Barszcz	10 000	0,01%	10 000	0,01%
<b>Supervisory Board</b>				
- Hubert Janiszewski	-	-	-	-
- Piotr Freyberg	-	-	-	-
- Zbigniew Łapiński	-	-	-	-
- Jacek Welc	-	-	-	-
- Stefan Dzienniak	-	-	-	-

\*Przemysław Sztuczkowski owns directly 100% of shares in 4Workers Sp. z o.o. and therefore the shares owned by 4Workers Sp. z o.o. represent the indirect participation of Przemysław Sztuczkowski in Cognor Holding S.A. Detailed information in note 12.

## 24 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. (now Cognor SA Złomrex Branch in Wrocław) 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 judgement under appeal; annulment of the decision of the Director of the Tax Chamber in Katowice of September 19, 2014 and reconsideration of the case. Complaint concerns challenged by the Tax Control Office in Katowice deductions of VAT invoices issued in 2008 by 19 suppliers of the Company. 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. As a result of the re-examination of the case, the Head of the Silesian Customs and Tax Office in Katowice issued a decision on May 23, 2019 in which he partially upheld his position regarding the challenge of deducting input VAT from VAT invoices issued in 2008 by 7 suppliers of the Company. The amount of the contested tax is PLN 762 thousand. The company lodged a complaint with the Provincial Administrative Court in Gliwice against the decision. On July 21, 2020 a hearing was held and a judgment was passed which revoked the contested decision. On September 29, 2020 the Director of the Tax Chamber in Katowice filed a cassation appeal against the verdict. On November 12, 2020 the company responded to the cassation appeal and expects a hearing date to be set.

- on July 1, 2020 Cognor S.A. received the result of an inspection initiated by the Silesian Customs and Tax Office on February 26, 2018 regarding the correctness of the declared CIT for 2016, under which, by a decision of December 22, 2020, the authority questioned the crediting of Cognor S.A. to tax deductible costs of expenses made for Cognor Holding S.A. under which, by a decision of December 22, 2020, the authority questioned the crediting of Cognor S.A. to tax deductible costs of expenses made for Cognor Holding S.A. for access to trademarks and their depreciation in the total amount of PLN 5,549 thousand and interest on bonds in the amount of PLN 36 thousand. The total impact of the questioned elements on the income tax is PLN 1,061 thousand. As regards settlements related to the provision of intangible assets, the Management Board did not agree with the position of the authority and therefore on January 11, 2021 an appeal was filed against this decision. On December 17, 2021, the Company received the decision of the Silesian Customs and Tax Office upholding the first instance decision, as a result, on January 17, 2022 the Company filed a complaint with the Provincial Administrative Court. By judgment of August 31, 2022, the court repealed the decision in its entirety. The Silesian Customs and Tax Office filed a cassation complaint against this judgment and the Company is awaiting the date of the hearing. The Management Board of the Company decided that the chances of a positive conclusion of the proceedings in question are high and therefore no provision for this has been created in the financial statements.

- on December 22, 2020 Cognor S.A. received a decision on the initiation by the Office of Competition and Consumer Protection (hereinafter: UOKiK) proceedings for the third quarter of 2020 under the Act of March 8, 2013 on counteracting excessive delays in commercial transactions. As part of these proceedings, on December 29, 2020, the Company received a request to submit relevant documentation and explanations. The company submitted the required documentation and explanations on January 28, 2021. On April 28, 2023, the Company received a notification along with the justification of the allegation from UOKiK, which announces the issuance of a decision by UOKiK imposing Cognor S.A. a fine for late payment of liabilities. The company received the decision of UOKiK of May 31, 2023 imposing on Cognor S.A. a penalty in the amount of PLN 1,397 thousand. On June 16, 2023, the company, disagreeing with the decision of UOKiK, filed an application for reconsideration of the case. In previous years, the Company's Management Board created a provision in this respect in the amount of PLN 1.3 million.

- described in the financial statements for previous periods dispute with the gas supplier Enesta Sp. z o.o. (PGE Obrót Group), which attempted to terminate a comprehensive supply agreement that was beneficial for the subsidiary Cognor S.A., ended with the supplier recognizing the judgment of the District Court in Rzeszów in favor of the Company and correcting the invoices in terms of prices that were too high in relation to the contract. Due to formal irregularities raised by Enesta when submitting declarations of will as part of the performance of the contract by the Company, invoice corrections are lower than expected by PLN 3.1 million therefore, the dispute was limited to this maximum amount. In the opinion of the Management Board, the risk for the Company is not material and therefore no provisions related to this matter are created.

- on September 29, 2023, subsidiary Cognor S.A. received the ZUS inspection report showing the lack of calculation of social security contributions on additional remuneration (due to the so-called Steelworker's Card) paid in the period 01/2019-12/2022 in the amount of PLN 6 619 thousand. Due to the above, the Company created a provision against the cost of products sold for the amount resulting from the payer's contributions in the amount of PLN 3 253 thousand and in other operating costs it included a provision for interest on tax arrears in the amount of PLN 1 930 thousand. In part of the contributions financed by the insured, unless the Company's appeal procedure is effective, the Company's management will transfer this burden to the beneficiaries of this additional benefit.

**25 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.

**26 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.*	Bonds issue	120 000	till 21.07.2026
Cognor S.A.*	Investment loan agreement	381 386	till 21.12.2031
Cognor S.A.	Trade liability	32	without deadline
Cognor S.A.	Factoring	60 000	without deadline

\*guarantee is granted by the Parent Company together with its subsidiary- Cognor Holding S.A. Sp. K.

Warranties and guarantees received by the subsidiary - Cognor S.A.

Guarantor	Type of liability	Guarantee value	Period of guarantee
KUKE S.A.	Investment loan agreement	305 109	till 21.12.2031
BGK	Overdraft facility	8000	till 27.12.2023



**27 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 Group, as a representative of the metallurgical industry, is exposed to the situation of two main branches of the economy: construction and automotive. These are industries characterized by a large amplitude of economic volatility. As a consequence, the condition of the metallurgical industry is subject to considerable cyclicity. In Cognor's case, the course of business cycles is usually milder compared to many other representatives of our industry, because we produce steel for both the construction industry and the automotive industry, whose peaks and troughs cancel out to some extent, due to the fact that their cyclical profiles do not overlap in time. Nevertheless, the volatility of operating and financial results is high in our case and while in 2021-2022 we recorded very good results, in 2023 we observe a deterioration of our operating situation and we achieve worse financial results. In addition to the aforementioned macroeconomic factors, the weakening of the Cognor's condition was affected by the decision to shift the main burden of investment outlays to the period of economic downturn. In our opinion, it was a good and rational decision, maximizing our results in the longer term, but at the cost of deepening the slowdown trend that has been progressing in the steel industry since mid-2022. For this reason, the comparison of the current results for the quarter, 9 months and the last 12 months with the corresponding periods in the previous year is unfavorable, but if we take into account the comparison with the times before the extremely lucrative years 2021-2022, the situation is nevertheless positive. When quantifying the factors influencing the results of the third quarter of 2023, it is worth paying attention to the demurrage costs in the amount of PLN 24.2 million (PLN 56 million in whole 2023), mainly for the steel plant in Gliwice and the rolling mill in Kraków and caused by the downtime of the Kraków plant for the period of capital expenditures there, which we expect to finalize at the end of the third quarter of this year. The described issue of economic aspects in the last quarter, which are currently manifesting themselves in the crisis in the construction industry, resulted in a decrease in the prices of some of our products, which hit margins and, in some cases, brought these prices below the historical cost of production. This made it necessary to recognize write-downs on inventories in the amount of PLN 10.1 million in the third quarter of 2023 (PLN 22.2 million in whole 2023). Therefore, the natural cyclical nature of the business cycle in the completed quarter was reinforced by temporary factors resulting from the implementation of extensive development projects at our plant in Kraków. The positive condition of our operations in the automotive area did not offset the damage to the construction steel business, as the results of this segment only remain at the current, good level.

With a relatively low net debt, Cognor maintains the required levels of ratios specified in the financing agreements. The criteria verified here are primarily: the net debt to EBITDA ratio and the interest coverage ratio (DSCR). The calculation of the latter parameter is sensitive, inter alia, to the value of capital expenditures.

In May this year, we concluded a contract for the construction of a light sections rolling mill in Siemianowice Śląskie, which will be an investment burdening our cash flows this year and the next, and which cost for many reasons exceeded previous estimates by over PLN 300 million. The Group has financing for this investment in the form of an investment loan from the Santander bank. The amounts not yet disbursed as at 30 September 2023 amount to PLN 178.5 million and EUR 17.6 million and should be disbursed by the end of this year, subject to the bank's approval of exceeding the investment budget, as requested by the Group. We also requested acceptance of the expected exceedance of the DSCR rate at the end of the third quarter of 2023 and a change in the methodology of its calculation to minimize the risk of failure to meet it in the following quarters. Indeed, the expected violation of this ratio as at the end of the period occurred and at the time of preparation of this report we do not yet have a final response from the bank. The exceeding of the DSCR ratio does not constitute a breach of the terms of other financial agreements of the Group.

With uncertainty as to when the economic recovery in the construction industry will rebound, we will adjust our investment and financial policy accordingly and seek to modify the methodology of calculating the interest coverage ratio to exclude the risk of its violation in the future, so that we can continue to use the available financing for the investment and then repay the loan on schedule.

The threat to the stability of our business operations caused by the war situation in Ukraine continues. Although the related energy crisis caused a sharp increase in gas and electricity prices, the European Union managed to get through the winter without reducing the supply of energy carriers for industry or households. Today, we assess the risk of such situations in Poland, and thus the risk of suspending or limiting our production, as definitely lower. We also no longer see problems in the sphere of sales or supply, because we were not active in sales on eastern markets, and we managed to replace the purchases of some production materials with imports from other directions. Despite this, a further escalation of the war and the related consequences, which are difficult to estimate, cannot be ruled out. Further actions will be taken as the situation evolves. In the meantime, we will continue to support a group of Ukrainian citizens, hoping to resolve this conflict as soon as possible.

**28 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 prespective of the fourth quarter of 2023 will depend mainly

- the formation of relation of product prices to material prices, including especially steel scrap,
- the formation of the relations of the PLN to EUR and USD,
- the development of the geopolitical situation, including the war in Ukraine, which may have a far-reaching impact on the level of demand and cause organizational perturbations.

**29 Subsequent events**

There were no subsequent events requiring disclosure.

Poraj, 14 November 2023

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*



## Selected consolidated financial data

	in PLN thousand		in EUR thousand	
	30.09.2023	Comparative data*	30.09.2023	Comparative data*
I. Revenue	2 151 545	2 743 515	470 047	585 221
II. Operating profit before financing costs	190 042	577 557	41 518	123 199
III. Profit before tax	254 588	597 883	55 620	127 535
IV. Profit for the period	227 430	476 879	49 686	101 723
IV.a. Profit for the period attributable to owners of the Parent Company	221 124	451 178	48 309	96 241
IV.b. Profit for the period attributable to non-controlling interests	6 306	25 701	1 378	5 482
V. Net cash from operating activities	122 062	323 569	26 667	69 021
VI. Net cash from investing activities	-196 053	-126 460	-42 832	-26 975
VII. Net cash from financing activities	-126 290	-4 388	-27 591	-936
VIII. Net increase / (decrease) in cash and cash equivalents	-200 281	192 721	-43 755	41 109
IX. Total assets	2 263 337	2 083 016	488 251	444 149
X. Total liabilities	1 019 939	854 585	220 023	182 218
XI. Total non-current liabilities	434 222	346 112	93 671	73 799
XII. Total current liabilities	585 717	508 473	126 352	108 419
XIII. Total equity	1 243 398	1 228 431	268 228	261 931
XIV. Issued share capital	257 131	257 131	55 469	54 827
XV. Number of shares (in thousands)	171 421	171 421	0	0
XVI. Basic earnings per share (PLN/EUR)	1,29	2,63	0,28	0,56
XVII. Diluted earnings per share (PLN/EUR)	1,18	2,63	0,26	0,56
XVIII. Book value per share (PLN/EUR)	7,25**	7,17***	1,56	1,53
XIX. Diluted book value per share (PLN/EUR)	6,5**	7,17***	1,40	1,53
XX. Declared or paid dividend per share (PLN / EUR)	1,22	0,15	0,27	0,00

\*Data for the items relating to the statement of financial position are presented as at December 31, 2022, while for the items relating to the statement of comprehensive income and the statement of cash flows for the period from January 1 to September 30, 2022.

\*\* as at September 30, 2023, the number of shares used to calculate the book value per share was 171,421 thousand shares and the diluted book value per share was 191,421 thousand shares

\*\*\* as at December 31, 2022, the number of shares used to calculate the book value per share was 171,421 thousand shares and the diluted book value per share was 171,421 thousand shares

The selected financial data was converted into the EURO currency as follows:

The items of assets and liabilities in the statement of financial position were converted into EUR at the average exchange rate announced by the National Bank of Poland on September 30, 2023 at 4.6356 PLN / EUR and for comparative data as at December 31, 2022 - 4.6899 PLN / EUR.

Individual items concerning the profit and loss account and cash flows were converted according to the exchange rate being the arithmetic average of NBP exchange rates as of the last calendar day of individual months, which amounted to PLN / EUR 4.5773 (9 months of 2023), PLN / EUR 4.688 respectively (9 months of 2022).