2024 Business and Financial Performance

May 05, 2025

Speaker

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Board Member, CFO

Key Macro Trends

Increased geopolitical risk
and military spending

Deglobalization and onshoring

Protectionism
and reindustrialization of the EU

Supply chain shortening

Underinvestment in energy sector;
the end of commodity abundance as well as cheap energy

CO2 emission costs increase; the end of BOF/BF steelmaking in the EU

Green deal
and sustainable economy

Inflation, sovereign debt crisis
and the end of cheap money decade

Growing interest
in fundamentally healthy and dividend paying value stocks at the expense of growth stocks

Cognor – Modern EU Steelmaker

30 years

of industry experience
track record of resilience through numerous macro and industry cycles; crisis in the Polish steel industry in the 90s; hostile EU policy and VAT evasion practices in Poland in the 10s

Exposure on mid European market:

PL, DE, CZ, SK, HU, RO, LT, LV, ES

Strong presence on Polish scrap market

vertical integration stabilizing raw material supplies; own graphite electrode production plant

Energy efficient and environmentally friendly

steel melting method in electric arc furnace (EAF)

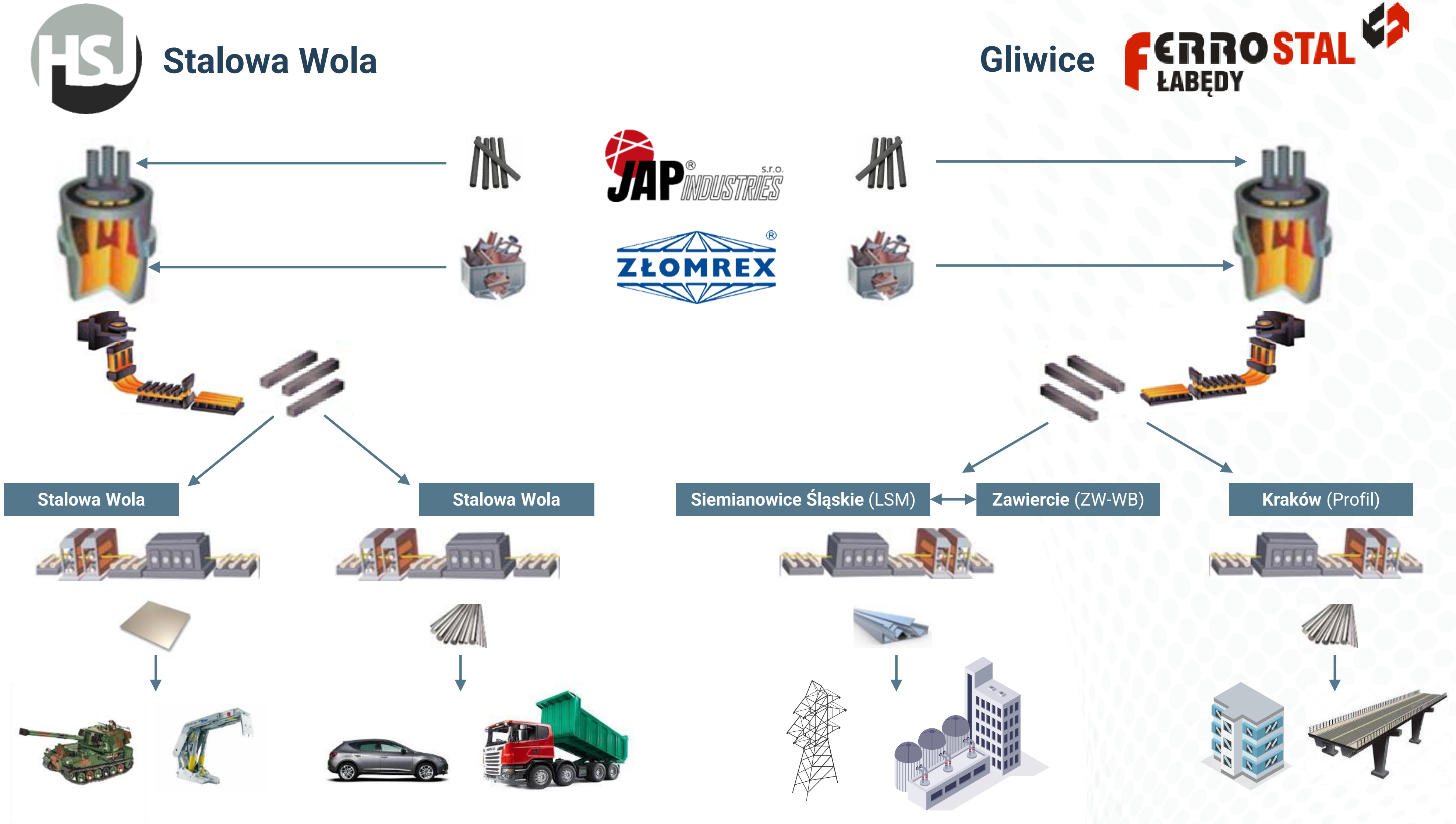
Modern and efficient production assets

- new EAF in Gliwice
- entire rolling line modernization plus spooler line in Cracow
- state of the art greenfield project - LSM in Siemianowice Śląskie
- selective assets upgrade in Stalowa Wola in earlier years

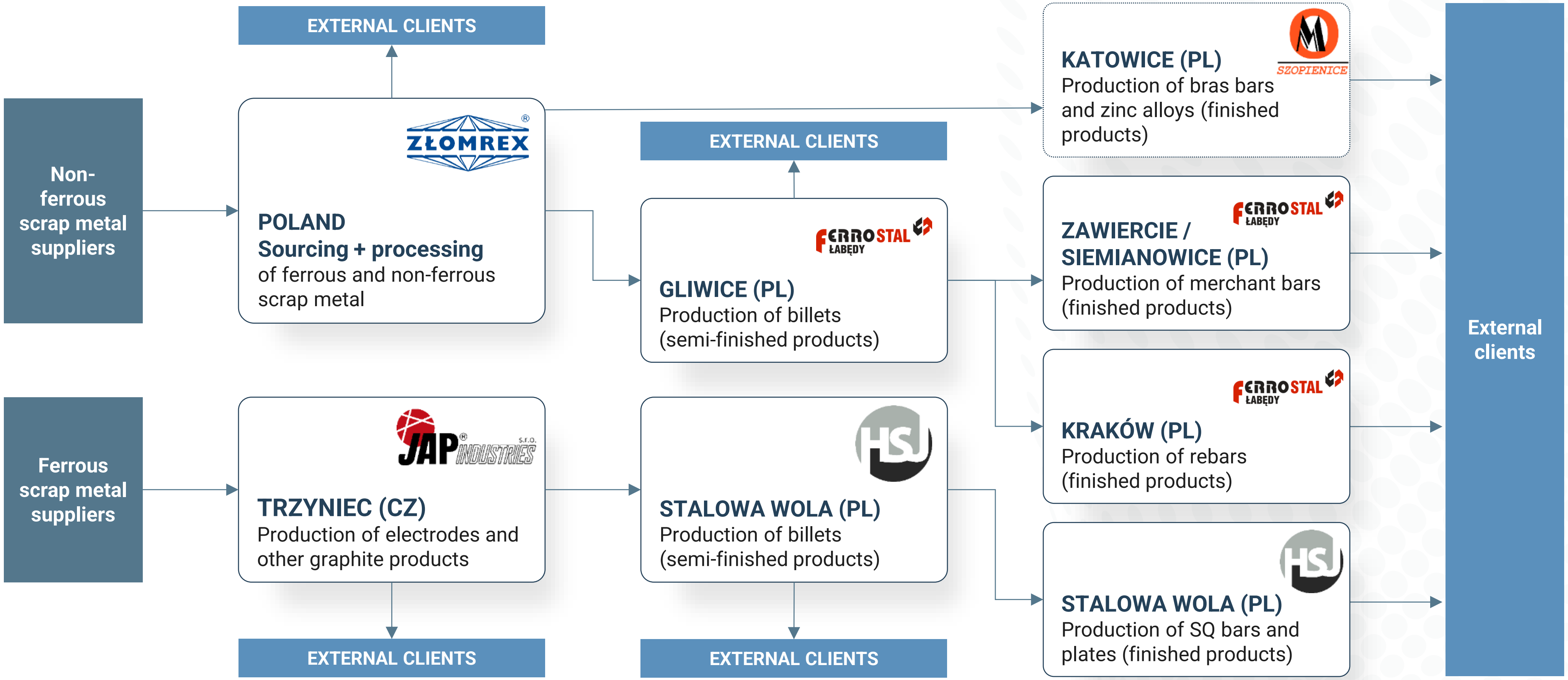
Product elasticity;

no sectorial dependence, diversification of clients

Structure


Stalowa Wola
Gliwice
FERROSTAL ŁABĘDY
JAP INDUSTRIES s.r.o.
ZŁOMREX
Stalowa Wola
Stalowa Wola
Siemianowice Śląskie (LSM)
Zawiercie (ZW-WB)
Kraków (Profil)

Vertically Integrated Business Model



Cognor is vertically integrated which allows to control the production process starting from scrap metal sourced through our own scrap collecting sites network, production of electrodes, through melting of scrap metal, refining it in order to get the desired chemical composition of steel, then casting steel into a form of billets (semi-finished products) to finally arrive at the stage of billets being rolled into finished products, mostly bars (long products). This provides much greater security in terms of feedstock availability and allows to achieve the whole margin along the value chain

Company Facilities

Steel Production Facilities
Melting shops & rolling mills

Facility	Location	Product portfolio	Production capacities	Technology	Employment
HSJ Melting shop & rolling mills	Stalowa Wola	Billets, Bars, Plates	• Billets: 300k tonnes • Bars: 178k tonnes • Special plates: 10k tonnes	• 1 EAF, 1 LF, 1CCM & 1 VD • 1 furnace + 1 long products rolling line • 1 plates heat treatment line	ca 750 people

Facility	Location	Product portfolio	Production capacities	Technology	Employment
Ferrostal Melting shop	Gliwice	Billets	Billets: 530k tonnes	• 1 EAF, 1 LF & 1CCM	ca 350 people

Facility	Location	Product portfolio	Production capacities	Technology	Employment
Ferrostal rolling mill	Kraków	Rebars, coiled rebar, merchant bars	Bars: 400k tonnes	• 1 furnace • 1 long product line	ca 200 people

Facility	Location	Product portfolio	Production capacities	Technology	Employment
Ferrostal Rolling mill	Siemianowice Śląskie (2Q 2025)	Light sections and merchant bars	Bars: 450k tonnes	• 1 furnace • 1 long product line	ca 150 people

History [1]

ZŁOMREX

1990

Przemysław Sztuczkowski starts up Złomrex which trades in non-ferrous scrap metals

2000

Acquisition of ZW-WB, a rolling mill in Zawiercie

2004

Acquisition of 82,6% of Ferrostal, a melting shop in Gliwice

2005

Acquisition of 100% of HSJ, a melting shop and rolling mills in Stalowa Wola

CENTROSTAL

1991

Privatisation of the state owned enterprise

1997

IPO of Centrostal on the Warsaw Stock Exchange

2006

Złomrex acquires 64,4% of shares of Centrostal

Acquisition of numerous distribution assets in Poland and abroad

History [2]

2006

Złomrex acquires 64,4% of shares of Centrostal

Acquisition of numerous distribution assets in Poland and abroad

2007

Centrostal changes its name into Cognor, integration of distribution assets

2011

Cognor sells all distribution assets and acquires Zlomrex, its mother company.
It becomes the controlling entity of the whole Group which concentrates on steel production

2013

Acquisition of 95% of Profil, a rolling mill in Kraków

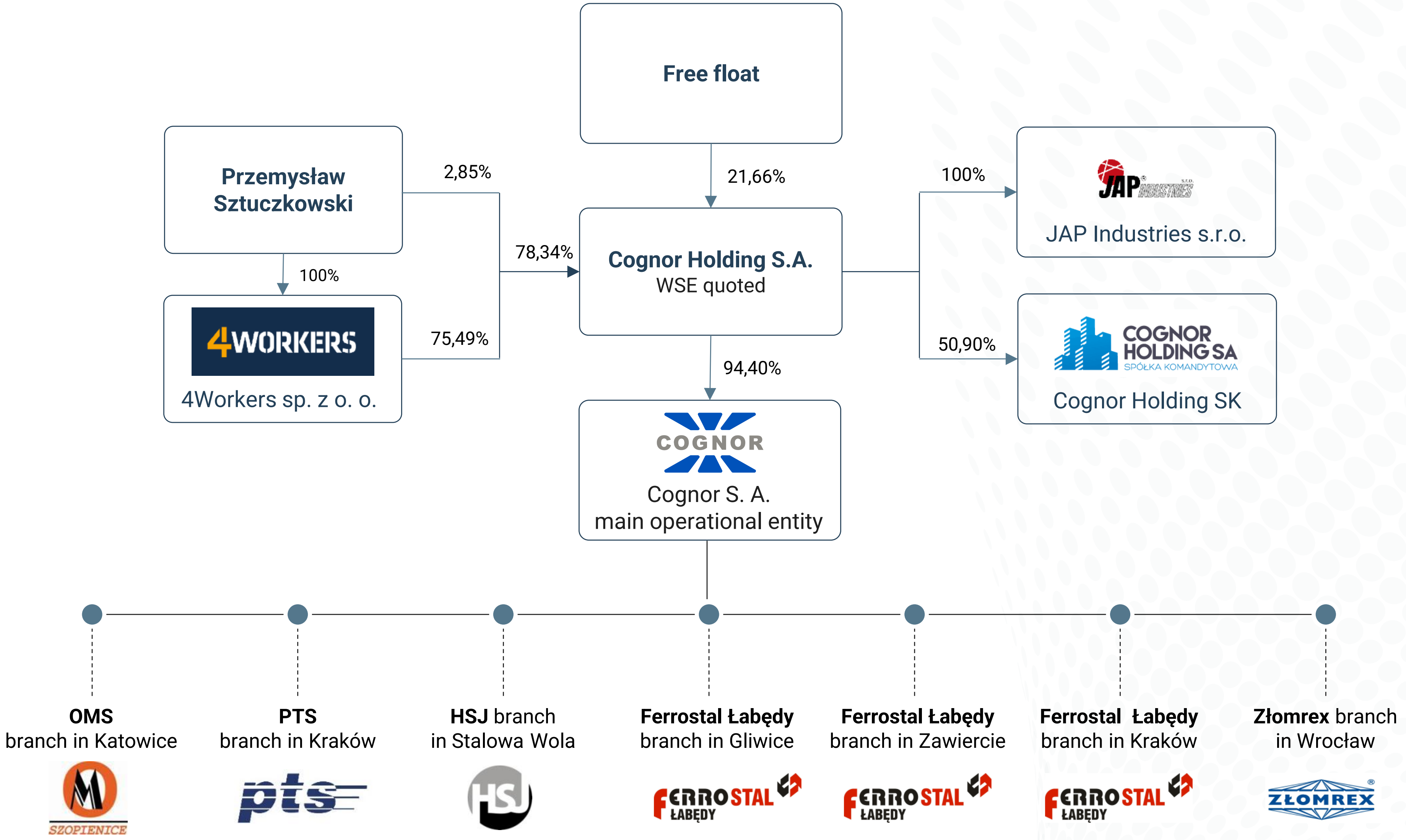
2016

Simplification of group structure and change of name into Cognor Holding

2023

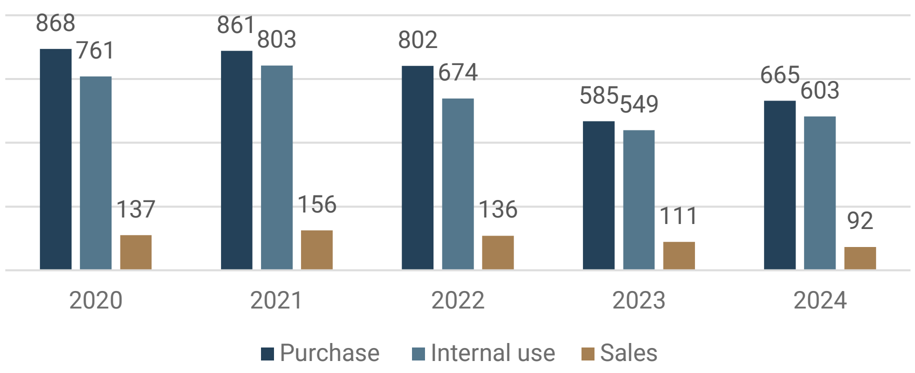
JAP acquisition

Group Overview - Group Structure & Shareholders

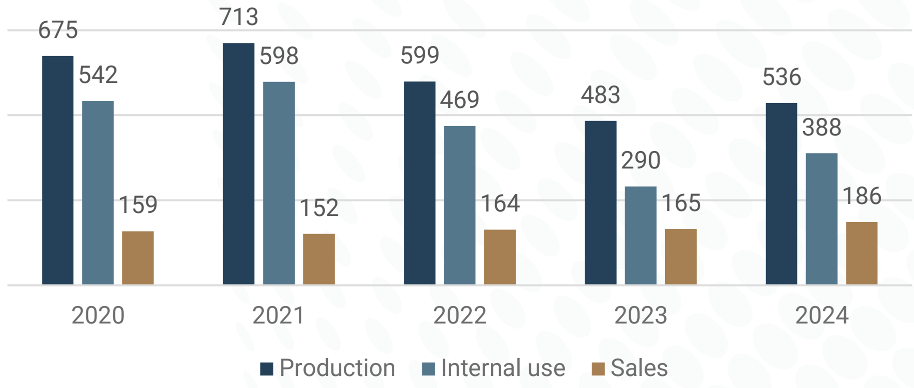


Segments Performance
Quantities per business segments

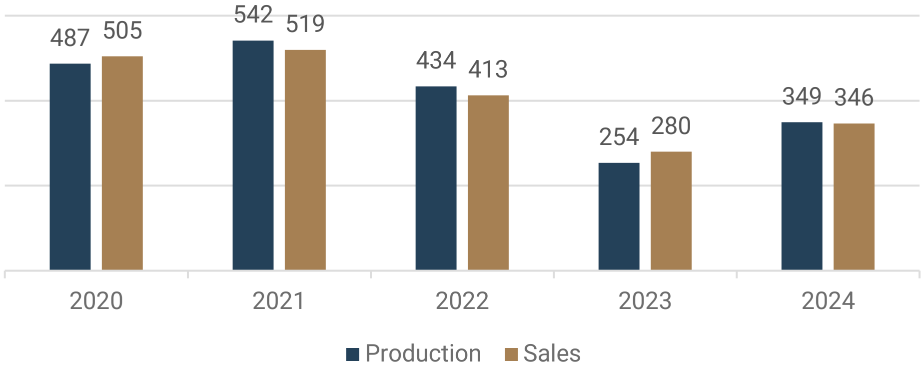
Scrap metal *(thousand of tonnes)*



Billets *(thousands of tonnes)*



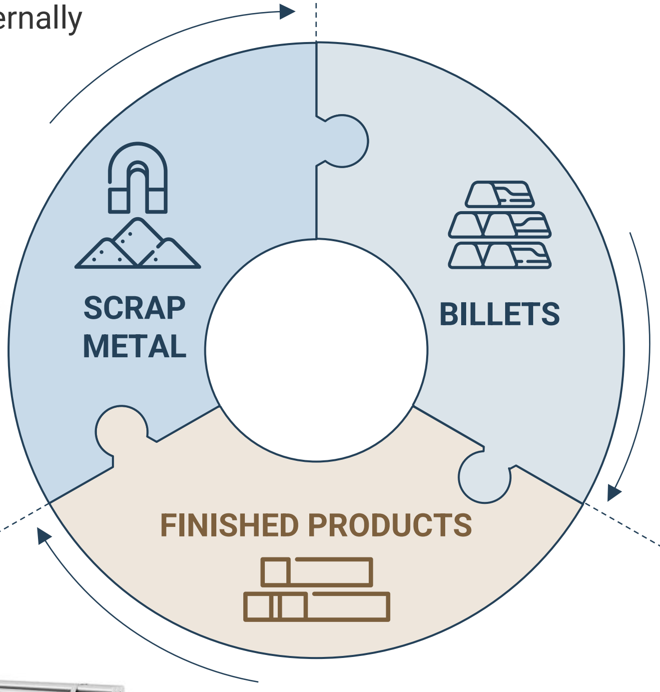
Finished products *(thousand of tonnes)*



2024 Circular Economy & Sustainable Steelmaking

664 574
tonnes of scrap metal sourced

603 438
tonnes of scrap metal used internally



536 196
tonnes of semi-finished products (billets) production

388 233
tonnes of billets processed internally

91 647
tonnes of scrap metal sold to external customers

186 134
tonnes of billets sold to external customers

349 185
tonnes of finished products production

346 219
tonnes of finished products sold to external customers

EU market protection tools

Anti Dumping

Since 2016 the EU has been determined on market protection. The anti dumping measures are numerous and financially severe.

Safeguard

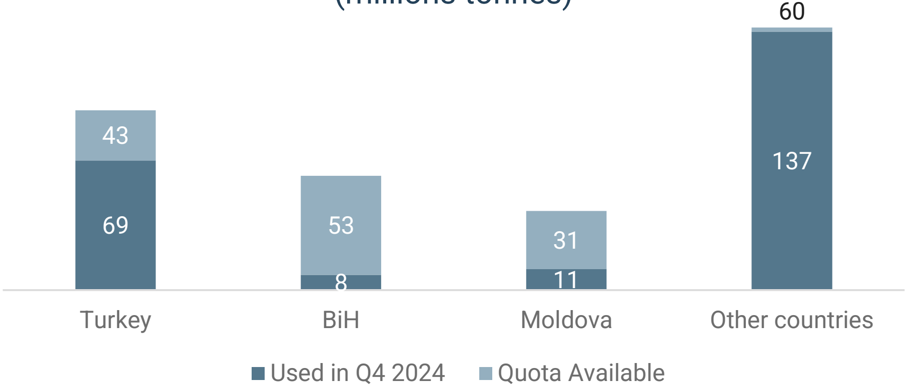
A quota tool introduced in 2018 to last through mid 2026. Aimed to limit tax free imports. Below an example of its utilisation in Q4 2024 and Q1 2025

Carbon Tax

Aimed at preventing carbon leakage. It started in 01.10.2023 and be fully effective from 01.01.2026. It will impose entry fees on steel importers equal to the level of CO2 emission costs which are born by the producers in the EU.

Rebars Q4 2024

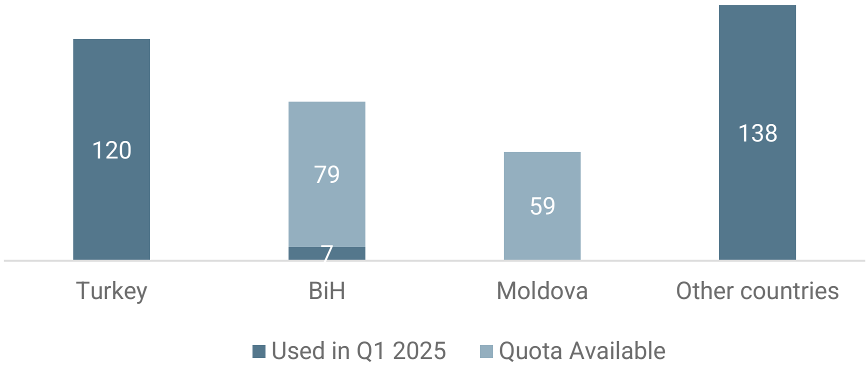
(millions tonnes)



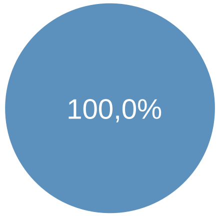
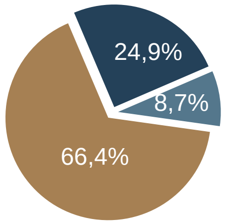
Russia - imports suspended; Ukraine – limits lifted

Rebars Q1 2025

(millions tonnes)

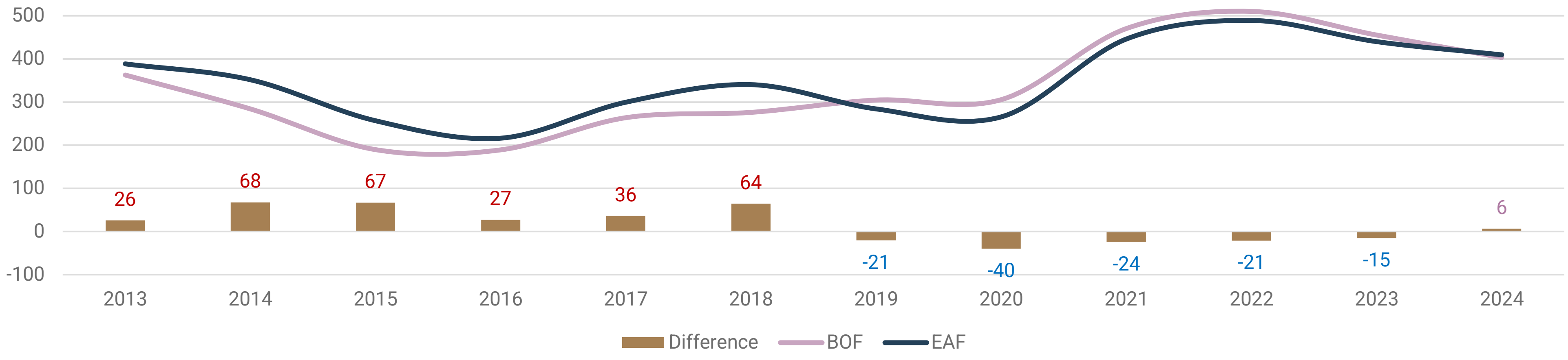


Market - EAF vs BOF technology

	Electric Arc Furnace (EAF)	Basic Oxygen Furnace (BOF)
Feedstock applied to produce 1000 kg of crude steel	 **Scrap metal** (1,150 kg)	 **Iron ore** (1,600 kg) **Coking coal** (600 kg) **Scrap metal** (210 kg)
Commentary	• Approximately 1/3 of global steel production • Scrap metal is melted by a heat generated by an electric arch	• Approximately 2/3 of global steel production • Reduction of iron oxides (iron ore) by burning coke (produced from coking coal) generates huge CO2 emissions • Scrap metal input is low and technologically reduced to max 30% of overall feedstock material
	CASTING	
Pros	• Flexible, can be switched on and off • Lower CAPEX & maintenance • Lower environmental impact	• Lower electric power consumption • Easier to obtain high steel purity
Cons	• High cost sensitivity to scrap and electricity	• High cost sensitivity to iron ore and coking coal • Economical at large scale only; low flexibility • 4x higher CO2 emission (incl. power plant gen.)

BOF / EAF Feedstock Cost *(USD / tonne)*

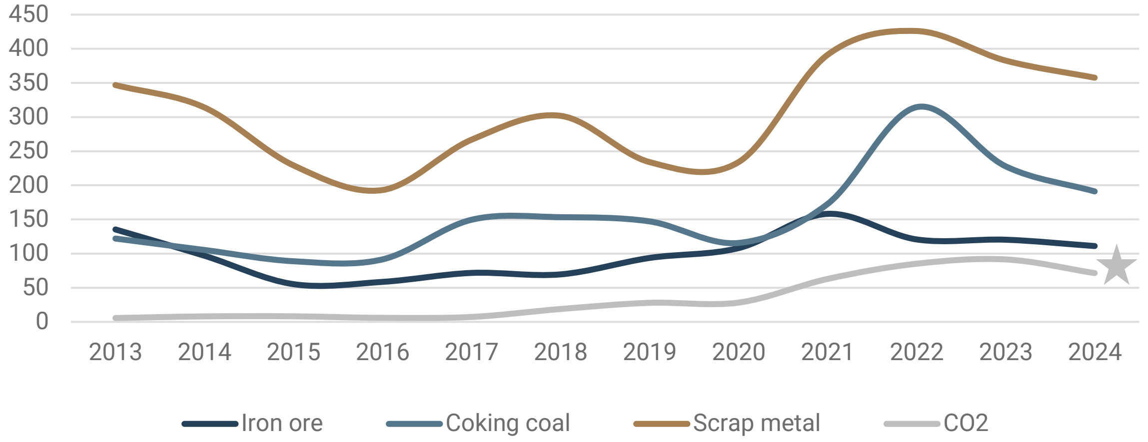
Feedstock costs EAF vs BOF



Feedstock Cost Model	BOF	EAF
tonne / tonne of crude steel		
scrap metal	0.21	1.12
coking coal	0.60	
iron ore	1.60	
CO2 emission rights	0.50	0.13

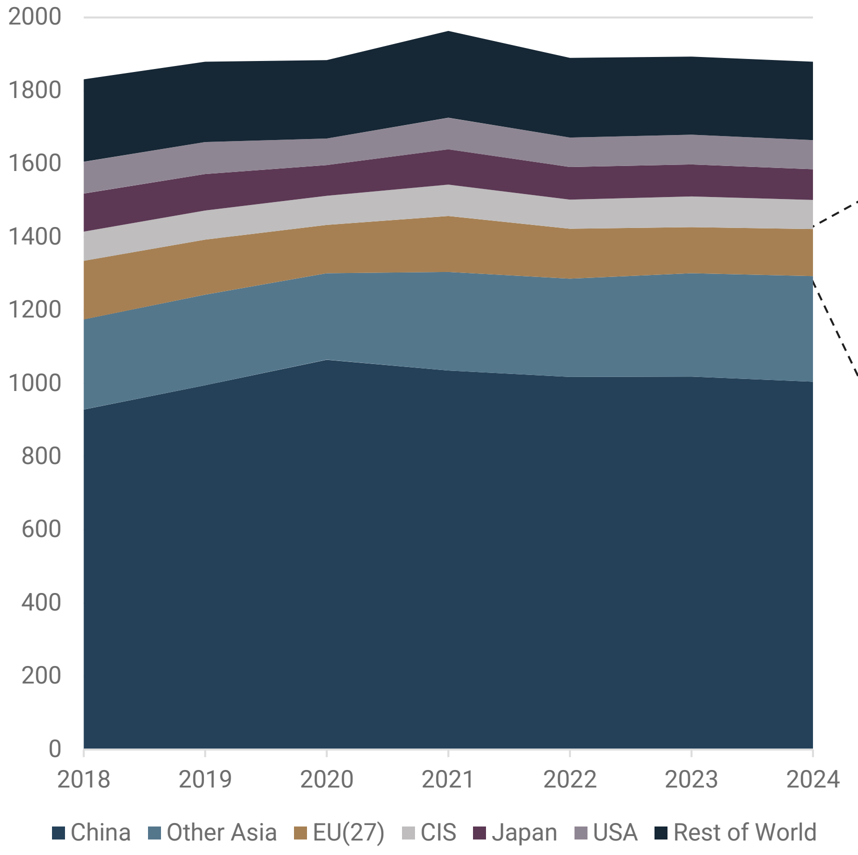
source: IMF - iron ore,
EIA – coking coal
Cognor – scrap metal,
PSE – CO2 emission rights
(25% due to approx.75% allowances available for free)

Raw material costs (USD / tonne)

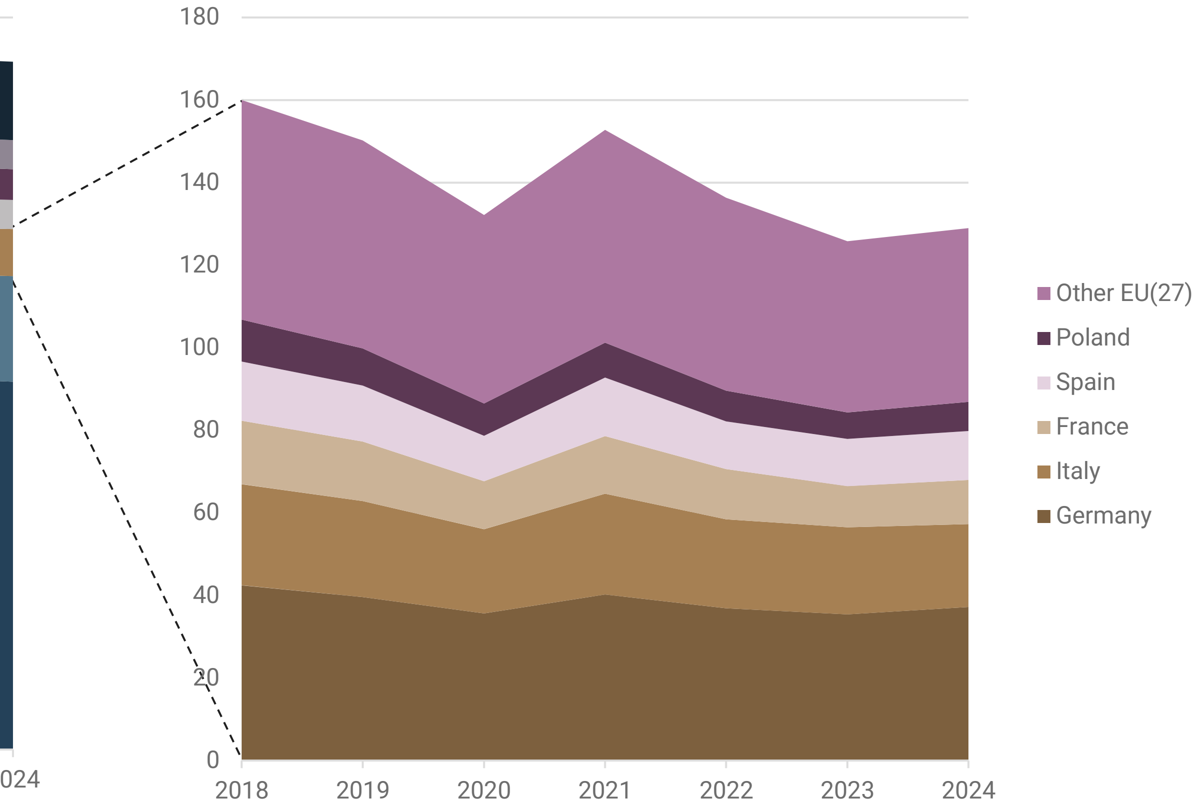


World and the EU

World's steel output (m tonnes)



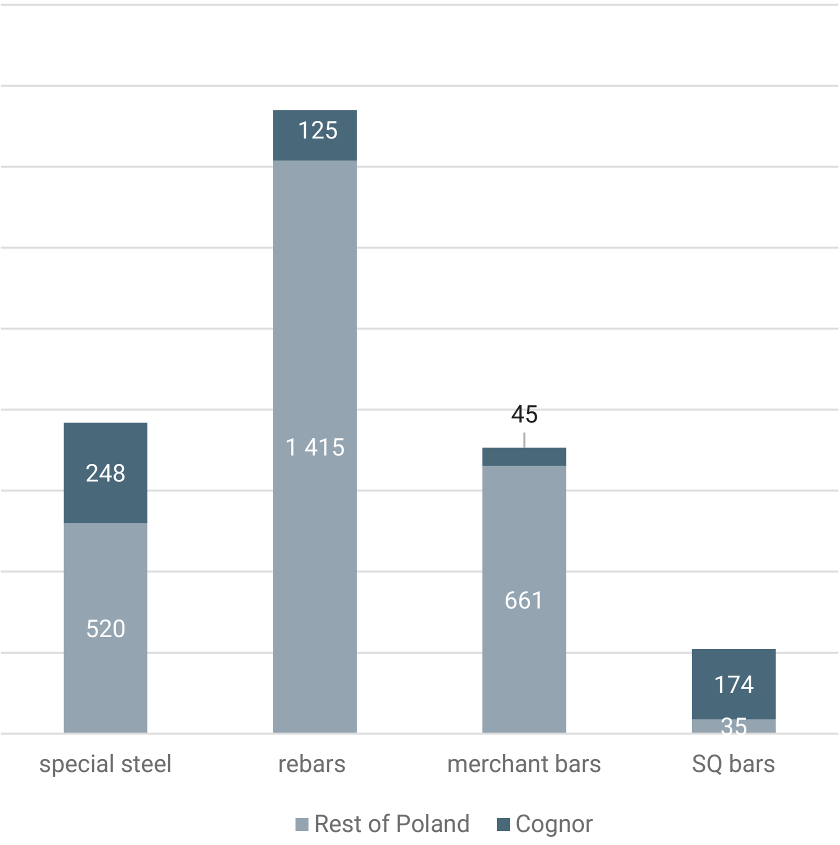
EU(27) steel output *(m tonnes)*



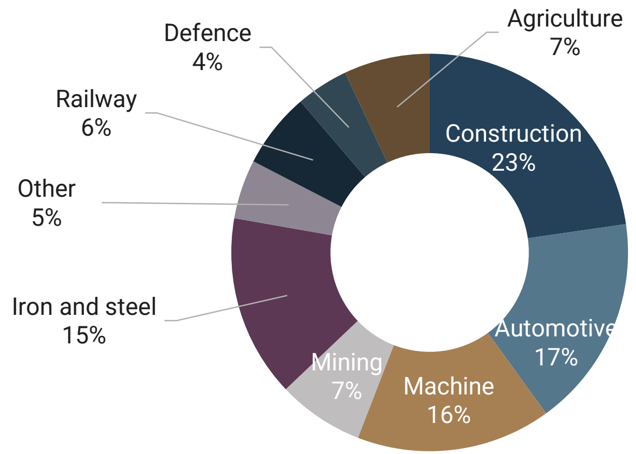
source: Worldsteel.org

Billets and Finished Products Cognor's Share and Position in 2024

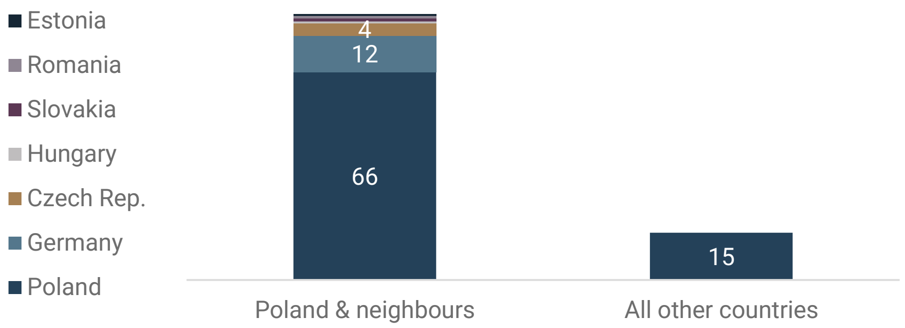
Producer market share (thousands of tonnes)



Revenue split by business segments



Geographical breakdown (%)



Introduction

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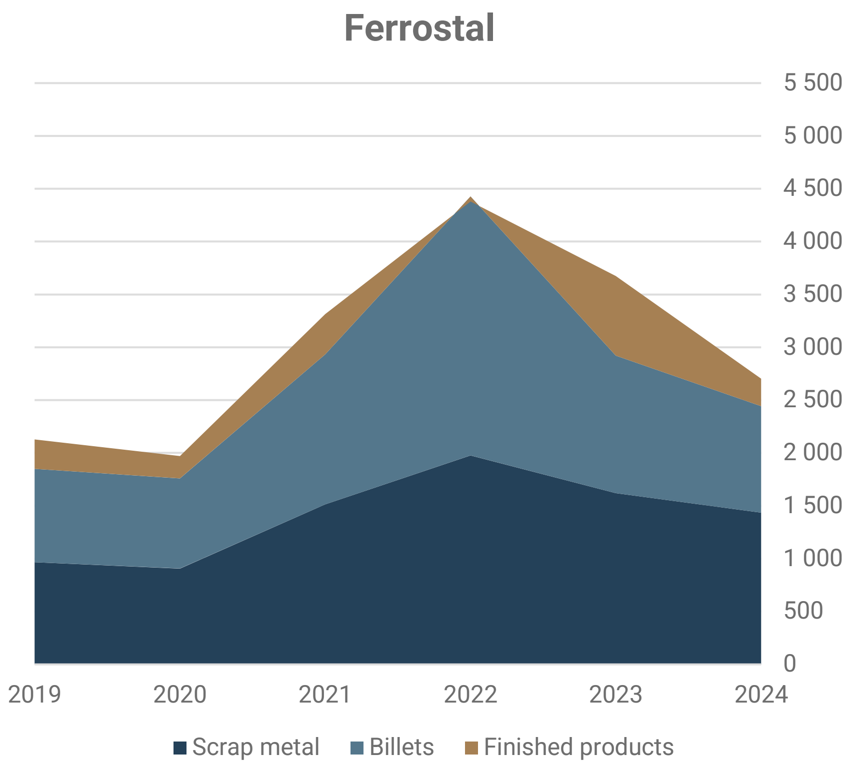
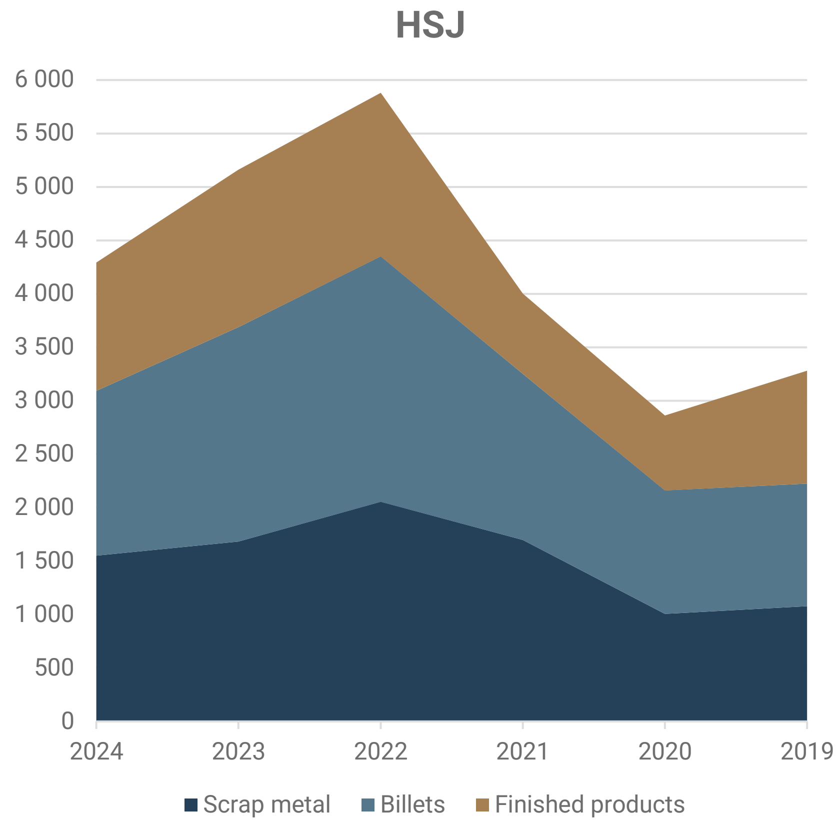
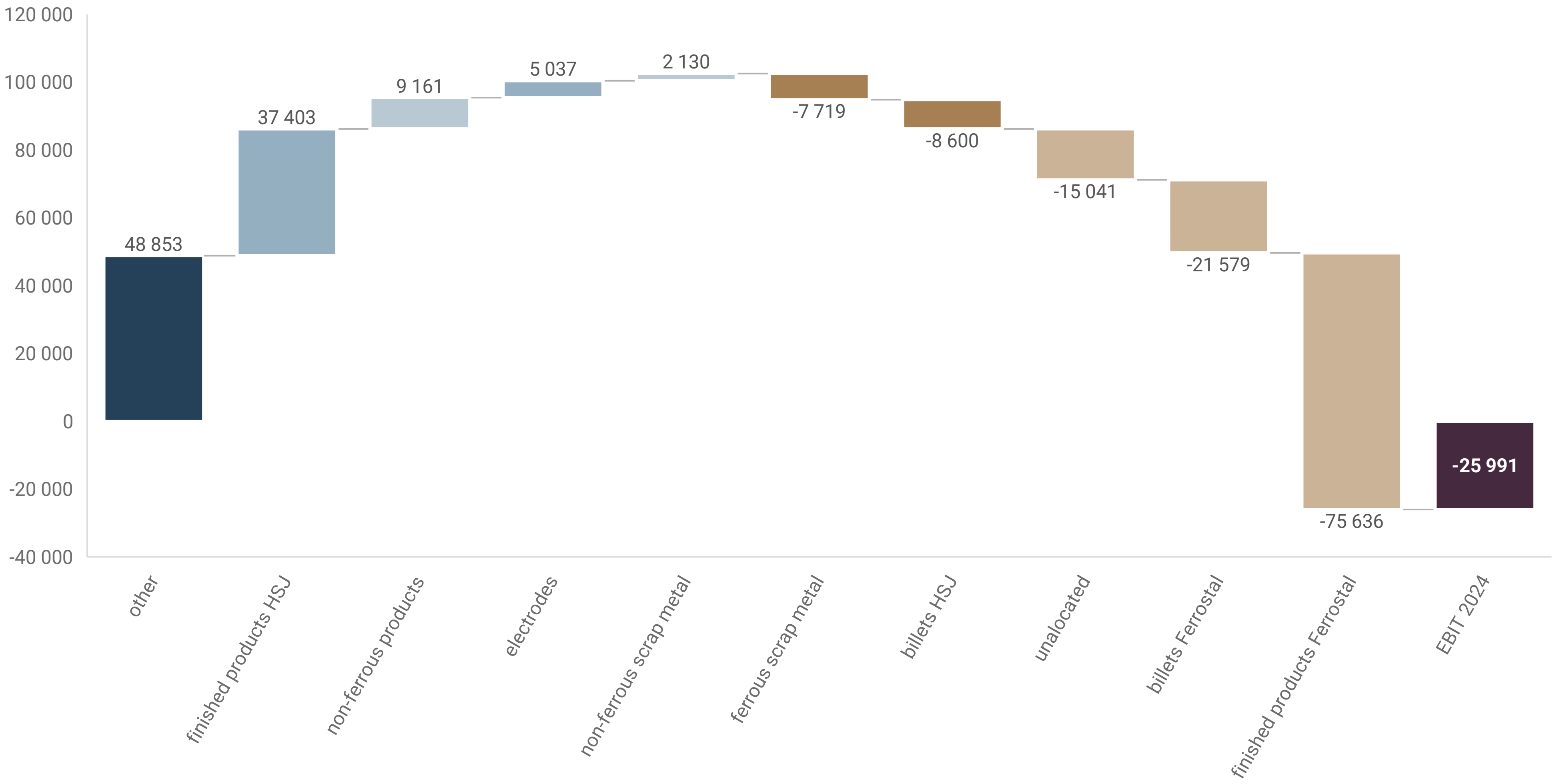
Prices and conversion premiums *(PLN / tonne)*

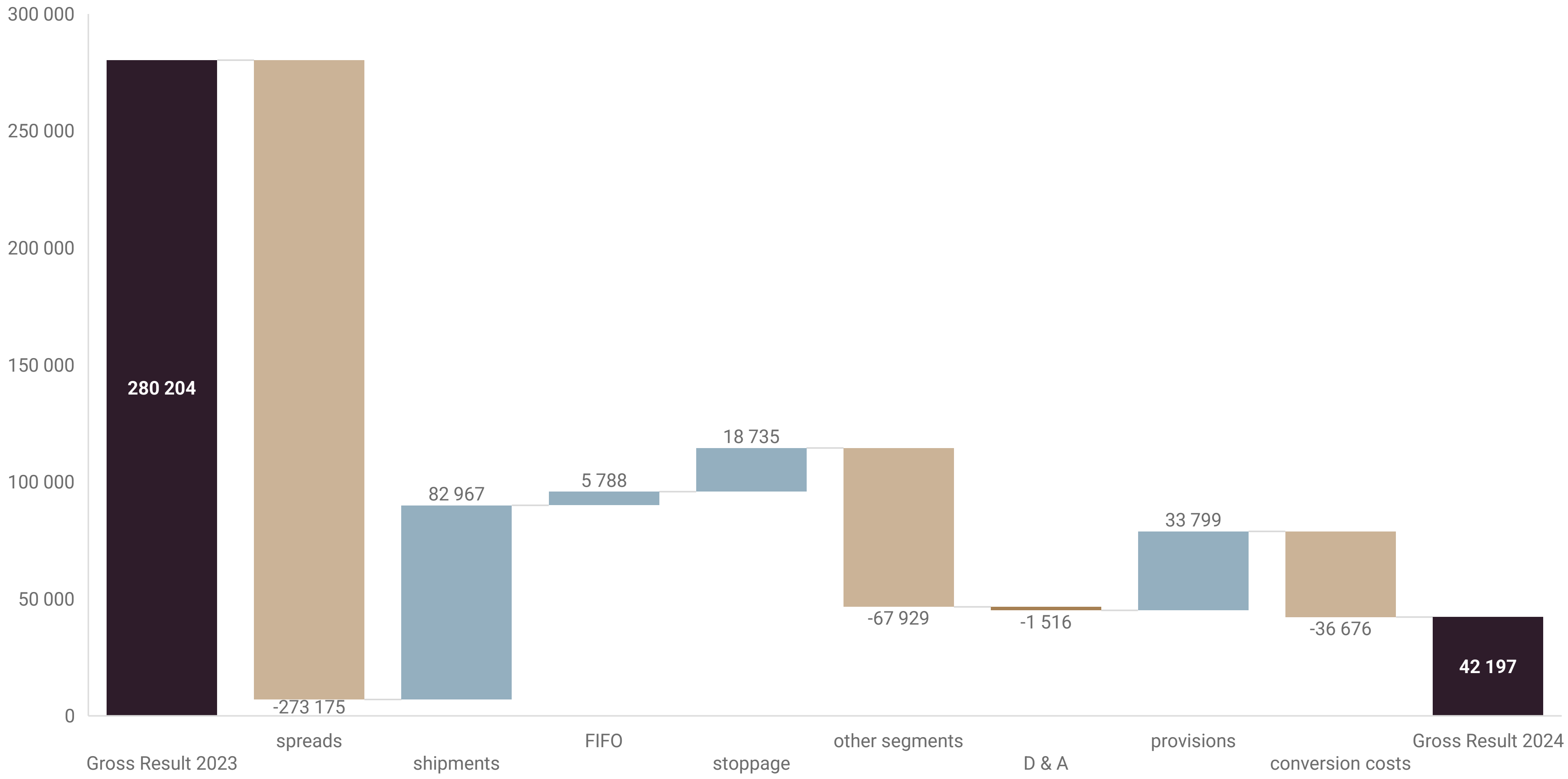




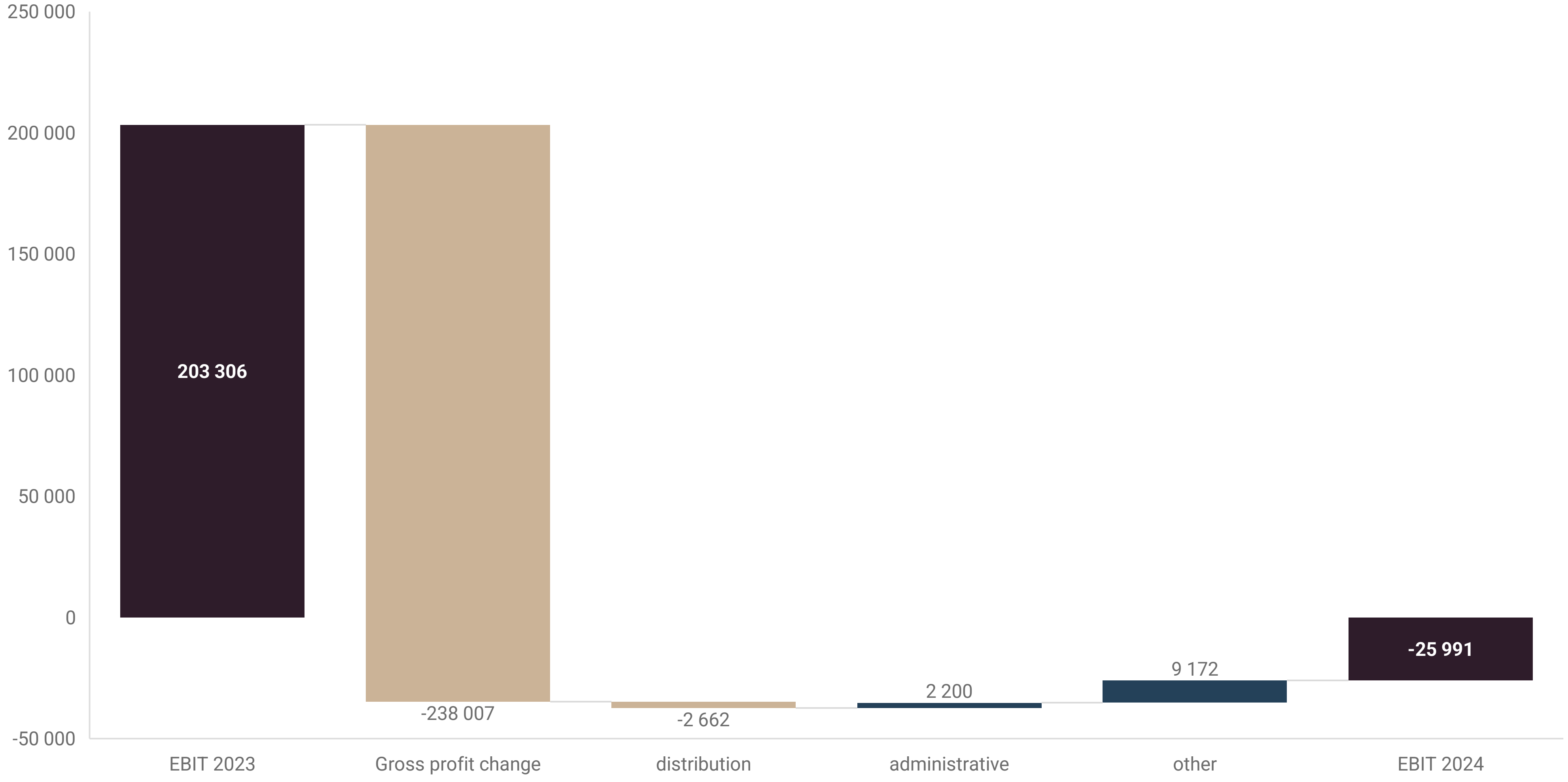
EBIT Generation Breakdown *(PLN thousand)*



Gross Result Bridge *(PLN thousand)*



EBIT Bridge *(PLN thousand)*



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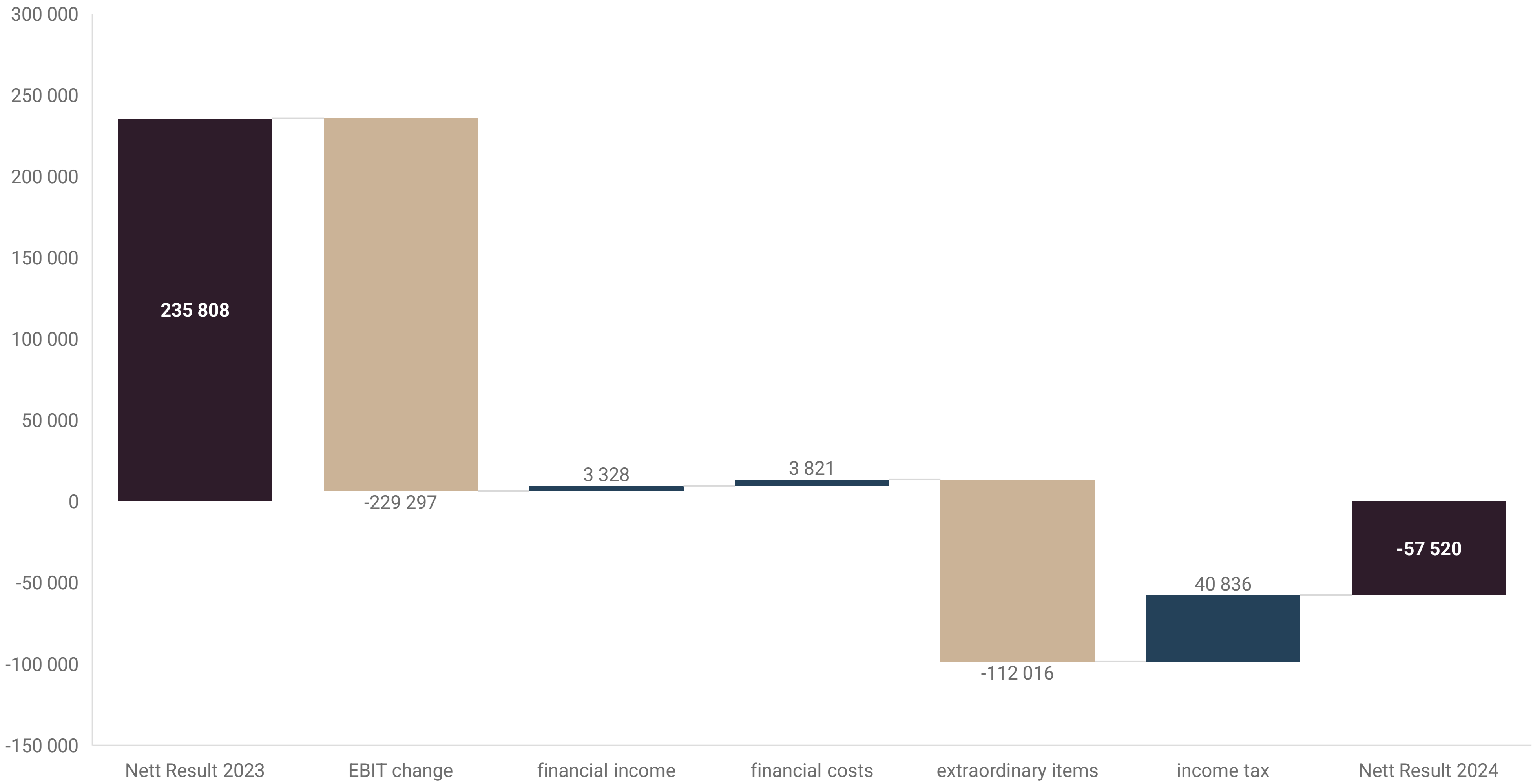
Net Result Bridge *(PLN thousand)*



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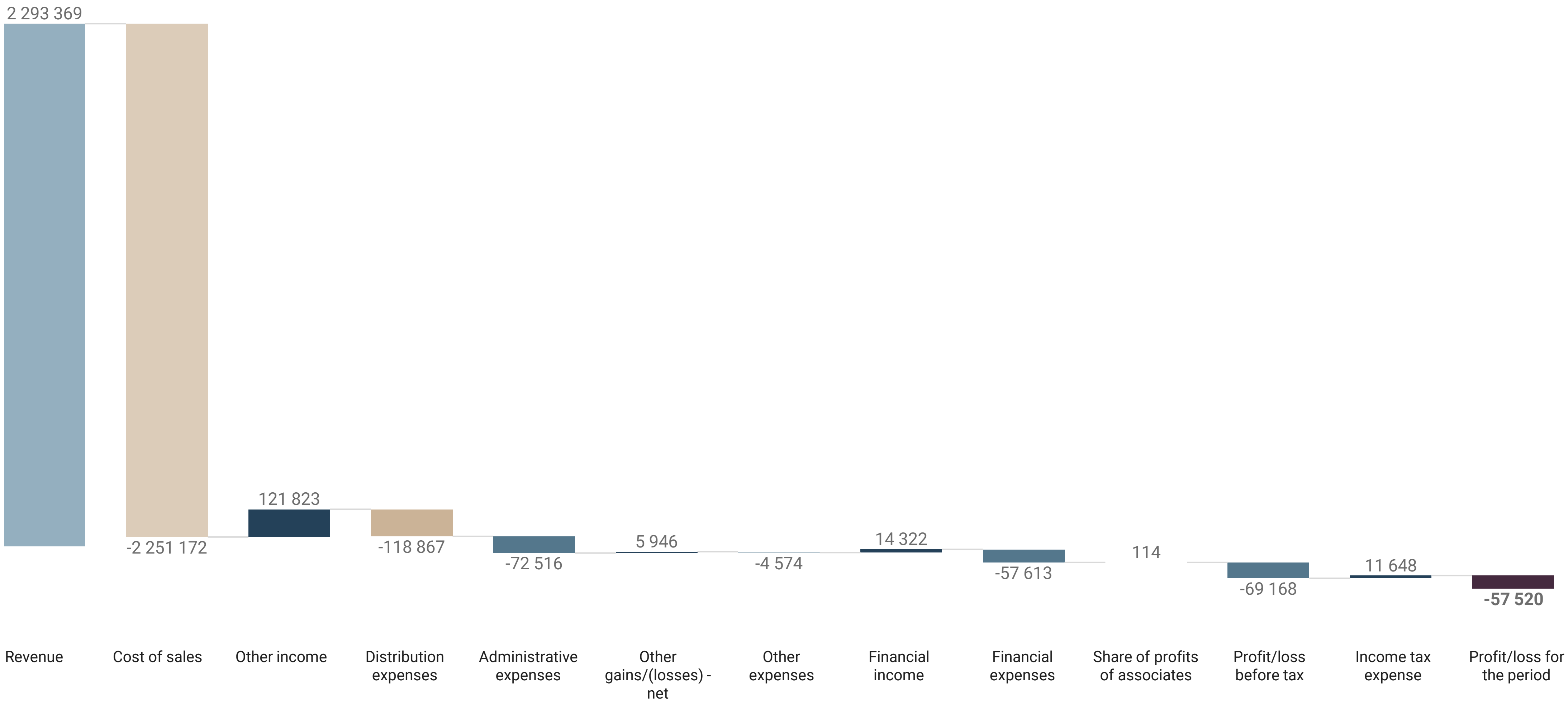
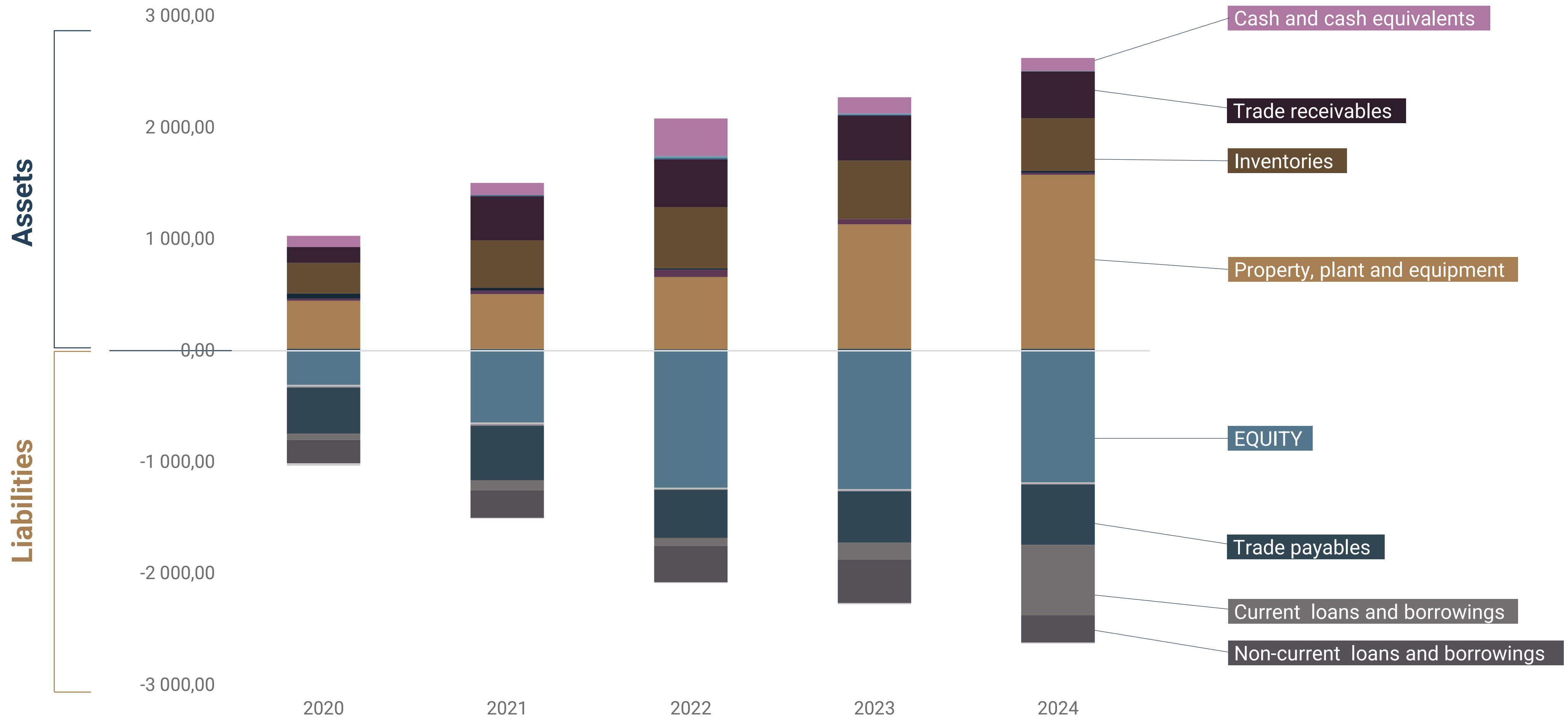
COGNOR

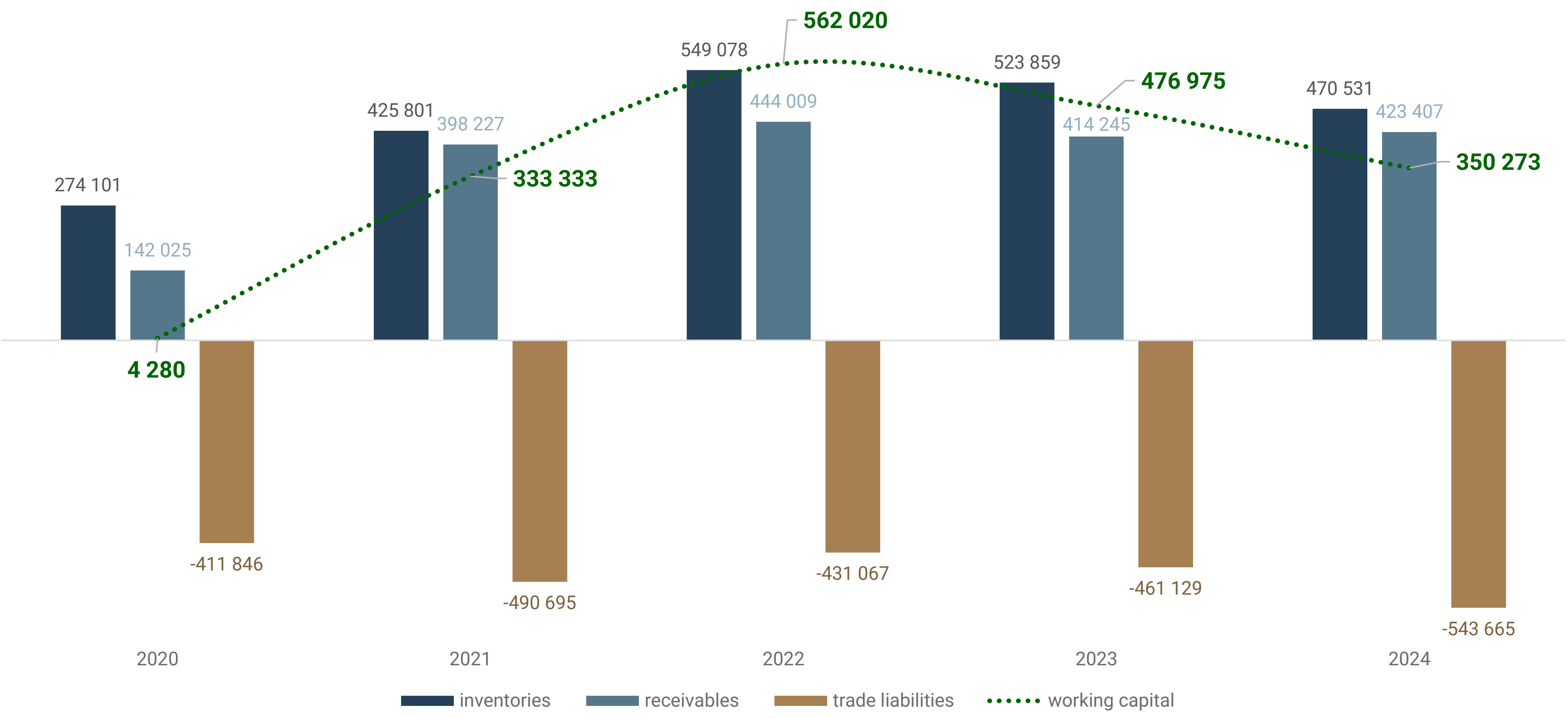
2024 P&L Waterfall *(PLN thousand)*



Balance Sheet *(PLN thousand)*



Working Capital *(PLN thousand)*



COGNOR

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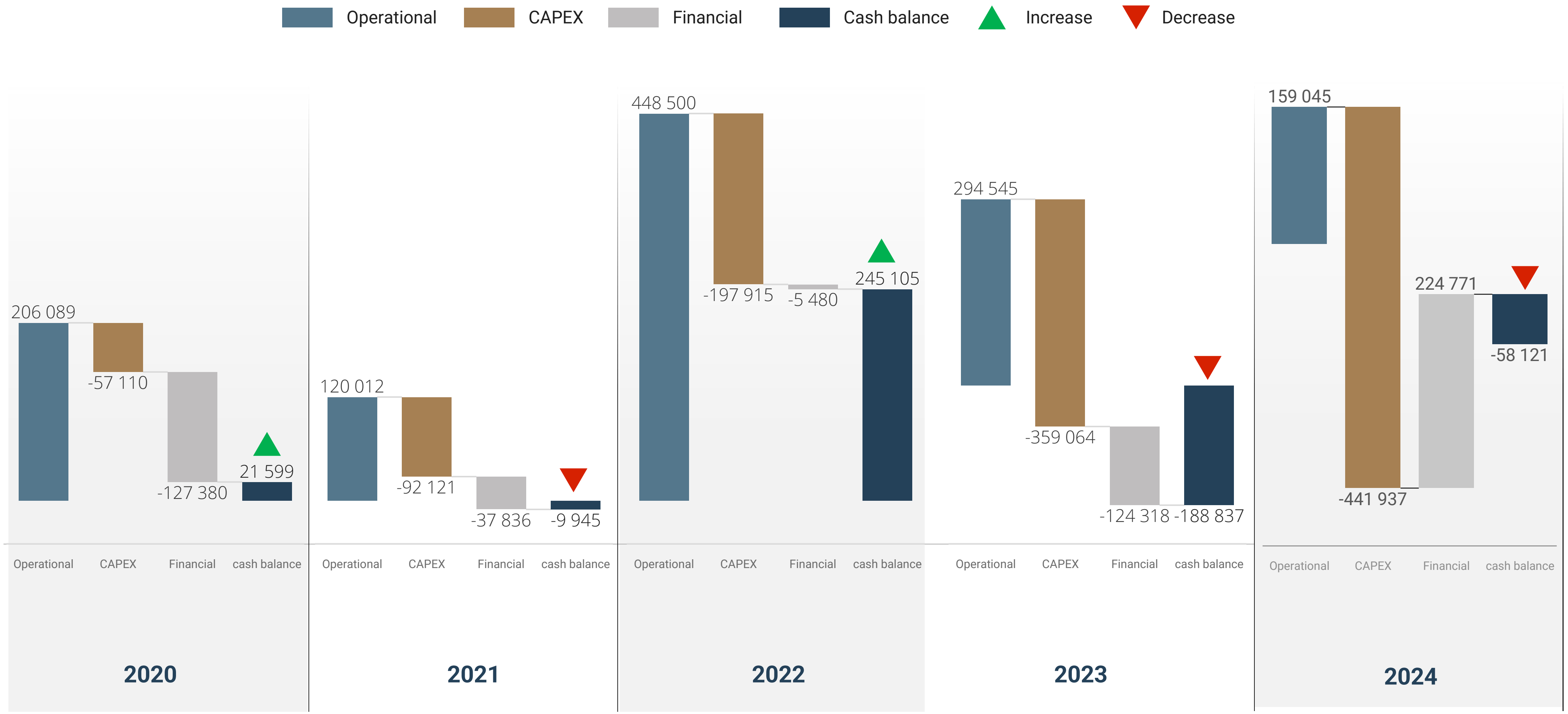
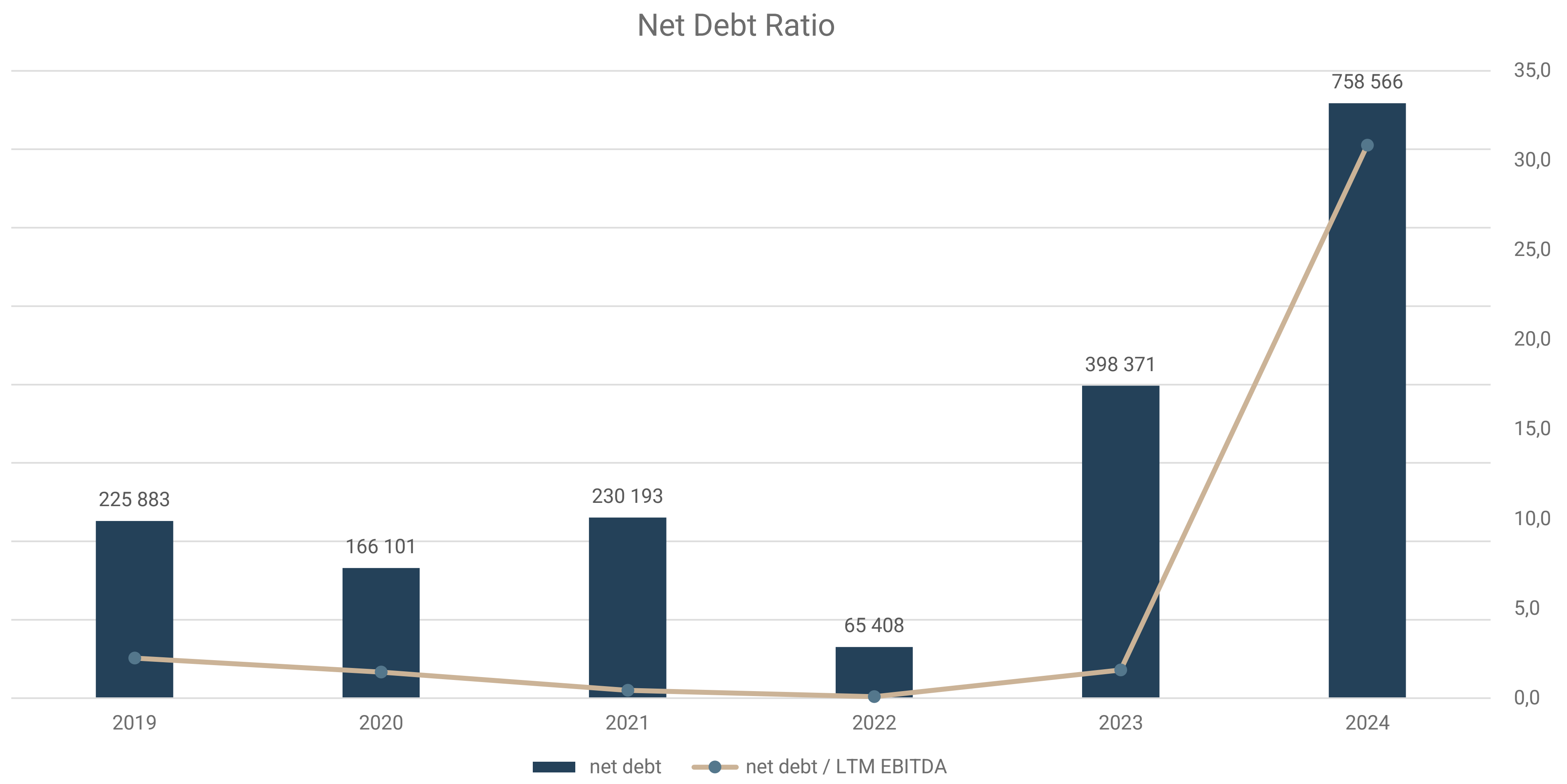
Cash Flows *(PLN thousand)*



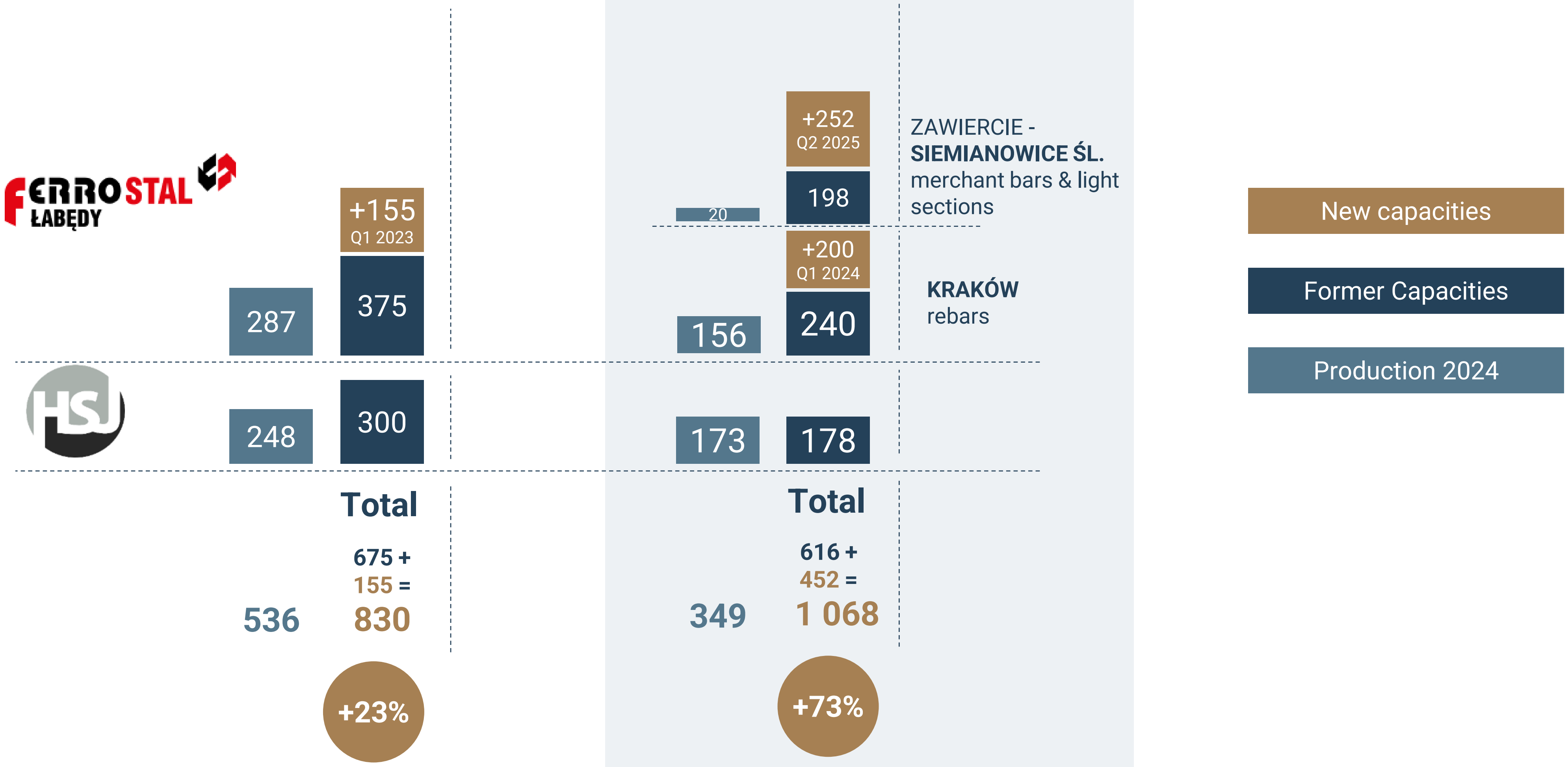
Net Debt *(PLN thousand)* & Leverage



Cognor in new scale *(thousand tonnes)*

Production of billets
semi-finished products

Production of bars
finished products



Capex- Costs, Financing and Effects

Gliwice

- replacement of EAF and ancillary items (Q1 2023)

Cost: approximately PLN 80m

Financing: equity

Effects: increase of crude steel capacities by at least 155 thousand tonnes of billets per annum

Kraków

- entire mill modernization (Q1 2024)
- additional spooling line (Q2 2025; commissioning ongoing)

Cost: approximately PLN 330m, of which remaining approximately PLN 50m of expenditures between Q2 2025 and Q1 2026

Financing: equity + PLN 100m convertible notes + 120m bonds

Effects: (i) debottlenecking of 200 thousand tonnes of capacity, (ii) savings of variable costs and emissions inter alia by way of natural gas consumption reduction, (iii) savings of fixed costs by lower labor requirements; (iv) introduction of new product type – rebar coils and (v) improvement of quality

Siemianowice Śląskie

- most modern LSM mill in Europe (Q2 2025; commissioning to start soon)

Cost: approximately PLN 840m, of which remaining approximately 160 million of expenditures in Q2-Q4 2025.

Financing: equity + a 10-year fixed rate bank loan:

- 1st part of PLN 240.0m and EUR 30.5m **all disbursed**
- 2nd part of PLN 140.0m **all available** till the end of 2026

Effects: 450 thousand tonnes of new capacities to replace 198 thousand in Zawiercie of which just ca 80 thousand was capable of being utilized due to uncompetitive product mix and high manufacturing cost. A profound reduction of fixed and variable production costs and ultimate product and service quality

Outlook – 2025

Macro trends
(slide 4) unchanged

Release
of post Covid UE funds for Poland to invigorate infrastructural spending

Siemianowice LSM mill
full scale production to commence from the beginning of Q4 2025

Market
to improve for rebars and to stabilize in the automotive sector

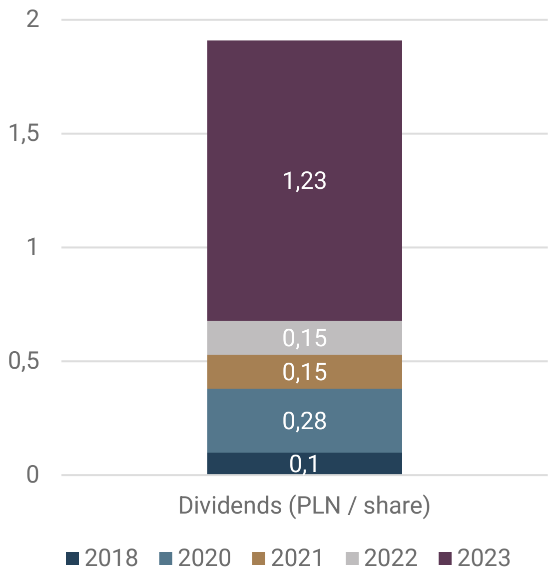
Prices of scrap metal, steel billets and finished products
scrap to stabilize; billets and finished products expected to pick up slightly in particular rebars

Rising capacity utilization
Stalowa Wola and Cracow close to maximum;
Gliwice reaching full capacities by the yearend due to commissioning in Siemianowice Śląskie

Dividends and Share Quoting

Dividend policy
25% of consolidated net profit

2024	
Net profit (000 PLN)	-57 520
Equity (000 PLN)	1 179 510
Number of shares	171 420 663
23.04.2025	
Share price (PLN)	7,92
P / E	loss
P / BV	1,15



Trading of Cognor shares on Warsaw Stock Exchange

P&L *(PLN thousand)*

	2020	2021	2022	2023	2024
Sales revenue	1 733 221	2 811 151	3 666 690	2 721 504	2 293 369
Cost of sales	-1 574 324	-2 222 237	-2 772 410	-2 441 32	-2 251 172
Gross profit	**158 897**	**588 914**	**894 280**	**280 204**	**42 197**
Other income	41 193	47 900	54 752	123 862	121 823
Distribution expenses	-81 753	-101 065	-128 778	-116 205	-118 867
Administrative expenses	-46 695	-65 099	-88 308	-74 716	-72 516
Other gains/(losses) – net	1 234	2 481	-342	-3 575	5 946
Other expenses	-6 349	-5 377	-8 878	-6 264	-4 574
EBIT	**66 527**	**467 754**	**722 726**	**203 306**	**-25 991**
Financial income	0	24 602	49 182	10 994	14 322
Financial expenses	-34 317	-39 756	-43 426	-61 434	-57 613
Net financing costs	**-34 317**	**-15 154**	**5 756**	**-50 440**	**-43 291**
Share of profits of associates	60	30	222	54	114
Excess in fair value of acquired assets over cost	0	0	0	112 076	0
Profit before tax	**32 270**	**452 630**	**728 704**	**264 996**	**-69 168**
Income tax expense	1 276	-89 104	-118 331	-29 188	11 648
Profit/loss for the period from discontinued operations	0	0	0	0	0
Profit for the period	**33 546**	**363 526**	**610 373**	**235 808**	**-57 520**
Depreciation and amortization	-47 708	-51 828	-44 251	-49 060	-50 576
EBITDA	**114 235**	**519 582**	**766 977**	**252 366**	**24 585**

Revenues down by **428m & 16%**
- less revenues from non-core sources
- lower of prices
- higher shipments

Gross profit down by **238m & 85%**
- higher shipments: 83m
- release of inventory provision: 34m
- lower outage costs: 19m
- FIFO support: 5,8m
- worsening of spreads: 273m
- costs of energy: 84m

EBIT down by **229m & 113%**
- balance of other gains & losses: 9m
- administration costs: 2,2m
- distribution costs: 2,6m

Financial income up by **3,3m**
- hedge valuation: 9,6m
- FX regarding debt: 6,6m

Financial costs down by **3,8m**
- hedge valuation: 15m
- higher interest expense 8,5m

Net result down by **293m & 124%**
Adjusted net result **-52m** (v. 103m in 2023)

EBITDA down by **228m & 90%**
Adjusted EBITDA **42m** (v. 223m in 2023)

Assets *(PLN thousand)*

	2020	2021	2022	2023	2024
A. TOTAL NON-CURRENT ASSETS	**514 518**	**564 496**	**740 355**	**1 181 785**	**1 614 419**
I. Intangible assets	18 100	15 139	12 851	18 196	17 656
II. Property, plant and equipment	429 769	493 220	647 439	1 116 622	1 561 453
III. Other receivables	8 938	14 777	13 971	15 417	660
IV. Investment property and other	8 331	1 134	1 204	1 106	1 119
V. Financial instruments assets	0	15 689	50 551	28 645	17 140
VI. Prepaid perpetual usufruct of land	0	0	0	0	0
VII. Deferred tax assets	49 380	24 537	14 339	1 799	16 391
B. TOTAL CURRENT ASSETS	**516 681**	**940 676**	**1 342 661**	**1 092 193**	**1 012 020**
I. Inventories	274 101	425 801	549 078	523 859	470 531
II. Receivables	142 025	398 227	444 009	414 245	423 407
1. Trade and other receivables	141 678	398 095	427 760	403 933	421 133
2. Current income tax receivable	226	38	16 172	10 299	2 261
3. Other investments	121	94	77	13	13
III. Financial instruments assets	0	1 845	6 842	2 817	2 860
IV. Cash and cash equivalents	100 555	107 810	335 761	144 269	115 222
V. Prepayments	0	0	0	0	0
VI. Assets classified as held for sale	0	6 993	6 971	6 949	0
Total	**1 031 199**	**1 505 172**	**2 083 016**	**2 273 924**	**2 626 439**

Fixed assets up by **433m & 37%**
- CAPEX 496m
- deferred tax: 15m
- D&A 51m
- receivables: 14,7m
- IRS valuation: 11m

Current assets down by **80m & 7%**
Inventories down by **53m & 10%**
Receivables up by **9m & 2%**
Trade receivables sold (net) 144m
in 2023 (net) 171m

Cash down by **29m & 20%**

Equity and Liabilites *(PLN thousand)*

'000 PLN	2020	2021	2022	2023	2024
A. EQUITY	**307 014**	**643 869**	**1 228 431**	**1 241 210**	**1 179 510**
I. Issued share capital	185 911	257 131	257 131	257 131	257 131
II. Reserves and retained earnings	101 849	346 754	898 965	904 817	846 790
III. Minority interest	19 254	39 984	72 335	79 262	75 589
B. LIABILITIES	**724 185**	**861 303**	**854 585**	**1 032 714**	**1 446 929**
I. Non-current liabilities	244 437	269 631	346 112	412 335	270 403
1. Employee benefits obligation	13 011	14 343	11 878	13 126	13 897
2. Interest-bearing loans	209 774	249 987	327 536	389 351	247 102
3. Other	21 652	5 301	6 698	9 858	9 404
II. Current liabilities	479 748	590 124	506 928	618 838	1 176 526
1. Interest-bearing loans	56 882	70 816	70 441	153 289	596 685
2. Bank overdraft	0	17 200	46	0	30 001
3. Trade and other payables	411 846	490 695	431 067	461 129	543 665
4. Deferred government grants	4 941	4 538	1 398	1 365	1 313
5. Liability financial instruments	4 011	0	0	0	0
6. Employee benefits obligation	1 583	2 139	1 863	1 755	2 773
7. Current income tax payable	460	2 936	783	0	789
8. Provisions for payables	25	1 800	1 330	1 300	1 300
III. Liabilities of disposal group	0	1 548	1 545	1 541	0
Total	**1 031 199**	**1 505 172**	**2 083 016**	**2 273 924**	**2 626 439**

Equity down by PLN **62m & 5%**
- net result -58m

Gross debt up by PLN **331m & 61%**
Net debt up by PLN **330m & 83%**

Cash Flows & Metrics

'000 PLN	2020	2021	2022	2023	2024
A. OPERATING ACTIVITIES	206 089	120 012	489 565	294 545	159 045
B. INVESTING ACTIVITIES	-57 110	-92 121	-235 834	-359 064	-441 937
C. FINANCING ACTIVITIES	-127 380	-37 836	-8 626	-124 318	224 771
Net increase in cash	**21 599**	**-9 945**	**245 105**	**-188 837**	**-58 121**

working capital inflow: 147m
income tax: 7m

CAPEX: 455m
disposals: 22m

debt incurrence 523m
IRS inflow: 21m
debt repayment: 270m
interest service: 53m

		2020	2021	2022	2023	2024
Liquidity ratio		1.08	1.59	2.64	1.76	0.86
Quick ratio		0.51	0.87	1.56	0.92	0.46
Inventories turnover	days	64	70	72	78	76
Receivables turnover	days	30	52	43	54	67
EBITDA margin		6.6%	18.5%	20.9%	9.3%	1.1%
Net profit margin		1.9%	12.9%	16.6%	8.7%	-2.5%
Equity	'000 PLN	307 014	643 869	1 228 431	1 241 210	1 179 510
Net debt	'000 PLN	166 101	230 193	62 262	398 371	758 566
Net debt / LTM EBITDA		1.5	0.4	0.1	1.6	30.9

weak liquidity metrics due to temporary long-term debt reclassification

inventory ratio worsened by 2 days and weak
receivable ratio improved by 13 days and acceptable

profitability ratios declined into negative

net leverage up and excessive

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