

**Condensed Consolidated
Interim Financial Statements**

Cognor Holding S.A.

**as at and for the six months ended
30 June 2024**

*English version of the original in Polish, which is ultimately the only
binding document*

13 August 2024

Condensed consolidated statement of financial position

in PLN thousand

	Note	30.06.2024 <i>review</i>	31.12.2023 <i>audit</i>	30.06.2023 <i>review</i>
Assets				
Property, plant and equipment	6	1 331 353	1 116 622	803 431
Intangible assets	6	17 194	18 196	19 448
Investment property		114	115	116
Investment in associates		1 102	991	1 082
Financial assets due to valuation of derivative instruments	19	22 415	28 645	37 679
Other receivables	7	8 308	15 417	14 643
Deferred tax assets	15	2 836	1 799	443
Total non-current assets		1 383 322	1 181 785	876 842
Inventories	8	504 089	523 859	589 003
Other investments		18	13	13
Financial assets due to valuation of derivative instruments	19	3 375	2 817	3 260
Current income tax receivables		5 520	10 299	18 510
Trade and other receivables	7	353 877	403 933	483 961
Cash and cash equivalents	18	483 427	144 269	251 892
Assets classified as held for sale	13	-	6 949	6 960
Total current assets		1 350 306	1 092 139	1 353 599
Total assets		2 733 628	2 273 924	2 230 441

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	30.06.2024 review	31.12.2023 audit	30.06.2023 review
Equity				
Issued share capital		257 131	257 131	257 131
Reserves		833 634	710 977	710 977
Foreign currency translation reserves		(16 330)	(13 926)	(5 237)
Retained earnings		93 137	207 766	171 251
Total equity attributable to owners of the Parent Company	10	1 167 572	1 161 948	1 134 122
Non-controlling interests		79 598	79 262	77 322
Total equity		1 247 170	1 241 210	1 211 444
Liabilities				
Interest-bearing loans, borrowings and other	12	584 628	286 154	325 076
Lease liabilities		111 611	103 197	91 678
Employee benefits obligation		13 456	13 126	13 076
Other payables	9	-	138	9 227
Government grants and other deferred income		5 386	5 334	5 999
Deferred tax liabilities	15	7 349	4 386	6 479
Total non-current liabilities		722 430	412 335	451 535
Bank overdraft	12	-	-	28 000
Interest-bearing loans, borrowings and other	12	110 438	129 386	108 205
Lease liabilities		26 771	23 903	22 333
Employee benefits obligation		2 361	1 755	1 826
Current income tax payables		-	-	114
Provisions for payables	14	1 300	1 300	1 330
Trade and other payables	9	621 677	461 129	402 618
Government grants and other deferred income		1 481	1 365	1 537
Liabilities of disposal assets held for sale	13	-	1 541	1 499
Total current liabilities		764 028	620 379	567 462
Total liabilities		1 486 458	1 032 714	1 018 997
Total equity and liabilities		2 733 628	2 273 924	2 230 441

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	01.04.2024 - 30.06.2024 <i>out of the scope of review</i>	01.04.2023 - 30.06.2023 <i>out of the scope of review</i>	01.01.2024 - 30.06.2024 <i>review</i>	01.01.2023 - 30.06.2023 <i>review</i>
Continuing operations					
Revenue	4	550 864	764 601	1 237 144	1 652 048
Cost of sales		(527 233)	(676 436)	(1 188 046)	(1 460 320)
Gross profit		23 631	88 165	49 098	191 728
Other income		38 778	20 364	78 590	53 408
Distribution expenses		(28 878)	(33 555)	(63 709)	(66 810)
Administrative expenses		(19 848)	(23 673)	(37 263)	(38 413)
Other (losses)/gains - net		1 539	(9 129)	3 755	(6 176)
Other expenses		(820)	(698)	(1 393)	(3 695)
Operating profit before financing costs		14 402	41 474	29 078	130 042
Financial income		2 460	12 680	11 584	13 320
Financial expenses		(13 928)	(24 946)	(29 160)	(41 568)
Net financing costs		(11 468)	(12 266)	(17 576)	(28 248)
Share of profit of associates		69	80	111	(5)
Gain on bargain purchase		-	(60)	-	112 076
Profit before tax		3 003	29 228	11 613	213 865
Income tax expense		(833)	(4 153)	(3 248)	(16 512)
Profit for the period		2 170	25 075	8 365	197 353
Profit for the period attributable to:					
Owners of the Parent Company		1 896	23 719	8 029	192 739
Non-controlling interests		274	1 356	336	4 614
Profit for the period		2 170	25 075	8 365	197 353
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met					
Foreign currency translation differences		2 004	(9 692)	(2 404)	(5 237)
Total comprehensive income for the period		4 174	15 383	5 961	192 116
Total comprehensive income for the period attributable to:					
Owners of the Parent Company		3 900	14 027	5 625	187 502
Non-controlling interests		274	1 356	336	4 614
Total comprehensive income for the period		4 174	15 383	5 961	192 116
Basic earnings per share (PLN) attributable to the owners of the Parent Company	11	0,01	0,14	0,05	1,12
- from continuing operations		0,01	0,14	0,05	1,12
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	11	0,01	0,12	0,04	1,04
- from continuing operations		0,01	0,12	0,04	1,04

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

	01.07.2023 - 30.06.2024 <i>out of the scope of review</i>	01.07.2022 - 30.06.2023 <i>out of the scope of review</i>
Continuing operations		
Revenue	2 306 620	3 324 647
Cost of sales	(2 169 046)	(2 737 874)
Gross profit	137 574	586 773
Other income	149 044	90 069
Distribution expenses	(113 104)	(131 079)
Administrative expenses	(73 566)	(81 598)
Other (losses)/gains - net	6 356	(7 209)
Other expenses	(3 962)	(9 446)
Operating profit before financing costs	102 342	447 510
Financial income	9 258	14 970
Financial expenses	(49 026)	(64 089)
Net financing costs	(39 768)	(49 119)
Share of profit of associates	170	111
Gain on bargain purchase	-	112 076
Profit before tax	62 744	510 578
Income tax expense	(15 924)	(49 388)
Profit for the period	46 820	461 190
Profit for the period attributable to:		
Owners of the Parent Company	44 544	442 602
Non-controlling interests	2 276	18 588
Profit for the period	46 820	461 190

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

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

in PLN thousand

		01.07.2023 - 30.06.2024 <i>out of the scope of review</i>	01.07.2022 - 30.06.2023 <i>out of the scope of review</i>
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met			
Foreign currency translation differences		(11 093)	(5 237)
Total comprehensive income for the period		35 727	455 953
Total comprehensive income for the period attributable to:			
Owners of the Parent Company		33 521	437 295
Non-controlling interests		2 206	18 658
Total comprehensive income for the period		35 727	455 953
Basic earnings per share (PLN) attributable to the owners of the Parent Company	<i>11</i>	0,26	2,58
- from continuing operations		0,26	2,58
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	<i>11</i>	0,23	2,49
- from continuing operations		0,23	2,49

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

Continuing operations

Cash flows from operating activities

Profit/(loss) before tax from continuing operations

Adjustments

Depreciation

Amortization

Foreign exchange (gains)/losses

Net (gains)/losses on disposal of property, plant and equipment, intangible assets

Interest, transaction costs (related to loans and borrowings) and dividends, net

Change in receivables and prepayments

Change in inventories

Change in trade and other payables

Change in provisions

Change in employee benefits obligation

Change in government grants and other deferred income

Share of profit/(loss) of associates

Gain on bargain purchase

Other adjustments

Cash generated/(outflows) from operating activities

Income tax (paid)/returned, incl.

Net cash from operating activities

Cash flows from investing activities

Proceeds from sale of property, plant and equipment

Proceeds from sale of assets classified as held for sale

Acquisition of shares in consolidated companies (net of cash acquired)

Repayment of loans granted

Acquisition of property, plant and equipment

Acquisition of intangible assets

Proceeds from acquisition of an organized part of an enterprise

Loans granted

Net cash from investing activities

Cash flows from financing activities

Proceeds from interest-bearing loans and borrowings

Proceeds from IRS settlement

Proceeds from transactions with minority shareholders

Repayment of interest-bearing loans and borrowings

Payment of lease liabilities

Dividends and other distributions from profit

Interest and transaction costs (related to loans and borrowings) paid

Net cash from financing activities

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents net of bank overdraft, at 1 January

- effect of exchange rate fluctuations on cash held

Cash and cash equivalents net of bank overdraft, at 30 June

- including cash restricted for use

	01.01.2024 - 30.06.2024 <i>review</i>	01.01.2023 - 30.06.2023 <i>review</i>
Profit/(loss) before tax from continuing operations	11 613	213 865
Adjustments		
Depreciation	23 284	23 849
Amortization	900	958
Foreign exchange (gains)/losses	1 032	(5 025)
Net (gains)/losses on disposal of property, plant and equipment, intangible assets	(3 658)	(6 376)
Interest, transaction costs (related to loans and borrowings) and dividends, net	3 160	32 200
Change in receivables and prepayments	44 100	(33 932)
Change in inventories	18 777	41 595
Change in trade and other payables	210 956	(56 766)
Change in provisions	8	142
Change in employee benefits obligation	936	1 088
Change in government grants and other deferred income	168	(560)
Share of profit/(loss) of associates	(111)	5
Gain on bargain purchase	-	(112 076)
Other adjustments	-	-
Cash generated/(outflows) from operating activities	311 165	98 967
Income tax (paid)/returned, incl.	3 474	(8 597)
Net cash from operating activities	314 639	90 370
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	12 525	8 482
Proceeds from sale of assets classified as held for sale	7 466	-
Acquisition of shares in consolidated companies (net of cash acquired)	(61)	26 667
Repayment of loans granted	3	6
Acquisition of property, plant and equipment	(251 332)	(153 127)
Acquisition of intangible assets	(31)	(72)
Proceeds from acquisition of an organized part of an enterprise	-	200
Loans granted	(8)	(5)
Net cash from investing activities	(231 438)	(117 849)
Cash flows from financing activities		
Proceeds from interest-bearing loans and borrowings	494 910	151 320
Proceeds from IRS settlement	15 810	6 564
Proceeds from transactions with minority shareholders	-	250
Repayment of interest-bearing loans and borrowings	(209 125)	(55)
Payment of lease liabilities	(16 097)	(11 927)
Dividends and other distributions from profit	(108)	(209 245)
Interest and transaction costs (related to loans and borrowings) paid	(28 906)	(20 707)
Net cash from financing activities	256 484	(83 800)
Net increase / (decrease) in cash and cash equivalents	339 685	(111 279)
Cash and cash equivalents net of bank overdraft, at 1 January	144 269	335 715
- effect of exchange rate fluctuations on cash held	(527)	(544)
Cash and cash equivalents net of bank overdraft, at 30 June	483 427	223 892
- including cash restricted for use	107 617	72 308

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

Condensed consolidated statement of cash flows (last twelve months)

in PLN thousand

Continuing operations

Cash flows from operating activities

Profit/(loss) before tax from continuing operations

Adjustments

	01.07.2023 - 30.06.2024	01.07.2022 - 30.06.2023
	<i>out of the scope of review</i>	<i>out of the scope of review</i>
Profit/(loss) before tax from continuing operations	62 744	510 578
Adjustments		
Depreciation	46 593	45 441
Amortization	1 844	1 546
Foreign exchange (gains)/losses	(2 982)	(4 830)
Net (gains)/losses on investment activities	-	-
Net (gains)/losses on disposal of property, plant and equipment	(4 270)	(6 869)
Interest, transaction costs (related to loans and borrowings) and dividends, net	37 202	45 613
Change in receivables	111 754	1 698
Change in inventories	80 069	104 537
Change in trade and other payables	190 238	(153 509)
Change in provisions	263	172
Change in employee benefits obligation	915	(679)
Change in government grants and other deferred income	(669)	(853)
Share of profit of associates	(170)	(111)
Gain on bargain purchase	-	(112 076)
Other adjustments	-	526
Cash generated from operating activities	523 531	431 184
Income tax (paid)/returned	(4 717)	(55 512)
Net cash from operating activities	518 814	375 672

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

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

in PLN thousand

	01.07.2023 - 30.06.2024	01.07.2022 - 30.06.2023
	<i>out of the scope of review</i>	<i>out of the scope of review</i>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	16 318	9 845
Proceeds from sale of assets held for sale	7 466	-
Interest received	-	5
Dividends received	150	150
Repayment of loans granted	9	9
Acquisition of property, plant and equipment	(486 306)	(261 874)
Acquisition of intangible assets	(176)	(222)
Proceeds from acquisition of an organized part of an enterprise	-	200
Received grants - investing activities	-	6
Acquisition of shares in consolidated companies	(10 100)	(5 902)
Loans granted	(14)	(9)
Net cash from investing activities	(472 653)	(257 792)
Cash flows from financing activities		
Proceeds from interest-bearing loans and borrowings	519 368	161 320
Proceeds from IRS settlement	20 553	13 369
Proceeds from transactions with minority shareholders	-	250
Repayment of interest-bearing loans and borrowings	(249 242)	(50 087)
Payment of lease liabilities	(32 216)	(22 966)
Dividends and other distributions from profit	(108)	(234 958)
Interest and transaction costs (related to loans and borrowings) paid	(42 389)	(32 274)
Net cash from financing activities	215 966	(165 346)
Net increase / (decrease) in cash and cash equivalents	262 127	(47 466)
Cash and cash equivalents net of bank overdraft, at 1 July	223 892	271 902
- effect of exchange rate fluctuations on cash held	(2 592)	(544)
Cash and cash equivalents net of bank overdraft, at 30 June	483 427	223 892
- including cash restricted for use	18 107 617	72 308

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 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						Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings	Total			
<i>in PLN thousand</i>								
Equity as at 1 January 2023	257 131	351 548	-	547 417	1 156 096	72 335	1 228 431	
<i>Total comprehensive income</i>	-	-	(5 237)	192 739	187 502	4 614	192 116	
- (loss)/profit	-	-	-	192 739	192 739	4 614	197 353	
- foreign currency translation differences relating to foreign operations	-	-	(5 237)	-	(5 237)	-	(5 237)	
Transactions with owners of the Company, recognised in equity								
Contribution by and distributions to owners of the Company	-	-	-	(209 133)	(209 133)	(108)	(209 241)	
<i>Dividends</i>	-	-	-	(209 133)	(209 133)	(108)	(209 241)	
Change in ownership interests	-	-	-	(231)	(231)	481	250	
<i>Non-controlling interests as at the date of acquisition of subsidiaries</i>	-	-	-	-	-	250	250	
<i>Acquisition of non-controlling interests that do not result in a change in control</i>	-	-	-	(231)	(231)	231	-	
Transfer of profit	-	359 429	-	(359 429)	-	-	-	
Other	-	-	-	(112)	(112)	-	(112)	
Equity as at 30 June 2023	257 131	710 977	(5 237)	171 251	1 134 122	77 322	1 211 444	
Equity as at 1 January 2023	257 131	351 548	-	547 417	1 156 096	72 335	1 228 431	
<i>Total comprehensive income</i>	-	-	(13 926)	229 254	215 328	6 554	221 882	
- (loss)/profit	-	-	-	229 254	229 254	6 554	235 808	
- foreign currency translation differences relating to foreign operations	-	-	(13 926)	-	(13 926)	-	(13 926)	
Transactions with owners of the Company, recognised in equity								
Contribution by and distributions to owners of the Company	-	-	-	(209 133)	(209 133)	(108)	(209 241)	
<i>Dividends</i>	-	-	-	(209 133)	(209 133)	(108)	(209 241)	
Change in ownership interests	-	-	-	(231)	(231)	481	250	
<i>Non-controlling interests as at the date of acquisition of subsidiaries</i>	-	-	-	-	-	250	250	
<i>Acquisition of non-controlling interests that do not result in a change in control</i>	-	-	-	(231)	(231)	231	-	
Transfer of profit	-	359 429	-	(359 429)	-	-	-	
Other	-	-	-	(112)	(112)	-	(112)	
Equity as at 31 December 2023	257 131	710 977	(13 926)	207 766	1 161 948	79 262	1 241 210	

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 Company				Total	Non-controlling interests	Total equity
	Issued capital	Reserves (incl. treasury shares)	Foreign currency translation reserves	Retained earnings			
<i>in PLN thousand</i>							
Equity as at 1 January 2024	257 131	710 977	(13 926)	207 766	1 161 948	79 262	1 241 210
Total comprehensive income	-	-	(2 404)	8 029	5 625	336	5 961
- profit/(loss)	-	-	-	8 029	8 029	336	8 365
- foreign currency translation differences relating to foreign operations	-	-	(2 404)	-	(2 404)	-	(2 404)
Transactions with owners of the Company, recognised in equity							
Change in ownership interests	-	-	-	(1)	(1)	-	(1)
Acquisition of non-controlling interests that do not result in a change in control	-	-	-	(1)	(1)	-	(1)
Transfer of profit	-	122 657	-	(122 657)	-	-	-
Equity as at 30 June 2024	257 131	833 634	(16 330)	93 137	1 167 572	79 598	1 247 170

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 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: scrap collection, scrap processing into steel billets and steel products.

2 Cognor Holding S.A. Group

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2024 comprise the Parent Company and its subsidiaries and associates (“the Group”). Details of the subsidiaries and associates that comprise the Group as at 30 June 2024 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
WIZJA I WOLA Sp. z o.o.	Poland	100.00%	2023-10-04

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

Acquisitions, mergers and disposal of companies within the Capital Group

Acquisitions in 2024

In the first half year of 2024, Cognor Holding S.A. purchased shares of Cognor S.A. for PLN 1 thousand. This did not change the share held in the entity.

On May 6, 2024, the General Meeting of Shareholders of Wizja i Wola Sp. z o. o. decided to increase the company's share capital by PLN 50 thousand.

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 2023.

These condensed consolidated interim financial statements were approved by the Board of Directors on 13 August 2024.

IFRS EU contain all International Accounting Standards, International Financial Reporting Standards as well as related Interpretations except for the below listed Standards and Interpretations which are awaiting approval of the European Union as well as those Standards and Interpretations which have been approved by the European Union but are not yet effective.

Changes to existing standards applied for the first time in the Group's financial statements for 2024

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and approved for use in the EU enter into force for the first time in reporting periods beginning on or after January 1, 2024:

- a) amendments to IAS 1 - classification of liabilities as current or long-term and long-term liabilities related to conditions,
- b) amendments to IAS 7 and IFRS 7 - supplier financing mechanisms,
- c) amendments to IFRS 16 - lease liability under sale and leaseback.

In the Group's opinion, the above-mentioned changes do not have a significant impact on the presented consolidated interim financial statements of the Group for the first half of 2024.

New standards and amendments to existing standards issued by the IASB, effective in subsequent periods

As at the date of approval of these financial statements, no changes to existing standards or new standards issued by the International Accounting Standards Board (IASB) have been adopted by the European Union and which enter into force at a later date.

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

IFRS as approved by the EU currently does not differ significantly from the regulations issued by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to standards which, as at the date of publication of the financial statements, have not yet been approved for use in EU:

- a) amendments to IAS 21 - Non-convertibility (effective date according to the IASB: January 1, 2025),
- b) amendments to IFRS 9 and IFRS 7 - Changes to the classification and measurement of financial instruments (effective date according to the IASB: January 1, 2026),
- c) amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - annual amendments to IFRS accounting standards - 11th edition (effective date according to the IASB: January 1, 2026),
- d) IFRS 18 - Presentation and disclosures in financial statements (effective date according to the IASB: January 1, 2027),
- e) IFRS 19 - Subsidiaries with no public interest: disclosures (effective date according to the IASB: January 1, 2027),
- f) IFRS 14 - Deferred balances from regulated activities (effective date according to the IASB: January 1, 2016),
- g) amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and subsequent amendments (the entry into force date postponed by the IASB for an indefinite period, but allows its earlier application).

According to the Group's estimates, the above-mentioned new standards and changes to existing standards would not have a significant impact on the financial statements if they were applied by the Group as at the balance sheet date.

b) Ongoing basis

The condensed consolidated financial statements as of and for the period ended 30 June 2024 have been prepared on the going concern basis.

Due to an exceptional situation resulting from the war in Ukraine, the Group is not able to predict all possible situations that may affect the operating activities and financial results of the Group. We are also unable to estimate the full impact of the situation on the Group. The Management Board analyzed a number of scenarios, determining the possible scale of problems related to the indicated threats. In connection with the above, the Management Board of the Parent Company, on the basis of the risk analysis, current knowledge and undertaken and anticipated actions, confirms that the Group's going concern assumption is justified despite difficulties in assessing the exact impact of the military conflict in Ukraine on future financial results. Taking into account the above, the Management Board of the Parent Company decided to prepare a consolidated financial statement, adopting the principle of going concern in the foreseeable future in a materially unchanged scope.

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 2023, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

d) Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applicable to the consolidated financial statements as at and for the year ended 31 December 2023.

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 acquired and liabilities assumed relating to acquisition of subsidiaries, assets and liabilities relating to leases, 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.

The interim condensed consolidated financial statements of the Group cover the period of six months ended on June 30, 2024 and contain comparative data for the six months ended June 30, 2023 and as at December 31, 2023 - they were reviewed or audited by a certified auditor. The consolidated interim consolidated income statement and total income includes data for the 3 months ended 30 June 2024 and comparative data for the 3 months ended 30 June 2023, as well as for the 12 months ended 30 June 2024 and data comparative for the period of 12 months ended 30 June 2023 - they were not reviewed or audited by a certified auditor.

4 Revenues

in PLN thousand

Revenue from sale goods or services transferred to customers at a point in time
Revenue from sale goods or services transferred to customers over time

	01.01.2024 - 30.06.2024	01.01.2023 - 30.06.2023
	1 233 837	1 647 622
	3 307	4 426
	1 237 144	1 652 048

Revenues from sale of products	1 037 087	1 268 432
Revenues from sale of services	29 806	26 623
Revenues from sale of goods	167 725	355 838
Revenues from sale of raw materials	2 526	1 155
	1 237 144	1 652 048

Revenues are generated from the following sources:

-sale of steel scrap and non-ferrous metals scrap	113 104	146 382
-sale of slabs, ingots	319 022	342 579
-sale of rolled bars, rolled slabs and sheets	448 356	582 656
-sale of ribbed, flat, round, square bars, angles, tees, channels, sections	166 996	212 510
-sale of bronze and zinc casting alloys shafts and sleeves	66 600	65 850
-sale of graphite electrodes and ferroalloys	34 837	55 510
-sale of transport services	11 833	12 899
-sale of houses and apartments	2 304	-
-sale resulting from the construction contract	3 307	4 426
-sale of electricity and gas	31 122	-
-sale of CO2 emission allowances	22 634	203 972
-other sale	17 029	25 264

5 Segment reporting

The Management Board made changes to the presentation of operating segments based on reports reviewed by the Management Board of the Parent Company, which constitute the basis for making strategic decisions. The segments coincide with the activities of

The Group has identified the following types of segments:

-segment Złomrex (ZLMET) identified as the activities of the Cognor S.A. branch Złomrex comprising purchase, sorting, processing, refining and then shipment and sale to external customers of steel scrap and non-ferrous metals

-segment HSJ (HSJ) identified as the activities of the Cognor S.A. branch. HSJ in Stalowa Wola and covering the production and purchase of steel semi-finished products (raw steel) and final steel products and their subsequent sale to external customers, carried out by the HSJ steelworks in Stalowa Wola,

-segment Ferrostal (FER): including the production and purchase of steel semi-finished products (raw steel) and final steel products, and then their sale to external customers, carried out by the Ferrostal steelworks in Gliwice,

-segment OMS (OMS) identified as the activities of the Cognor S.A. branch. Odlewnia Metali Nieżelaznych in Szopienice, including the production and purchase of non-ferrous metal products, mainly bronze rollers and bushings and aluminum alloys in the form of ingots, and then selling them to external customers,

- segment JAP (JAP) identified as the activities of the independent company JAP Industries s.r.o. from the Czech Republic, purchasing graphite and other materials, graphite electrodes and ferroalloys, and then selling them to external customers

-other segment covering the activities:

a) branch of Cognor S.A. PTS in Krakow including transport and construction machinery services,

b) subsidiary Cognor Holding S.A. Sp. k. including revenues from sales of houses and apartments,

c) the subsidiary Hutnik Kraków Sp. z o. o. including revenues from marketing and sports activities,

d) the subsidiary Ecognor Sp. z o. o. including activities related to the launch of a plant producing profiles, boards and other elements solely based on plastic waste for various industries.

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.

5 Segment reporting - continued

Business segments (for the three months ended 30 June)

in PLN thousand

	ZLMET	HSJ	FER	OMS	JAP	Other	Unallocated	Elimination s	Consolidated
01.04.2024 - 30.06.2024									
Revenue from external customers	69 018	245 632	171 723	34 138	20 527	8 299	945	-	550 282
- Scrap metal	31 805	-	-	-	-	-	-	-	31 805
- Billets HSJ	1 952	25 270	21 508	-	-	-	-	-	48 730
- Billets FER	971	-	32 501	-	-	-	-	-	33 472
- Finished products HSJ	597	199 215	3 824	-	-	-	-	-	203 636
- Finished products FER	1 612	3 667	84 539	-	-	-	-	-	89 818
- Non-ferrous scrap metal	29 192	-	-	1 130	-	-	-	-	30 322
- Non-ferrous finished products	2 014	-	-	32 954	-	-	-	-	34 968
- Graphite electrodes and ferroalloys	-	-	-	-	13 558	-	-	-	13 558
- Other	875	17 480	29 351	54	6 969	8 299	-	-	63 028
- Unallocated	-	-	-	-	-	-	945	-	945
Inter-segment revenue	65 202	32 517	9 327	9	5 522	960	3 778	-	117 315
Total revenue	134 220	278 149	181 050	34 147	26 049	9 259	4 723	(116 733)	550 864
Cost of sales to external customers	(65 127)	(216 790)	(201 024)	(29 698)	(16 372)	(7 634)	(899)	-	(537 544)
- Scrap metal	(31 037)	-	-	-	-	-	-	-	(31 037)
- Billets HSJ	(1 982)	(24 221)	(21 477)	-	-	-	-	-	(47 680)
- Billets FER	(970)	1	(45 962)	-	-	-	-	-	(46 931)
- Finished products HSJ	(596)	(180 946)	(3 817)	-	-	-	-	-	(185 359)
- Finished products FER	(1 609)	(3 660)	(111 114)	-	-	-	-	-	(116 383)
- Non-ferrous scrap metal	(26 878)	-	-	(608)	-	-	-	-	(27 486)
- Non-ferrous finished products	(1 919)	-	-	(29 030)	-	-	-	-	(30 949)
- Graphite electrodes and ferroalloys	-	-	-	-	(11 007)	-	-	-	(11 007)
- Other	(136)	(7 964)	(18 654)	(60)	(5 365)	(7 634)	-	-	(39 813)
- Unallocated	-	-	-	-	-	-	(899)	-	(899)
Inter-segment cost of sales	(62 603)	(26 308)	(9 759)	(3)	(4 785)	(720)	(2 093)	-	(106 271)
Total cost of sales	(127 730)	(243 098)	(210 783)	(29 701)	(21 157)	(8 354)	(2 992)	116 582	(527 233)

Segment result	6 490	35 051	(29 733)	4 446	4 892	905	1 731	(151)	23 631
Other income	413	21 158	15 765	54	109	1 376	-	(97)	38 778
Distribution and administrative expenses	(8 391)	(19 011)	(9 896)	(2 019)	(2 553)	(1 757)	(7 445)	2 346	(48 726)
Other gain/(losses) net	(25)	(838)	920	(1)	(401)	-	2 009	(125)	1 539
Other expenses	(25)	(711)	(160)	(3)	-	(8)	(4)	91	(820)
Operating profit/(loss)	(1 538)	35 649	(23 104)	2 477	2 047	516	(3 709)	2 064	14 402
- Scrap metal	(2 516)	-	-	1	-	-	-	-	(2 515)
- Billets HSJ	(138)	1 417	32	-	-	-	-	-	1 311
- Billets FER	(346)	251	(6 187)	-	-	-	-	-	(6 282)
- Finished products HSJ	(31)	18 867	7	-	-	-	-	-	18 843
- Finished products FER	(80)	203	(26 871)	-	-	-	-	-	(26 748)
- Non-ferrous scrap metal	620	-	-	457	-	-	-	-	1 077
- Non-ferrous finished products	(17)	-	-	2 023	-	-	-	-	2 006
- Graphite electrodes and ferroalloys	-	-	-	-	1 515	-	-	-	1 515
- Other	970	14 911	9 915	(4)	532	516	-	-	26 840
- Unallocated	-	-	-	-	-	-	(3 709)	2 064	(1 645)
Net financing costs							(11 291)	(177)	(11 468)
Share of profit of associates, net of tax									69
Gain on a bargain purchase									-
Income tax expense									(833)
Profit for the period									2 170

in PLN thousand

	ZLMET	HSJ	FER	OMS	JAP	Other	Unallocated	Eliminations	Consolidated
01.04.2023 - 30.06.2023									
Revenue from external customers	86 722	363 004	248 187	28 012	29 645	5 936	2 628	-	764 134
- Scrap metal	45 597	-	-	-	-	-	-	-	45 597
- Billets HSJ	147	57 550	27 204	-	-	-	-	-	84 901
- Billets FER	16 295	33 708	76 208	-	-	-	-	-	126 211
- Finished products HSJ	231	266 483	9 795	-	-	-	-	-	276 509
- Finished products FER	889	3 928	81 591	-	-	-	-	-	86 408
- Non-ferrous scrap metal	21 517	-	-	60	-	-	-	-	21 577
- Non-ferrous finished products	1 641	-	-	27 851	-	-	-	-	29 492

- Graphite electrodes and ferroalloys	-	-	-	-	22 607	-	-	-	22 607
- Other	405	1 335	53 389	101	7 038	5 936	-	-	68 204
- Unallocated	-	-	-	-	-	-	2 628	-	2 628
Inter-segment revenue	83 032	37 661	60 101	763	5 973	1 051	2 849	-	191 430
Total revenue	169 754	400 665	308 288	28 775	35 618	6 987	5 477	(190 963)	764 601
Cost of sales to external customers	(83 704)	(297 925)	(254 035)	(24 472)	(26 719)	(5 963)	(2 389)	-	(695 207)
- Scrap metal	(43 752)	-	-	-	-	-	-	-	(43 752)
- Billets HSJ	(147)	(49 137)	(27 173)	-	-	-	-	-	(76 457)
- Billets FER	(16 286)	(33 696)	(83 453)	-	-	-	-	-	(133 435)
- Finished products HSJ	(229)	(210 307)	(9 785)	-	-	-	-	-	(220 321)
- Finished products FER	(887)	(3 907)	(96 391)	-	-	-	-	-	(101 185)
- Non-ferrous scrap metal	(20 860)	-	-	(34)	-	-	-	-	(20 894)
- Non-ferrous finished products	(1 538)	-	-	(24 364)	-	-	-	-	(25 902)
- Graphite electrodes and ferroalloys	-	-	-	-	(21 502)	-	-	-	(21 502)
- Other	(5)	(878)	(37 233)	(74)	(5 217)	(5 963)	-	-	(49 370)
- Unallocated	-	-	-	-	-	-	(2 389)	-	(2 389)
Inter-segment cost of sales	(80 477)	(30 349)	(56 082)	(556)	(4 825)	(593)	(418)	-	(173 300)
Total cost of sales	(164 181)	(328 274)	(310 117)	(25 028)	(31 544)	(6 556)	(2 807)	192 071	(676 436)
Segment result	5 573	72 391	(1 829)	3 747	4 074	431	2 670	1 108	88 165
Other income	97	11 908	7 824	58	218	852	2	(595)	20 364
Distribution and administrative expenses	(8 608)	(23 191)	(11 798)	(1 889)	(3 839)	(1 057)	(7 665)	819	(57 228)
Other gain/(losses) net	(251)	(3 714)	(2 227)	(612)	710	104	(3 085)	(54)	(9 129)
Other expenses	403	(1 005)	(583)	(6)	(69)	(26)	-	588	(698)
Operating profit	(2 786)	56 389	(8 613)	1 298	1 094	304	(8 078)	1 866	41 474
- Scrap metal	(2 193)	-	-	1	-	-	-	-	(2 192)
- Billets HSJ	(7)	8 829	31	-	-	-	-	-	8 853
- Billets FER	(776)	964	(3 934)	-	-	-	-	-	(3 746)
- Finished products HSJ	(11)	46 084	10	-	-	-	-	-	46 083
- Finished products FER	(36)	205	(19 349)	-	-	-	-	-	(19 180)
- Non-ferrous scrap metal	(507)	-	-	131	-	-	-	-	(376)
- Non-ferrous finished products	17	-	-	1 109	-	-	-	-	1 126
- Graphite electrodes and ferroalloys	-	-	-	-	(263)	-	-	-	(263)
- Other	727	307	14 629	57	1 357	304	-	-	17 381

- Unallocated	-	-	-	-	-	-	(8 078)	1 866	(6 212)
Net financing costs							(12 182)	(84)	(12 266)
Share of profit of associates, net of tax									80
Gain on a bargain purchase									(60)
Income tax expense									(4 153)
Profit for the period									25 075

Business segments (for the six months ended 30 June)

in PLN thousand

01.01.2024 - 30.06.2024	ZLMET	HSJ	FER	OMS	JAP	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	178 208	535 593	389 676	65 529	49 043	14 590	3 315	-	1 235 954
- Scrap metal	59 328	-	-	-	-	-	-	-	59 328
- Billets HSJ	3 151	57 654	35 050	-	-	-	-	-	95 855
- Billets FER	56 687	15 432	151 048	-	-	-	-	-	223 167
- Finished products HSJ	1 037	439 919	7 400	-	-	-	-	-	448 356
- Finished products FER	1 612	3 877	161 507	-	-	-	-	-	166 996
- Non-ferrous scrap metal	51 791	-	-	1 985	-	-	-	-	53 776
- Non-ferrous finished products	3 219	-	-	63 381	-	-	-	-	66 600
- Graphite electrodes and ferroalloys	-	-	-	-	34 837	-	-	-	34 837
- Other	1 383	18 711	34 671	163	14 206	14 590	-	-	83 724
- Unallocated	-	-	-	-	-	-	3 315	-	3 315
Inter-segment revenue	156 568	51 593	83 051	9	11 906	1 956	6 047	-	311 130
Total revenue	334 776	587 186	472 727	65 538	60 949	16 546	9 362	(309 940)	1 237 144
Cost of sales to external customers	(170 800)	(483 628)	(434 605)	(56 253)	(39 700)	(13 989)	(3 030)	-	(1 202 005)
- Scrap metal	(57 014)	-	-	-	-	-	-	-	(57 014)
- Billets HSJ	(3 147)	(56 216)	(34 999)	-	-	-	-	-	(94 362)
- Billets FER	(56 662)	(15 425)	(168 770)	-	-	-	-	-	(240 857)
- Finished products HSJ	(1 036)	(398 828)	(7 389)	-	-	-	-	-	(407 253)
- Finished products FER	(1 609)	(3 870)	(200 009)	-	-	-	-	-	(205 488)
- Non-ferrous scrap metal	(48 038)	-	-	(1 137)	-	-	-	-	(49 175)
- Non-ferrous finished products	(3 084)	-	-	(54 965)	-	-	-	-	(58 049)
- Graphite electrodes and ferroalloys	-	-	-	-	(28 713)	-	-	-	(28 713)
- Other	(210)	(9 289)	(23 438)	(151)	(10 987)	(13 989)	-	-	(58 064)

- Unallocated	-	-	-	-	-	-	(3 030)	-	(3 030)
Inter-segment cost of sales	(150 562)	(44 566)	(88 442)	(3)	(10 117)	(1 406)	(2 139)	-	(297 235)
Total cost of sales	(321 362)	(528 194)	(523 047)	(56 256)	(49 817)	(15 395)	(5 169)	311 194	(1 188 046)
Segment result	13 414	58 992	(50 320)	9 282	11 132	1 151	4 193	1 254	49 098
Other income	531	33 134	43 192	108	190	2 154	-	(719)	78 590
Distribution and administrative expenses	(17 783)	(39 231)	(22 245)	(3 486)	(5 202)	(2 872)	(13 350)	3 197	(100 972)
Other gain/(losses) net	(31)	(1 240)	732	(92)	452	15	3 940	(21)	3 755
Other expenses	(80)	(1 093)	(901)	(5)	-	(18)	(5)	709	(1 393)
Operating profit/(loss)	(3 949)	50 562	(29 542)	5 807	6 572	430	(5 222)	4 420	29 078
- Scrap metal	(3 648)	-	-	1	-	-	-	-	(3 647)
- Billets HSJ	(159)	724	52	-	-	-	-	-	617
- Billets FER	(2 915)	816	(11 856)	-	-	-	-	-	(13 955)
- Finished products HSJ	(52)	34 044	11	-	-	-	-	-	34 003
- Finished products FER	(80)	211	(28 146)	-	-	-	-	-	(28 015)
- Non-ferrous scrap metal	1 018	-	-	742	-	-	-	-	1 760
- Non-ferrous finished products	(32)	-	-	5 055	-	-	-	-	5 023
- Graphite electrodes and ferroalloys	-	-	-	-	4 081	-	-	-	4 081
- Other	1 919	14 767	10 397	9	2 491	430	-	-	30 013
- Unallocated	-	-	-	-	-	-	(5 222)	4 420	(802)
Net financing costs							(17 326)	(250)	(17 576)
Share of profit of associates, net of tax									111
Gain on a bargain purchase									-
Income tax expense									(3 248)
Profit for the period									8 365

in PLN thousand

01.01.2023 - 30.06.2023	ZLMET	HSJ	FER	OMS	JAP	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	177 761	704 185	619 022	60 423	71 839	13 182	4 456	-	1 650 868
- Scrap metal	101 871	-	-	-	-	-	-	-	101 871
- Billets HSJ	147	101 787	57 964	-	-	-	-	-	159 898
- Billets FER	22 566	34 177	125 939	-	-	-	-	-	182 682
- Finished products HSJ	1 429	558 907	22 321	-	-	-	-	-	582 657

- Finished products FER	851	6 477	205 154	-	-	-	-	-	212 482
- Non-ferrous scrap metal	44 450	-	-	61	-	-	-	-	44 511
- Non-ferrous finished products	5 691	-	-	60 159	-	-	-	-	65 850
- Graphite electrodes and ferroalloys	-	-	-	-	55 510	-	-	-	55 510
- Other	756	2 837	207 644	203	16 329	13 182	-	-	240 951
- Unallocated	-	-	-	-	-	-	4 456	-	4 456
Inter-segment revenue	186 465	82 654	75 293	1 383	12 214	2 080	13 059	-	373 148
Total revenue	364 226	786 839	694 315	61 806	84 053	15 262	17 515	(371 968)	1 652 048
Cost of sales to external customers	(168 395)	(584 992)	(598 215)	(51 867)	(63 847)	(12 433)	(4 020)	-	(1 483 769)
- Scrap metal	(96 174)	-	-	-	-	-	-	-	(96 174)
- Billets HSJ	(147)	(88 358)	(57 913)	-	-	-	-	-	(146 418)
- Billets FER	(22 553)	(34 165)	(131 474)	-	-	-	-	-	(188 192)
- Finished products HSJ	(1 427)	(453 137)	(22 302)	-	-	-	-	-	(476 866)
- Finished products FER	(848)	(6 452)	(217 379)	-	-	-	-	-	(224 679)
- Non-ferrous scrap metal	(41 928)	-	-	(34)	-	-	-	-	(41 962)
- Non-ferrous finished products	(5 303)	-	-	(51 684)	-	-	-	-	(56 987)
- Graphite electrodes and ferroalloys	-	-	-	-	(51 371)	-	-	-	(51 371)
- Other	(15)	(2 880)	(169 147)	(149)	(12 476)	(12 433)	-	-	(197 100)
- Unallocated	-	-	-	-	-	-	(4 020)	-	(4 020)
Inter-segment cost of sales	(180 350)	(69 954)	(70 041)	(934)	(9 743)	(1 444)	(8 045)	-	(340 511)
Total cost of sales	(348 745)	(654 946)	(668 256)	(52 801)	(73 590)	(13 877)	(12 065)	363 960	(1 460 320)
Segment result	15 481	131 893	26 059	9 005	10 463	1 385	5 450	(8 008)	191 728
Other income	259	27 804	24 664	106	441	882	3	(751)	53 408
Distribution and administrative expenses	(17 107)	(45 611)	(22 466)	(3 231)	(7 424)	(2 001)	(16 253)	8 870	(105 223)
Other gain/(losses) net	(31)	(4 067)	2 739	(644)	(339)	104	(3 910)	(28)	(6 176)
Other expenses	(444)	(1 386)	(2 481)	(7)	(69)	(28)	(32)	752	(3 695)
Operating profit	(1 842)	108 633	28 515	5 229	3 072	342	(14 742)	835	130 042
- Scrap metal	(2 541)	-	-	1	-	-	-	-	(2 540)
- Billets HSJ	(7)	15 240	51	-	-	-	-	-	15 284
- Billets FER	(1 061)	982	1 298	-	-	-	-	-	1 219
- Finished products HSJ	(66)	92 539	19	-	-	-	-	-	92 492
- Finished products FER	(37)	209	(9 135)	-	-	-	-	-	(8 963)
- Non-ferrous scrap metal	376	-	-	308	-	-	-	-	684
- Non-ferrous finished products	118	-	-	4 800	-	-	-	-	4 918

- Graphite electrodes and ferroalloys	-	-	-	-	61	-	-	-	61
- Other	1 376	(337)	36 282	120	3 011	342	-	-	40 794
- Unallocated	-	-	-	-	-	-	(14 742)	835	(13 907)
Net financing costs							(28 160)	(88)	(28 248)
Share of profit of associates, net of tax									(5)
Gain on a bargain purchase									112 076
Income tax expense									(16 512)
Profit for the period									197 353

Business segments (for the twelve months ended 30 June)

in PLN thousand

01.07.2023 - 30.06.2024	ZLMET	HSJ	FER	OMS	JAP	Other	Unallocated	Eliminations	Consolidated
Revenue from external customers	312 158	972 621	762 644	117 156	104 154	26 753	8 984	-	2 304 470
- Scrap metal	128 518	-	-	-	-	-	-	-	128 518
- Billets HSJ	4 758	102 159	75 177	-	-	-	-	-	182 094
- Billets FER	74 068	16 248	237 624	-	-	-	-	-	327 940
- Finished products HSJ	2 178	826 738	15 267	-	-	-	-	-	844 183
- Finished products FER	1 612	6 228	279 115	-	-	-	-	-	286 955
- Non-ferrous scrap metal	92 770	-	-	3 232	-	-	-	-	96 002
- Non-ferrous finished products	6 168	-	-	113 286	-	-	-	-	119 454
- Graphite electrodes and ferroalloys	-	-	-	-	72 815	-	-	-	72 815
- Other	2 086	21 248	155 461	638	31 339	26 753	-	-	237 525
- Unallocated	-	-	-	-	-	-	8 984	-	8 984
Inter-segment revenue	265 638	102 884	105 279	763	22 369	3 600	9 660	-	510 193
Total revenue	577 796	1 075 505	867 923	117 919	126 523	30 353	18 644	(508 043)	2 306 620
Cost of sales to external customers	(297 447)	(849 912)	(818 937)	(101 150)	(88 312)	(26 645)	(8 158)	-	(2 190 561)
- Scrap metal	(122 242)	-	-	-	-	-	-	-	(122 242)
- Billets HSJ	(4 752)	(99 810)	(75 070)	-	-	-	-	-	(179 632)
- Billets FER	(74 034)	(16 239)	(274 669)	-	-	-	-	-	(364 942)
- Finished products HSJ	(2 176)	(715 769)	(15 253)	-	-	-	-	-	(733 198)
- Finished products FER	(1 609)	(6 226)	(359 530)	-	-	-	-	-	(367 365)
- Non-ferrous scrap metal	(86 552)	-	-	(2 107)	-	-	-	-	(88 659)
- Non-ferrous finished products	(5 857)	-	-	(98 730)	-	-	-	-	(104 587)

- Graphite electrodes and ferroalloys	-	-	-	-	(61 603)	-	-	-	(61 603)
- Other	(225)	(11 868)	(94 415)	(313)	(26 709)	(26 645)	-	-	(160 175)
- Unallocated	-	-	-	-	-	-	(8 158)	-	(8 158)
Inter-segment cost of sales	(254 953)	(89 739)	(111 152)	(460)	(19 092)	(2 434)	(2 423)	-	(480 253)
Total cost of sales	(552 400)	(939 651)	(930 089)	(101 610)	(107 404)	(29 079)	(10 581)	501 768	(2 169 046)
Segment result	25 396	135 854	(62 166)	16 309	19 119	1 274	8 063	(6 275)	137 574
Other income	666	75 543	71 852	282	1 419	3 142	58	(3 918)	149 044
Distribution and administrative expenses	(32 806)	(70 342)	(38 618)	(5 979)	(12 201)	(5 800)	(25 940)	5 016	(186 670)
Other gain/(losses) net	173	(2 680)	2 385	(154)	1 897	134	4 596	5	6 356
Other expenses	(342)	(3 904)	(3 282)	(75)	67	(121)	(73)	3 768	(3 962)
Operating profit/(loss)	(6 913)	134 471	(29 829)	10 383	10 301	(1 371)	(13 296)	(1 404)	102 342
- Scrap metal	(6 533)	-	-	1	-	-	-	-	(6 532)
- Billets HSJ	(244)	4 648	108	-	-	-	-	-	4 512
- Billets FER	(3 955)	1 699	(22 631)	-	-	-	-	-	(24 887)
- Finished products HSJ	(119)	113 027	18	-	-	-	-	-	112 926
- Finished products FER	(85)	499	(65 756)	-	-	-	-	-	(65 342)
- Non-ferrous scrap metal	968	-	-	1 138	-	-	-	-	2 106
- Non-ferrous finished products	(45)	-	-	8 868	-	-	-	-	8 823
- Graphite electrodes and ferroalloys	-	-	-	-	7 342	-	-	-	7 342
- Other	3 100	14 598	58 432	376	2 959	(1 371)	-	-	78 094
- Unallocated	-	-	-	-	-	-	(13 296)	(1 404)	(14 700)
Net financing costs							(39 526)	(242)	(39 768)
Share of profit of associates, net of tax									170
Gain on a bargain purchase									-
Income tax expense									(15 924)
Profit for the period									46 820

<i>in PLN thousand</i>	ZLMET	HSJ	FER	OMS	JAP	Other	Unallocated	Elimination s	Consolidated
01.07.2022 - 30.06.2023									
Revenue from external customers	352 909	1 362 088	1 380 855	115 512	71 839	27 907	10 285	-	3 321 395
- Scrap metal	193 070	-	-	-	-	-	-	-	193 070
- Billets HSJ	11 034	222 176	119 406	-	-	-	-	-	352 616
- Billets FER	37 959	61 799	202 877	-	-	-	-	-	302 635
- Finished products HSJ	1 952	1 057 269	38 310	-	-	-	-	-	1 097 531
- Finished products FER	3 886	15 415	549 497	-	-	-	-	-	568 798
- Non-ferrous scrap metal	93 234	-	-	238	-	-	-	-	93 472
- Non-ferrous finished products	10 082	-	-	113 711	-	-	-	-	123 793
- Graphite electrodes and ferroalloys	-	-	-	-	55 510	-	-	-	55 510
- Other	1 692	5 429	470 765	1 563	16 329	27 907	-	-	523 685
- Unallocated	-	-	-	-	-	-	10 285	-	10 285
Inter-segment revenue	344 759	172 088	143 026	2 756	12 214	4 709	18 146	-	697 698
Total revenue	697 668	1 534 176	1 523 881	118 268	84 053	32 616	28 431	(694 446)	3 324 647
Cost of sales to external customers	(332 049)	(1 097 505)	(1 165 797)	(98 277)	(63 847)	(24 928)	(9 246)	-	(2 791 649)
- Scrap metal	(181 506)	-	-	-	-	-	-	-	(181 506)
- Billets HSJ	(11 019)	(183 951)	(119 308)	-	-	-	-	-	(314 278)
- Billets FER	(37 943)	(61 800)	(203 231)	-	-	-	-	-	(302 974)
- Finished products HSJ	(1 950)	(831 437)	(38 331)	-	-	-	-	-	(871 718)
- Finished products FER	(2 717)	(15 392)	(559 735)	-	-	-	-	-	(577 844)
- Non-ferrous scrap metal	(87 471)	-	-	(99)	-	-	-	-	(87 570)
- Non-ferrous finished products	(9 295)	-	-	(96 791)	-	-	-	-	(106 086)
- Graphite electrodes and ferroalloys	-	-	-	-	(51 371)	-	-	-	(51 371)
- Other	(148)	(4 925)	(245 192)	(1 387)	(12 476)	(24 928)	-	-	(289 056)
- Unallocated	-	-	-	-	-	-	(9 246)	-	(9 246)
Inter-segment cost of sales	(331 324)	(138 579)	(126 655)	(1 910)	(9 743)	(4 255)	(8 161)	-	(620 627)
Total cost of sales	(663 373)	(1 236 084)	(1 292 452)	(100 187)	(73 590)	(29 183)	(17 407)	674 402	(2 737 874)
Segment result	34 295	298 092	231 429	18 081	10 463	3 433	11 024	(20 044)	586 773
Other income	668	47 555	41 131	232	441	1 056	1 407	(2 421)	90 069
Distribution and administrative expenses	(32 853)	(86 199)	(50 335)	(5 724)	(7 424)	(3 670)	(36 474)	10 002	(212 677)
Other gain/(losses) net	(7)	(5 874)	2 441	(700)	(339)	105	(3 748)	913	(7 209)
Other expenses	(685)	(2 212)	(7 108)	162	(69)	(40)	(756)	1 262	(9 446)

Operating profit	1 418	251 362	217 558	12 051	3 072	884	(28 547)	(10 288)	447 510
- Scrap metal	2 762	-	-	2	-	-	-	-	2 764
- Billets HSJ	(469)	47 302	98	-	-	-	-	-	46 931
- Billets FER	(2 039)	1 618	15 541	-	-	-	-	-	15 120
- Finished products HSJ	(92)	203 041	(21)	-	-	-	-	-	202 928
- Finished products FER	683	(108)	(21 306)	-	-	-	-	-	(20 731)
- Non-ferrous scrap metal	(2 293)	-	-	643	-	-	-	-	(1 650)
- Non-ferrous finished products	(89)	-	-	11 123	-	-	-	-	11 034
- Graphite electrodes and ferroalloys	-	-	-	-	61	-	-	-	61
- Other	2 955	(491)	223 246	283	3 011	884	-	-	229 888
- Unallocated	-	-	-	-	-	-	(28 547)	(10 288)	(38 835)
Net financing costs							(49 020)	(99)	(49 119)
Share of profit of associates, net of tax									111
Gain on a bargain purchase									112 076
Income tax expense									(49 388)
Profit for the period									461 190

in PLN thousand

	ZLMET	HSJ	FER	OMS	JAP	Other	Unallocated	Eliminations	Consolidated
30.06.2024									
Segment assets	130 888	414 484	1 351 555	41 406	91 890	57 290	776 035	(129 920)	2 733 628
Segment liabilities	99 287	307 390	375 129	21 728	9 826	22 744	762 201	(111 847)	1 486 458
Depreciation and amortisation	(3 646)	(10 585)	(7 158)	(591)	(576)	(459)	(606)	(563)	(24 184)
Capital expenditures	967	8 634	211 089	435	872	781	1 749	-	224 527

in PLN thousand

	ZLMET	HSJ	FER	OMS	JAP	Other	Unallocated	Eliminations	Consolidated
31.12.2023									
Segment assets	123 623	446 584	1 187 936	32 870	90 843	42 325	405 860	(56 117)	2 273 924
Segment liabilities	65 102	219 711	353 883	11 632	9 593	15 242	472 846	(115 295)	1 032 714
Depreciation and amortisation*	(7 856)	(21 382)	(13 328)	(1 202)	(1 405)	(921)	(971)	(1 995)	(49 060)
Capital expenditures*	2 235	29 981	403 661	455	1 304	5 759	3 482	-	446 877

* for the entire year 2023

in PLN thousand

	ZLMET	HSJ	FER	OMS	JAP	Other	Unallocated	Eliminations	Consolidated
30.06.2023									
Segment assets	120 038	430 210	987 838	38 631	102 283	32 622	563 175	(44 356)	2 230 441
Segment liabilities	66 668	228 559	257 165	14 939	6 172	13 297	529 775	(97 578)	1 018 997
Depreciation and amortisation	(4 053)	(10 474)	(6 518)	(612)	(858)	(454)	(490)	(1 348)	(24 807)
Capital expenditures	2 608	12 665	114 646	55	180	22	1 258	-	131 434

Unallocated assets

in PLN thousand

	30.06.2024	31.12.2023	30.06.2023
Long-term and short-term investments	1 120	1 004	1 095
Deferred tax assets	2 836	1 799	443
Financial assets due to valuation of derivative instruments	25 790	31 462	40 939
Income tax receivable	5 520	10 299	18 510
Cash and cash equivalents	483 427	144 269	251 892
Assets held for sale	-	6 949	6 960
Other receivables (statutory receivables, receivables relating to sale of subsidiaries, etc)	180 930	130 522	172 233
Assets of central office	76 412	79 556	71 103
	776 035	405 860	563 175

Unallocated liabilities

in PLN thousand

	30.06.2024	31.12.2023	30.06.2023
Interest-bearing loans, borrowings and other	695 066	415 540	433 281
Bank overdraft	-	-	28 000
Deferred tax liabilities	7 349	4 386	6 479
Provisions	1 300	1 300	1 330
Current income tax payables	-	-	114
Other liabilities	50 463	39 100	51 376
Liabilities of disposal assets held for sale	-	1 541	1 499
Liabilities of central office	8 023	10 979	7 696
	762 201	472 846	529 775

6 Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at a cost of PLN 249 606 thousand (six months ended 30 June 2023: PLN 182 806 thousand). Assets with a net book value of PLN 10 927 thousand were disposed during the six months of 2024 (six months ended 30 June 2023: PLN 1 808 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 1 598 thousand (six months ended 30 June 2023: a net gain on disposal of PLN 6 744 thousand).

During the twelve months ended 30 June 2024, the Group acquired property, plant and equipment at a cost of PLN 591 517 thousand (twelve months ended 30 June 2023: PLN 277 961 thousand). Assets with a net book value of PLN 14 038 thousand were disposed of during the twelve months ended 30 June 2024 (twelve months ended 30 June 2023: PLN 3 683 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 2 210 thousand (twelve months ended 30 June 2023: a net gain on disposal of PLN 7 237 thousand).

As at June 30, 2024, the Group identified indications of possible impairment of assets assigned to the branches of Ferrostal Łabędy in Gliwice, Ferrostal Łabędy in Kraków, Ferrostal Łabędy in Zawiercie and Ferrostal in Siemianowice Śląskie, which together constitute a cash-generating unit (CGU) - FER segment, constituting part of the Group's assets. The main premise was the decline in demand and product prices in 2024. The Group updated its long-term forecasts and for the above-mentioned the cash-generating unit and performed an impairment test. As a result of the tests, the determined recoverable value exceeded the carrying value of the tested fixed assets assigned to the cash-generating unit (CGU), therefore, as at June 30, 2024, the Group did not recognize any impairment losses. However, a slight change in the assumptions in the adopted model (mainly price changes) may result in the need to recognize a write-off in the future.

During the six months ended 30 June 2024, the Group acquired intangible assets at a cost of PLN 31 thousand (six months ended 30 June 2023: PLN 8 164 thousand). Assets with a net book value of PLN 0 thousand were disposed during the six months of 2024 (six months ended 30 June 2023: PLN 369 thousand). On the disposal of intangible assets the Group achieved a net gain on disposal of PLN 0 thousand (six months ended 30 June 2023: a net loss on disposal of PLN 368 thousand).

During the twelve months ended 30 June 2024, the Group acquired intangible assets at a cost of PLN 176 thousand (twelve months ended 30 June 2023: PLN 8 314 thousand). Assets with a net book value of PLN 0 thousand were disposed of during the twelve months ended 30 June 2024 (twelve months ended 30 June 2023: PLN 1 895 thousand). On the sale of intangible assets the Group achieved a net gain on disposal of PLN 0 thousand (twelve months ended 30 June 2023: a net loss on disposal of PLN 368 thousand).

Capital commitments

As at 30 June 2024 the Group had capital commitments in the amount of PLN 69 665 thousand (31 December 2023: PLN 109 360 thousand; 30 June 2023: PLN 28 049 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 June 2024 (in thousand PLN)
Construction works (Siemianowice Śl.)	106 779
Production line for the production of hot-rolled bars (new rolling mill for light sections - Siemianowice)	12 219
Automatic storage warehouse (Siemianowice Śl.)	39 852
Purchase of cranes (Siemianowice Śl.)	2 047
Connection to the power network (gas, electricity - Siemianowice Śl.)	3 469
Contractor (Siemianowice Śl.)	117
Compressor room (Siemianowice Śl.)	96
Gas station (Siemianowice Śl.)	241
Investor supervision (Siemianowice Śl.)	275
Assembly of the production line and a closed water circuit (Siemianowice Śl.)	60 727
Transformer (Siemianowice Śl.)	2 970
Automatic overhead crane (Siemianowice Śl.)	6 180
Transformer 25 MVA 1 pc (Siemianowice Śl.)	2 600
Lathes (Siemianowice Śl.)	2 346
Total - Cognor S.A. branch Ferrostal in Siemianowice Śląskie	239 918

General contractor - spooler assembly (Kraków)	23 786
Building project (Kraków)	60
Electrical and automatic works - spooler (Kraków)	4 793
Testing machine (Kraków)	618
Total - Cognor S.A. branch Ferrostal Łabędy in Kraków	29 257
3 slag wagons (Gliwice)	1 262
Fire alarm system at the steelworks (Gliwice)	47
4MWp PV installation (Gliwice)	435
Total - Cognor S.A. branch Ferrostal Łabędy in Gliwice	1 744
Skew roll straightener (Stalowa Wola)	16 362
Assembly and installation of a skew roll straightener (Stalowa Wola)	2 395
EAF furnace power system (Stalowa Wola)	9 172
Construction of the second VOD tank (Stalowa Wola)	1 432
D5 furnace portal (Stalowa Wola)	27
Modernization of dust collection (Stalowa Wola)	1 703
Wire feeder (Stalowa Wola)	878
Substructure for skew roll straightener (Stalowa Wola)	378
Modernization of the shot-blasting machine STEM II (Stalowa Wola)	455
Grinding and polishing machine (Stalowa Wola)	540
Hook device (Stalowa Wola)	1 437
16t overhead crane for continuous steel casting (Stalowa Wola)	1 650
Total - Cognor S.A. branch HSJ in Stalowa Wola	36 429
Total Cognor S.A.	307 348

7 Trade and other receivables

Short-term receivables

in PLN thousand

	30.06.2024	31.12.2023	30.06.2023
Trade receivables	48 943	149 717	173 197
Receivables under a construction contract*	38 438	35 131	29 741
Statutory receivables excluding income tax (including recognized receivables due to CO2 compensation)***	147 437	103 893	135 366
Prepayments for services and inventories	10 019	4 408	7 412
Prepayments for fixed assets	67 607	80 893	94 411
Factoring receivables	22 045	16 892	26 587
Initial lease payments	9 892	9 048	9 801
Other receivables	9 496	3 951	7 446
	353 877	403 933	483 961

Long-term receivables

in PLN thousand

	30.06.2024	31.12.2023	30.06.2023
Prepayments**	7 695	14 844	14 170
Other receivables	613	573	473
	8 308	15 417	14 643

* service provided to Przemysław Sztuczowski, President of the Management Board - more in note 17

**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 March 31, 2025

*** under this item, the Group discloses the estimated revenue related to compensations related to the increase in quotations of CO2 emission rights June 30, 2024: PLN 100 789 thousand (December 31, 2023: PLN 52 563 thousand, June 30, 2023: PLN 72 161 thousand). This item also includes receivables from VAT, June 30, 2024: PLN 33 344 thousand (December 31, 2023: PLN 50 103 thousand, June 30, 2023: PLN 58 574 thousand). In this item, the Group also recognizes the estimated compensation for increase in energy and gas prices as at June 30, 2024: PLN 12 156 thousand (December 31, 2023: PLN 0 thousand, June 30, 2023: PLN 0 thousand).

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". As at June 30, 2024 the Group discloses PLN 22 045 thousand of factoring receivables (as at December 31, 2023: PLN 16 892 thousand, as at June 30, 2023: PLN 26 587 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:

	30.06.2024	31.12.2023	30.06.2023
Trade receivables in total	347 791	354 882	410 925
Receivables subject to factoring without recourse	(276 803)	(188 273)	(211 141)
Trade receivables net disclosed in the statement of financial position	48 943	149 717	173 197
Receivables subject to factoring without recourse in the part not financed by the factor (factoring receivables)	22 045	16 892	26 587

Trade receivables (not transferred to the factor) are classified as measured at amortized cost and are subject to impairment loss. The calculation of the impairment loss is based on the 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 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 June 30, 2024: PLN 821 thousand (as at December 31, 2023: PLN 558 thousand, as at June 30, 2023: PLN 552 thousand).

8 Inventories

in PLN thousand

	30.06.2024	31.12.2023	30.06.2023
Raw materials	184 427	153 195	193 515
Semi-finished goods and work in progress	138 781	170 507	159 680
Finished products	150 741	173 216	209 819
Goods for resale	30 140	26 941	25 989
	504 089	523 859	589 003

Movements in allowances for inventories

in PLN thousand

	01.01.2024- 30.06.2024	01.01.2023- 31.12.2023	01.01.2023 - 30.06.2023
Opening balance	(29 350)	(11 080)	(11 080)
Increase due to acquisition of subsidiaries	-	-	(100)
Recognition	(1 273)	(23 194)	(12 026)
Utilization	-	-	-
Reversal	11 391	4 924	-
F/x differences due to valuation of subsidiaries	25	-	38
Closing balance	(19 207)	(29 350)	(23 168)

In semi-finished goods and work in progress, the Group presents PLN 34 362 thousand as a development project implemented by a subsidiary Cognor Holding S.A. Sp.k. (December 31, 2023: PLN 20 672 thousand, June 30, 2023: PLN 16 654 thousand).

9 Trade and other payables

Short term

in PLN thousand

	30.06.2024	31.12.2023	30.06.2023
Trade payables	448 706	280 296	310 166
Statutory payables (excluding current income tax payables)	22 400	17 561	16 458
Dividend payables	-	96	97
Investment payables	69 665	109 360	28 049
Prepayments for services and deliveries of goods	21 799	8 464	7 452
Liabilities due to Shareholder	26	-	26
Liabilities due to the acquisition of a subsidiary	9 247	9 154	10 202
Accrued expenses relating to bonuses for the Management Board	1 047	5 056	3 184
Payroll liabilities	11 586	10 030	11 002
Accrued expenses relating to employees	14 283	16 457	8 912
Accrued expenses	15 714	2 396	2 706
Other payables	7 204	2 259	4 364
	621 677	461 129	402 618

Long term

in PLN thousand

	30.06.2024	31.12.2023	30.06.2023
Liabilities due to the acquisition of a subsidiary	-	-	9 227
Accrued expenses	-	138	-
	-	138	9 227

10 Equity

Issued share capital

	30.06.2024	31.12.2023	30.06.2023
Number of shares at the end of the period (admitted to trading by the National Depository for Securities)	171 420 663	171 420 663	171 420 663
Number of issued warrants	-	-	94
Nominal value of 1 share	1,5 PLN	1,5 PLN	1,5 PLN

At 30 June 2024, the parent Company's share capital comprised 171 420 663 ordinary shares with a nominal value of PLN 1,5 each (31 December 2023: 171 420 663 ordinary shares with a nominal value of PLN 1,5 each; 30 June 2023: 171 420 663 with a nominal value of PLN 1,5 each).

On June 26, 2024, the General Meeting of Shareholders of Cognor Holding S.A. adopted a resolution to allocate the profit from 2023 in the amount of PLN 122 657 thousand for supplementary and reserve capital.

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 12.

The shareholders' structure

The ownership structure as at 30 June 2024 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.*	128 539 132	74,99%	128 539 132	74,99%
Przemysław Sztuczkowski	4 886 771	2,85%	4 886 771	2,85%
Other shareholders	37 994 760	22,16%	37 994 760	22,16%
Total	171 420 663	100,00%	171 420 663	100,00%

* Przemysław Sztuczkowski owns 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.

The ownership structure as at the date of previous report's publication (May 15, 2024) 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.*	128 539 132	74,99%	128 539 132	74,99%
Przemysław Sztuczkowski	4 886 771	2,85%	4 886 771	2,85%
Other shareholders	37 994 760	22,16%	37 994 760	22,16%
Total	171 420 663	100,00%	171 420 663	100,00%

* Przemysław Sztuczkowski owns 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.

The ownership structure as at the date of current report's publication (August 13, 2024) 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.*	128 539 132	74,99%	128 539 132	74,99%
Przemysław Sztuczkowski	4 886 771	2,85%	4 886 771	2,85%
Other shareholders	37 994 760	22,16%	37 994 760	22,16%
Total	171 420 663	100,00%	171 420 663	100,00%

* Przemysław Sztuczkowski owns 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.

11 Earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2024 was based on the profit attributable to ordinary shareholders of PLN 8 029 thousand (the six-month period ended 30 June 2023: profit PLN 192 739 thousand) and a weighted average number of ordinary shares outstanding during the six-month period ended 30 June 2024 of 171 421 thousand (the six-month period ended 30 June 2023: 171 421 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the 6 months period ended June 30, 2024 was 191 421 thousand (30 June 2023: 184 754 thousand).

The calculation of basic earnings per share for the twelve-month period ended 30 June 2024 was based on the profit attributable to ordinary shareholders of PLN 44 544 thousand (the twelve-month period ended 30 June 2023: profit PLN 442 602 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 30 June 2024 of 171 421 thousand (the twelve-month period ended 30 June 2023: 171 421 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 30 June 2024 was 191 421 thousand (30 June 2023: 178 088 thousand).

12 Interest-bearing loans and borrowings and bank overdraft

in PLN thousand

	30.06.2024	31.12.2023	30.06.2023
Bank overdraft	-	-	28 000
Non-current liabilities			
Secured bank loans	286 810	99 108	106 660
Secured debt (bonds)	190 214	79 402	119 219
Convertible bonds	98 176	98 275	98 218
Other borrowings	9 428	9 369	979
	584 628	286 154	325 076
Current liabilities			
Current portion of secured bank loans	43 191	15 320	8 785
Current portion of secured debt (bonds)	52 866	44 698	46 389
Current portion of convertible bonds	2 864	2 651	2 593
Factoring liabilities	9 479	-	-
Other borrowings	2 038	66 717	50 438
	110 438	129 386	108 205

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, Issuer'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 the Issuer. 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.).

Due to the change in the budget of the investment project of Cognor S.A. renegotiated the investment loan agreement with Banco Santander S.A. and signed an annex to the loan agreement on February 8, 2024, as a result of which the amount of the term loan was increased to EUR 35,700 thousand and PLN 360,400 thousand (increase by an additional EUR 5,200 thousand and PLN 120,400 thousand). The financing covered additional agreements, i.e. the supply and assembly agreement of January 29, 2024, under which Danieli & C. Officine Meccaniche S.p.a. undertook to deliver and install at the Cognor S.A. production plant a new water treatment plant in Siemianowice Śląskie and an agreement for the delivery, assembly and commissioning of a MAT99 automatic storage warehouse concluded by Cognor S.A. with Matter SRL on October 26, 2022. The final repayment date has been extended to December 31, 2033, the interest rate will be based on WIBOR/EURIBOR 6M plus a margin, and repayments of the additional part of the loan resulting from the annex will be made evenly starting from June 2025 in semi-annual periods. Loan repayments under the original agreement began in June 2024.

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. On March 5, 2024, further tranches of EUR 6 818 thousand and PLN 18 493 thousand were released. On March 7, 2024 another tranche of PLN 41 386 was released. On April 30, 2024, another tranche of PLN 45 330 thousand was released. On May 22, 2024, further tranches in the amount of PLN 73 288 thousand and EUR 4 295 thousand were released. On May 31, 2024, another tranche of EUR 5 892 thousand was released. In June 2024, the Company started repaying the abovementioned loan in accordance with the schedule and repaid the first installment of PLN 15 000 thousand and EUR 1 906 thousand. Liability due to the above-mentioned loan amounted to PLN 330 001 thousand as at June 30, 2024 (December 31, 2023: PLN 114 428 thousand, June 30, 2023: PLN 115 445 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. (currently 4Workers Sp. z o.o.) and accepted this offer. 4Workers 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.

Cognor S.A. entered into derivative instruments (interest rate swap) in order to hedge the costs of the above debt at a constant level. In June 2024, derivatives related to the bond obligation were closed.

On January 15, 2024, the subsidiary Cognor S.A. issued 120,000 secured series 1/2024 bonds worth PLN 1,000 each. The redemption date of the Bonds was set for January 15, 2029. The bonds bear interest at an interest rate equal to the WIBOR rate for 6-month deposits plus a margin. Interest will be payable in six-month periods (the interest payment date is set for January 15 and July 15 each year). The bonds will be subject to early redemption at a rate of 20% of the original nominal value on January 15 each year during the 5-year bond period.

Funds obtained from the issue of the above-mentioned the bonds were used to repay series 1/2021 bonds on January 15, 2024.

On May 7, 2024, the Company's Management Board adopted a resolution on the issue of series 2/2024 bonds with a nominal value of PLN 1,000 each and a total value of PLN 120 000 thousand. The bonds will be subject to early redemption at the rate of 20% of the original nominal value on January 15 each year during the 5-year bond period. The final redemption date is set for January 15, 2029. The interest rate will be equal to the WIBOR 6M rate plus a margin. Interest will be payable in six-month periods. Funds obtained from the issue of the above-mentioned bonds are intended for the Group's investment purposes.

As at June 30, 2024, the liability resulted from above bonds amounted to PLN 243 080 thousand - serie 1/2024 and 2/2024 (December 31, 2023: PLN 124 100 thousand - serie 1/2021, June 30, 2023: PLN 165 608 thousand - serie 1/2021).

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. By Annex No. 3 of July 24, 2023, the the period of validity was extended to July 28, 2024. By Annex No. 4 of July 26, 2024, the the period of validity was extended to July 28, 2025. 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 June 30, 2024 in the amount of PLN 0 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. By Annex No. 2 of September 1, 2023, the the period of validity was extended to January 12, 2024. By Annex No. 3 of January 11, 2024, the the period of validity was extended to January 30, 2026. 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 June 30, 2024 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. By Annex No. 1 of September 6, 2023, the the period of validity was extended to September 11, 2025. By Annex No. 2 of October 6, 2023 the interest rate base was changed to WIBOR ON PLN and ESTR ON EUR. The loan is secured with a declaration of submission to enforcement up to the amount of PLN 51 000 thousand and a registered pledge on finished products up to the amount of PLN 34 000 thousand. Utilization as at June 30, 2024 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, 2026. 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 June 30, 2024 in the amount of PLN 0 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 June 30, 2024 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 June 30, 2024 in the amount of PLN 0 thousand.

Covenants

In some financing agreements, the Group committed to maintaining the following levels of financial parameters (financial covenants).

In the investment loan agreement concluded with Banco Santander:

- the debt ratio (net debt / EBITDA) should be maintained below 3.50, although it is possible to exceed this reading to a level no more than 4.00 but a maximum of four times, including no more than twice in a row during the financing period,
- the DSCR ratio (funds available to service debt/debt service) should exceed 1.20 with the possibility of a lower reading, but not lower than 1.00, which may occur no more than four times and no more than twice in a row during the financing period.

Under the terms of the bond issue from January and May 2024 in the total amount of PLN 240 million:

- the EBITDA ratio (net debt / EBITDA) should be kept below 350%, however, exceeding it will not be a violation, provided that it remains below 400% and such a situation does not occur more than twice during the financing period and not twice in a row,
- the value of equity should remain above zero.

With the exception of equity, defined as equity of Cognor S.A. within the meaning of the Accounting Act, the above-mentioned ratios include the consolidated data of Cognor Holding S.A. and are calculated: (i) at the end of each calendar quarter in the case of an investment loan and (ii) at the end of each half-year and calendar year in the case of bonds.

As of June 30, 2024, the readings of the above-mentioned covenants indicate their fulfillment. So far, there has been no circumstance in which the level of financial parameters was within the permissible margin of violation, but there was a case of failure to meet the DSCR ratio at the end of the 3rd quarter of 2023, which was approved by Banco Santander on December 21, 2023. Due to the uncertainty regarding financial results in subsequent periods, which affect the fulfillment of financial covenants, it cannot be guaranteed in the future that their readings will be positive or will be within the permissible limits of violation and, consequently, there will be no cases of non-fulfillment constituting a breach of the terms of financing agreements. The Management Board analyzes and monitors these circumstances on an ongoing basis, also in subsequent periods, and will take appropriate actions, including possibly advance communication with financial institutions, if there is a risk of impossibility to meet the conditions agreed in the financing agreements.

13 Assets classified as held for sale and related liabilities

Subsidiary Cognor S.A. decided to sell the right of perpetual usufruct of land to a property located in Chorzów. On December 21, 2022, a preliminary sales agreement was signed. On July 27, 2023, the Company received a binding request from the buyer to conclude the final agreement. The conditional sales agreement was concluded on November 28, 2023. On January 2, 2024, the Chorzów commune exercised its right of pre-emption and purchased the subject perpetual usufruct right to land for PLN 7 466 thousand (net). In connection with the sale, the Group recognized a profit of PLN 2 060 thousand.

In 2024, there were no costs incurred in connection with the above mentioned asset. In the first half of 2023, the Company incurred 11 PLN thousand depreciation costs of the said asset, recognized PLN 44 thousand interest costs due to the settlement of the discounted liability, and incurred property tax costs in the amount of PLN 87 thousand.

14 Provisions for payables

As at June 30, 2024, the Group recognized provisions for PLN 1 300 thousand, including provisions for a possible fine from the Office of Competition and Consumer Protection in amount of PLN 1 300 thousand (December 31, 2023: PLN 1 300 thousand, June 30, 2023: PLN 1 300 thousand). More details on the fine from the Office of Competition and Consumer Protection can be found in Note 21.

15 Deferred tax assets and liabilities

In the current period, there was a change (charge) on deferred income tax in the net amount of PLN 1.9 million (an increase in the asset by PLN 1.0 million and an increase in the provision by PLN 2.9 million). This increase resulted mainly from an increase in the provision by PLN 14.8 million due to the recognition of receivables related to compensation due to CO2 and other subsidies. This increase was offset by the recognition of a tax loss asset in the amount of PLN 13.5 million.

16 Contingencies, guarantees and other commitments

The Group has no the contingent liabilities.

17 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 31, 2023, merged with 4Workers Sp. z o. o.)

Associates are as follows;

- Madrohut Sp. z o.o. (from April 11, 2014)

Related companies to the controlling entities:

- 4 Groups Sp. z o.o. (from August 23, 2021)
- czystyefekt.pl Sp. z o.o.
- 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 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"
PS Workers Sp. Z o.o.

in PLN thousand

	30.06.2024	31.12.2023	30.06.2023
<i>Short-term receivables:</i>			
- entities personally related to Members of the Management Board	39 344	36 037	30 526
- associates	257	229	165
- controlling entities	44	2	13
- related companies to the controlling entities	1	-	9
<i>Short and long-term liabilities</i>			
- controlling entities	1 658	1 174	1 276
- related companies to the controlling entities	2 081	6 090	7 402
- entities personally related to Members of the Management Board	162	88	113
<i>Loans received</i>			
- controlling entities	101 040	100 926	100 811
- entities personally related to Members of the Management Board	-	65 524	50 205
<i>Factoring liabilities</i>			
- entities personally related to Members of the Management Board	9 479	-	-

in PLN thousand

	01.04.2024- 30.06.2024	01.04.2023- 30.06.2023	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023	01.07.2023- 30.06.2024	01.07.2022- 30.06.2023
<i>Revenues from sale of services</i>						
- associates	476	348	982	915	1 734	2 719
- controlling entities	43	30	73	63	141	132
- related companies to the controlling entities	7	5	11	12	15	25
-entities personally related to Members of the Management Board	944	2 609	3 309	4 426	8 963	10 203
<i>Revenues from sale of raw materials and commodities</i>						
- associates	60	81	125	169	255	356
- controlling entities	-	-	-	-	1	4
- related companies to the controlling entities	-	3	-	21	(21)	21
<i>Purchase of commodities and raw materials</i>						
- controlling entities	280	203	753	695	2 921	1 295
<i>Purchase of services</i>						
- related companies to the controlling entities	5 167	3 644	13 287	16 042	20 199	31 508
- controlling entities	2 222	2 213	4 375	3 939	6 762	7 433
-entities personally related to Members of the Management Board	412	326	742	893	1 427	2 029

<i>Other expenses</i>						
-entities personally related to Members of the Management Board	-	-	-	-	-	(109)
<i>Financial income</i>						
- controlling entities	-	94	-	94	(94)	94
<i>Financial costs</i>						
- controlling entities	(2 600)	(4 476)	(5 240)	(4 734)	(8 713)	(4 769)
-entities personally related to Members of the Management Board	-	(205)	(1 571)	(205)	(4 741)	(205)

All transactions concluded with the Group's entities were conducted on market terms.

Transactions with the members of the Management and Supervisory Boards

The remuneration paid during the period (in PLN thousand)	01.01.2024- 30.06.2024	01.01.2023- 30.06.2023
The remuneration of Management Board of the Parent Company paid during the period		
-received from the Parent Company (appointment, consulting agreements)	776	699
- including the premium paid for previous year	-	-
-received from the subsidiaries (appointment, consulting agreements)	10 525	28 463
- including the premium paid for previous year	5 760	24 300
Supervisory Board of the Parent Company	189	189

The table above does not include the provision for the bonus for the Management Board in the amount of PLN 1 047 thousand established on the basis of the Incentive Reward Program in force at Cognor S.A. 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. As at the balance sheet date, the value of expenditure incurred cumulatively by the Group in this respect is PLN 33 424 thousand (in first half of 2024: PLN 2 876 thousand). In accordance with the requirements of IFRS 15, the Group recognized income in first half of 2024: PLN 3 307 thousand (in first half of 2023: PLN 4 426 thousand).

18 Cash and cash equivalents presented in cash flow statements

<i>in PLN thousand</i>	30.06.2024	31.12.2023	30.06.2023
Cash in bank	368 127	63 646	179 219
Cash in bank restricted in use	107 617	79 329	72 308
Cash in hand	311	277	365
Short-term bank deposit	7 372	1 017	-
Other	-	-	-
Cash and cash equivalents	483 427	144 269	251 892
Bank overdrafts	-	-	(28 000)
Cash and cash equivalents in the statement of cash flows	483 427	144 269	223 892

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.

19 Financial instruments

Financial instruments measured at fair values

As at 30 June 2024, 31 December 2023 and 30 June 2023 the Group recognized at fair value through profit or loss an interests rate swap (IRS) asset in the amount of PLN 25 790 thousand, PLN 31 462 thousand, PLN 40 939 thousand 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 June 2024 the fair value relating to IRS amounted PLN 25 790 thousand (December 31, 2023: PLN 31 462 thousand, June 30, 2023: PLN 40 939 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.

20 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.

21 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. On July 10, 2024, the Supreme Administrative Court overturned the judgment of the Provincial Administrative Court in Gliwice of July 21, 2020 and referred the case for re-examination, finding that the Provincial Administrative Court had refrained from assessing the merits of the case. Case pending.

- on July 1, 2020 Cognor SA 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 for the charge from the Office of Competition and Consumer Protection, which includes an announcement that the Office of Competition and Consumer Protection will issue a decision punishing Cognor S.A. financial penalty for delays in payment of liabilities. The company received a decision of the Office of Competition and Consumer Protection of May 31, 2023 imposing on Cognor S.A. fine in the amount of PLN 1,397 thousand. The company, not agreeing with the decision of the Office of Competition and Consumer Protection, submitted an application for reconsideration of the case on June 16, 2023. In previous years, the Company's Management Board created a provision in this respect in the amount of PLN 1.3 million.

- Cognor S.A. received on March 19, 2024, decisions ending the Social Security's audit 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. On April 11 and 17, 2024, the Company filed appeals against these decisions. Case pending. 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 premiums financed by the insured, unless the Company's appeal procedure is effective, the Company's management board will transfer this burden to the beneficiaries of this additional benefit.

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

The Group did not grant any sureties or guarantees to entities outside the capital group.

23 Other information, which in the Issuer's opinion is significant for the assessment of its personnel, property, financial situation, financial result and their changes, as well as information that is important for the assessment of the Issuer's ability to meet its obligations.

As a representative of the metallurgical industry, the Group is exposed to the situation of two main sectors of the economy: construction and automotive. These are industries characterized by a large amplitude of economic fluctuations, and as a consequence, the condition of the steel industry is highly cyclical. In the case of Cognor, the course of business cycles is more balanced because we produce steel for both the construction and automotive industries, whose business peaks and troughs cancel out to some extent due to their cyclical profiles not overlapping in time. Nevertheless, the variability of operating and financial results is high in our case and while we recorded very good results in the quarters of 2021-2022, in the following quarters we observed a deterioration of our operating situation and in 2024 our profitability is low. In addition to the above-mentioned macroeconomic factors, the decision to shift the main burden of investment outlays to the period of economic downturn contributed to the weakening of Cognor's condition. In our opinion, this was a rational decision that maximized our results in the long term, but at the expense of deepening the current slowdown trend that has been taking place in the steel industry since mid-2022. Therefore, the comparison of current results with the period 2021-2022 is unfavorable. When quantifying the factors affecting the results of the first half of 2024, it is worth paying attention to the downtime costs in the amount of PLN 34.2 million, mainly related to the steel plant in Gliwice and the rolling mill in Krakow and caused by the start-up period of the Krakow plant, where the production process is not yet repeatable and not using full production capacity. The above-mentioned issue of business cycles, which are currently manifesting themselves in the crisis in the construction industry, has recently resulted in a drop in the prices of some of our products, affecting our margins. Therefore, in the last year, the natural cyclicality was reinforced by temporary factors resulting from the implementation of large-scale development projects at our plant in Krakow. The positive condition of our business in the automotive area did not fully offset the loss in the construction steel business, as the results of this segment did not increase, but only remained at the current good level.

In addition to its own funds, the Group uses external sources, including: (i) debt financing in the form of long- and short-term bank loans, leasing transactions and ordinary bonds and bonds convertible into shares, and (ii) through the sale of receivables under factoring agreements, primarily without recourse to the Group as the receivable provider. The largest debt items are: an investment loan to finance investments in Siemianowice Śląskie, ordinary 5-year bonds issued in January and May 2024 in the total amount of PLN 240.0 million under the program up to the amount of PLN 240.0 million and bonds convertible into 7-year shares issued in 2023 in the amount of PLN 100.0 million. The investment loan was granted for a period of 10 years in December 2021 in the amounts of EUR 30.5 million and PLN 240.0 million. In February 2024, due to the increase in the budget of the loan-financed project, we concluded an annex with the lender (Santander Group) under which we obtained an increase in the amounts granted by EUR 5.2 million and PLN 120.4 million.

The current amount of financing sources is, in the opinion of the management board of the Cognor group, adequate to current and future needs both in relation to maintaining operational activities and continuing investments. There are currently no breaches of the terms of these financings. At the end of the third quarter of 2023, some conditions of investment financing granted by the Santander Group were breached, including those regarding the amount of capital expenditure and one of the financial indicators, which the Group reported in detail in previous reports. Talks with the bank resulted in the conclusion of an annex to the loan agreement in February this year, in which the Santander Group accepted the violations and increased the financing amount. The annex provides for a full verification of financial covenants (debt ratio and DSCR) as at June 30, 2024 and then at the end of the following quarters. As of the date of this report, these indicators have not been broken. However, due to the uncertainty regarding financial results in subsequent periods, which affect the fulfillment of financial covenants, it cannot be guaranteed that breaches of contracts will not occur in the future. The Management Board analyzes and monitors these circumstances on an ongoing basis, also in subsequent periods, and will take appropriate actions, including possibly prior communication with financial institutions, if there is a risk of impossibility to meet the conditions agreed in the financing agreements. We assess the maturity structure of our financing as favorable, with a large long-term exposure component. The interest on a significant part of the exposure, i.e. the amount used and unrepaid as at June 30, 2024, under the above-mentioned loan at Santander Bank, was secured with IRS transactions guaranteeing a low, fixed interest rate throughout the entire repayment period. This year, we do not anticipate the need to increase the scale of financing or change its structure.

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. Meanwhile, we live in hope that this conflict will be resolved as quickly as possible.

24 Subsequent events

No events after the balance sheet date requiring disclosure.

Poraj, 13 August 2024

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	
	30.06.2024	Comparative data*	30.06.2024	Comparative data*
I. Revenue	1 237 144	1 652 048	286 980	358 129
II. Operating profit before financing costs	29 078	130 042	6 745	28 190
III. Profit before tax	11 613	213 865	2 694	46 361
IV. Profit for the period	8 365	197 353	1 940	42 782
IV.a. Profit for the period attributable to owners of the Parent Company	8 029	192 739	1 862	41 782
IV.b. Profit for the period attributable to non-controlling interests	336	4 614	78	1 000
V. Net cash from operating activities	314 639	90 370	72 987	19 590
VI. Net cash from investing activities	-231 438	-117 849	-53 687	-25 547
VII. Net cash from financing activities	256 484	-83 800	59 497	-18 166
VIII. Net increase / (decrease) in cash and cash equivalents	339 685	-111 279	78 797	-24 123
IX. Total assets	2 733 628	2 273 924	633 811	522 982
X. Total liabilities	1 486 458	1 032 714	344 646	237 515
XI. Total non-current liabilities	722 430	412 335	167 501	94 833
XII. Total current liabilities	764 028	620 379	177 145	142 681
XIII. Total equity	1 247 170	1 241 210	289 165	285 467
XIV. Issued share capital	257 131	257 131	59 618	59 138
XV. Number of shares (in thousands)	171 421	171 421		
XVI. Basic earnings per share (PLN/EUR)	0,05	1,12	0,01	0,24
XVII. Diluted earnings per share (PLN/EUR)	0,04	1,04	0,01	0,23
XVIII. Book value per share (PLN/EUR)	7,28**	7,24***	1,69	1,67
XIX. Diluted book value per share (PLN/EUR)	6,52**	6,6***	1,51	1,52
XX. Declared or paid dividend per share (PLN / EUR)	0,00	1,22	0,00	0,26

*Data for the items relating to the statement of financial position are presented as at December 31, 2023, while for the items relating to the statement of comprehensive income and the statement of cash flows for the period from January 1 to June 30, 2023.

** as at June 30, 2024, 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, 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 188,088 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 June 30, 2024 at 4.313 PLN / EUR and for comparative data as at December 31, 2023 - 4.348 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 4.3109 (6 months of 2024), PLN / EUR 4.6130 respectively (6 months of 2023).