Q1 2025 Business and Financial Performance

May 06, 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

Q1 2025 Highlights

Rising GPD growth YoY
3.2 % Poland and 1.4% EU

Billet and finished product prices rising QoQ
while YoY picture mixed

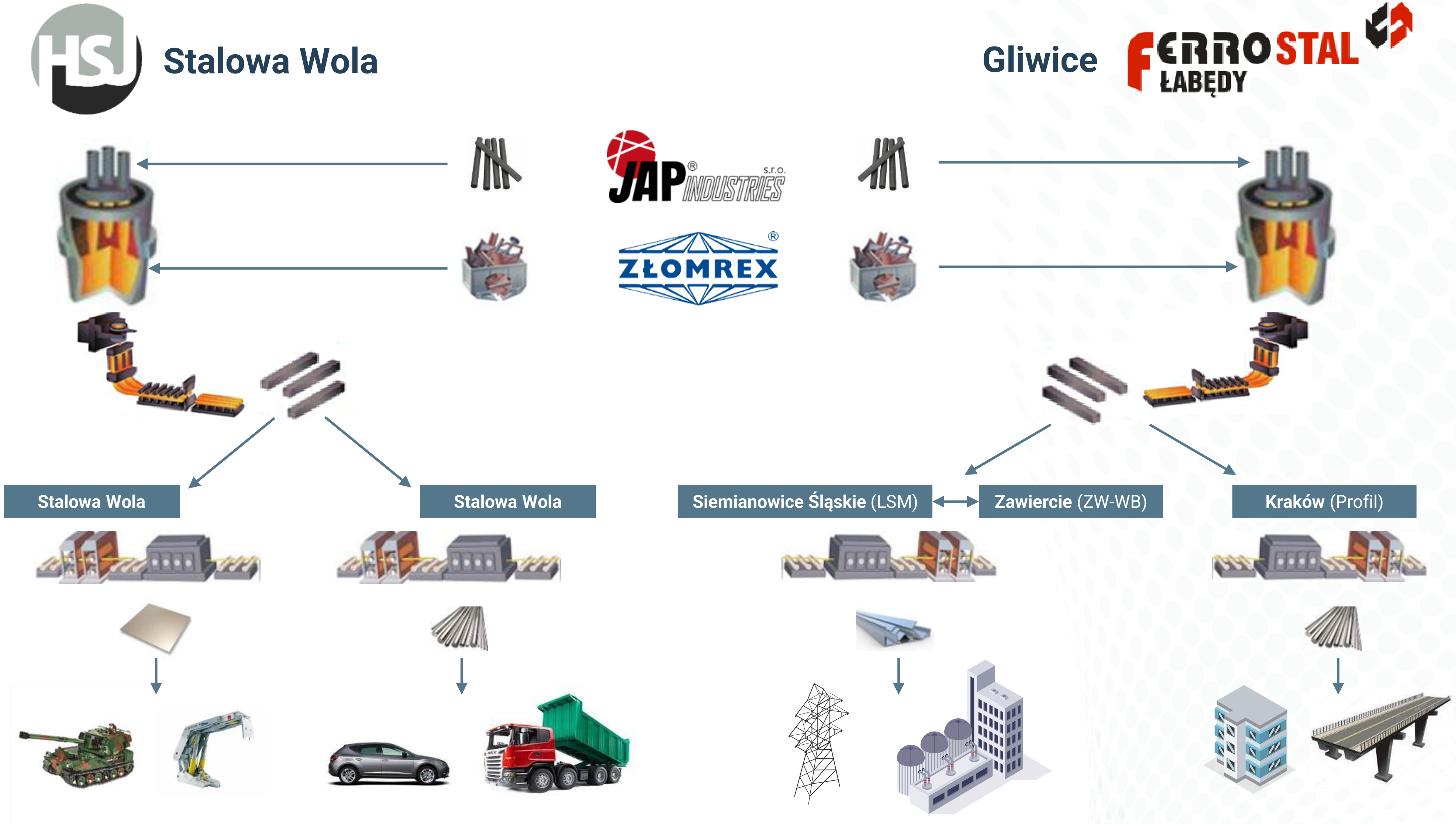
Spreads improving for billets QoQ and YoY
and the picture for products mixed

Rebar volumes fair but prices still very weak; auto sector stabilized

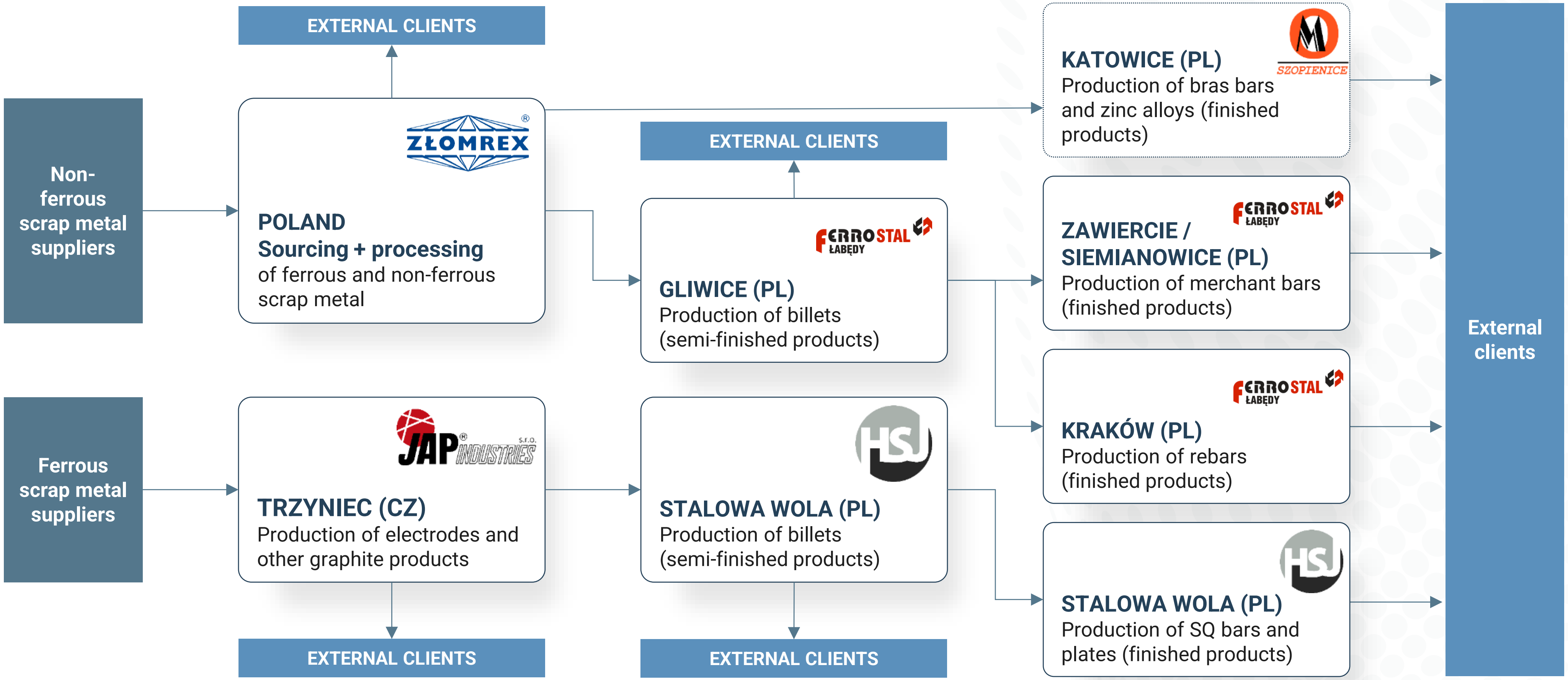
Rising crude steel capacity utilization
55,3% in Q2 2024; 59,4% in Q3 2024, 66,1% in Q4 2024, up to 74.0% in Q1 2025 due to Cracow mill increasing capacity utilization from 46,6% in Q4 2024 to 64,9% in Q1 2025

Finalization of works in Siemianowice Śląskie;
completion of construction and technology assembly of the new 450kT light sections mill (LSM)

Structure


HSJ
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

	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

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

	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

	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]

1990
Przemysław Sztuczkowski starts up Złomrex which trades in non-ferrous scrap metals

1991
Privatisation of the state owned enterprise

1997
IPO of Centrostal on the Warsaw Stock Exchange

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

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

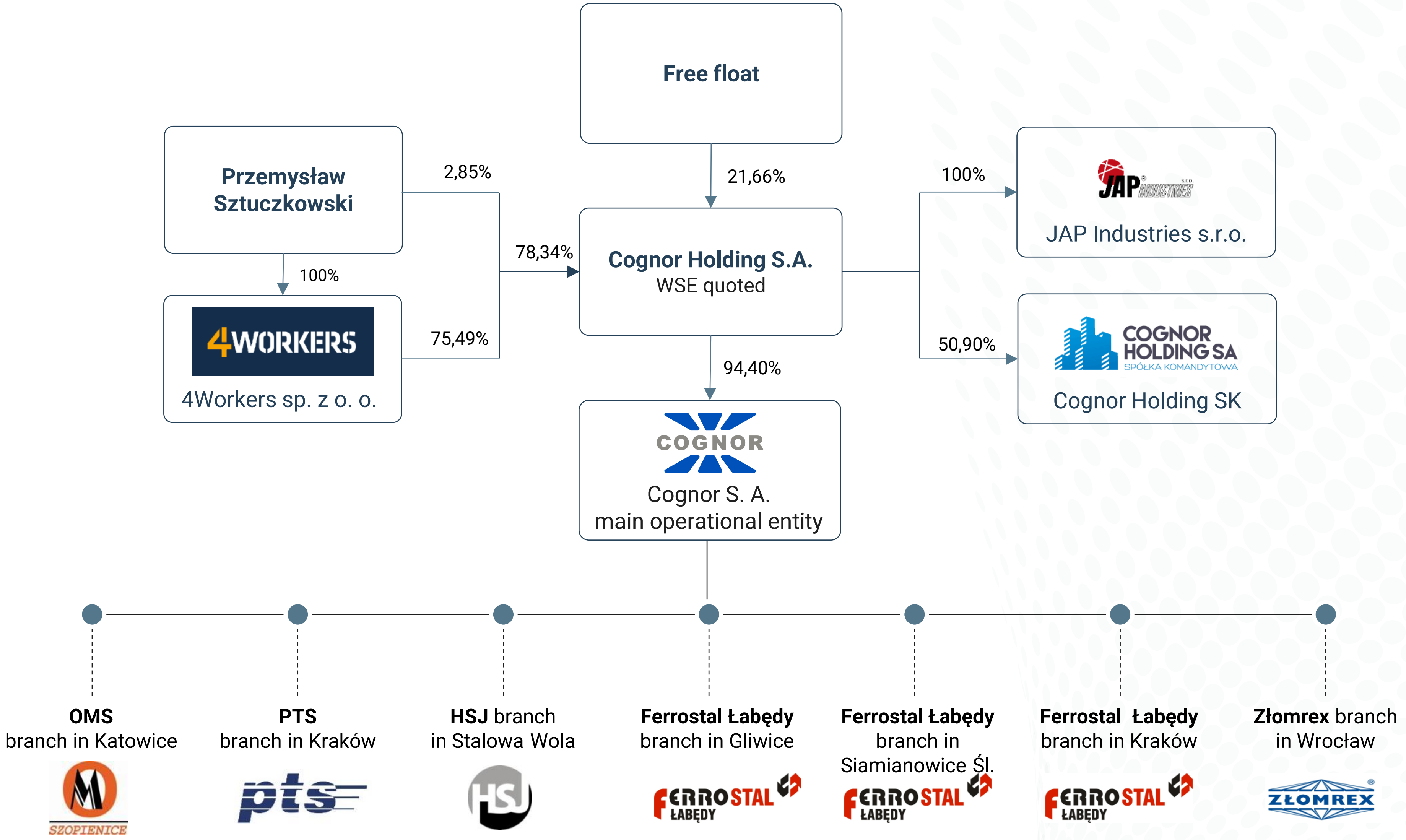
2016

Simplification of group structure and change of name into Cognor Holding

2023

JAP acquisition

Group Overview - Group Structure & Shareholders

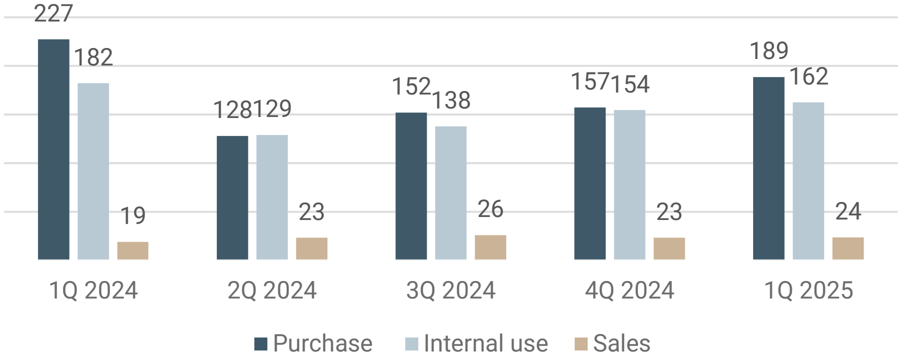


COGNOR

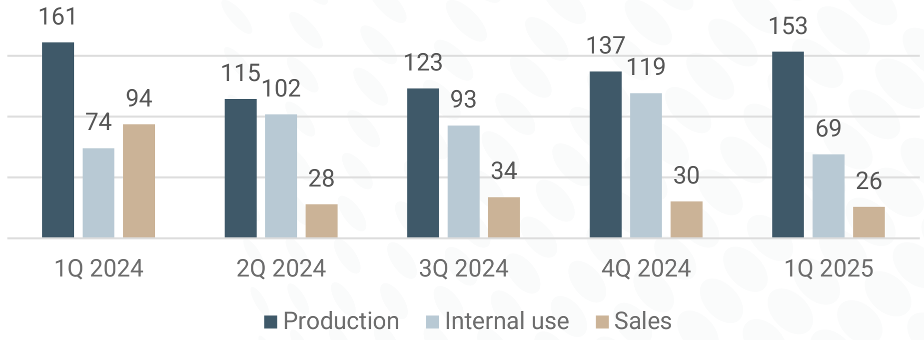
Segments Performance

Quantities per business segments

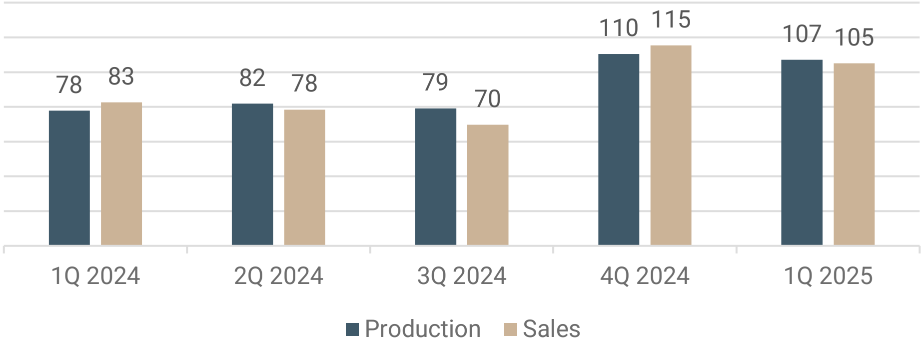
Scrap metal *(thousand tonnes)*



Billets *(thousand tonnes)*



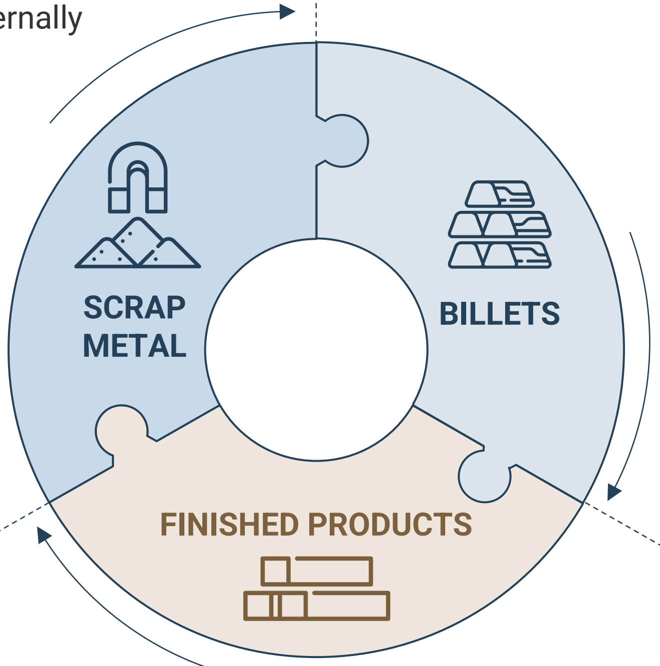
Finished products *(thousand tonnes)*



Q1 2025 Circular Economy & Sustainable Steelmaking

188 685
tonnes of scrap metal sourced

162 478
tonnes of scrap metal used internally



153 448
tonnes of semi-finished products (billets) production

68 977
tonnes of billets processed internally

23 632
tonnes of scrap metal sold to external customers

25 834
tonnes of billets sold to external customers

107 116
tonnes of finished products production

105 012
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

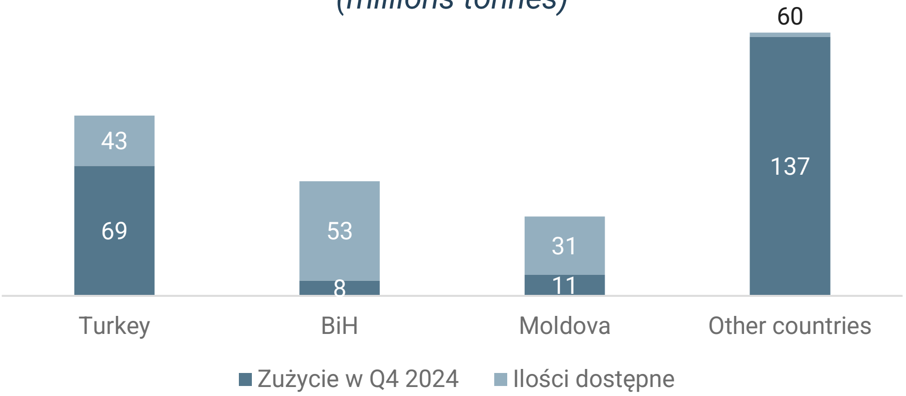
A quota tool introduced in 2018 to last through mid 2026. Aimed to limit tax free imports. Below an example of its utilisation in Q4 2024 and Q1 2025

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

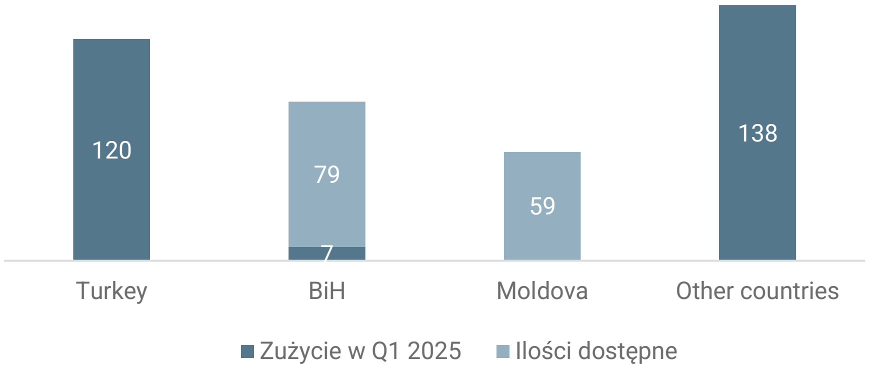
(millions tonnes)



Russia - imports suspended; Ukraine – limits lifted

Rebars Q1 2025

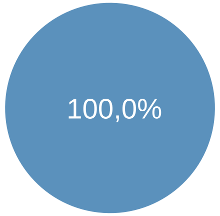
(millions tonnes)



Market - EAF vs BOF technology

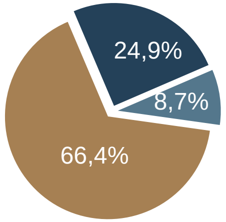
Feedstock applied to produce 1000 kg of crude steel

Electric Arc Furnace (EAF)



Scrap metal (1,150 kg)

Basic Oxygen Furnace (BOF)



Iron ore (1,600 kg)

Coking coal (600 kg)

Scrap metal (210 kg)

Commentary

Electric Arc Furnace (EAF)

- Approximately 1/3 of global steel production
- Scrap metal is melted by a heat generated by an electric arch

Basic Oxygen Furnace (BOF)

- 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

Electric Arc Furnace (EAF)

- Flexible, can be switched on and off
- Lower CAPEX & maintenance
- Lower environmental impact

Basic Oxygen Furnace (BOF)

- Lower electric power consumption
- Easier to obtain high steel purity

Cons

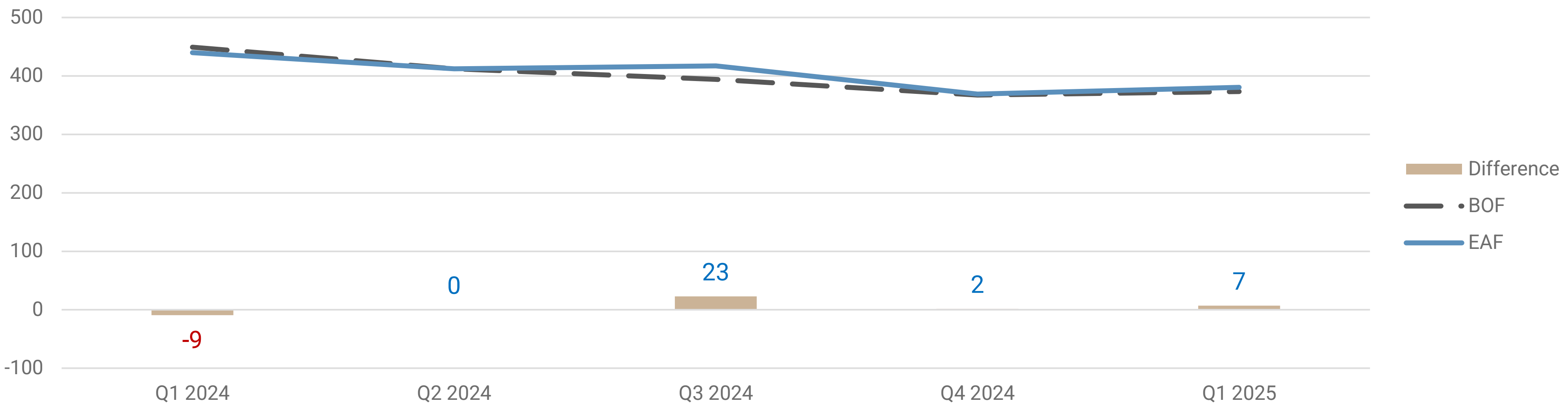
Electric Arc Furnace (EAF)

- High cost sensitivity to scrap and electricity

Basic Oxygen Furnace (BOF)

- High cost sensitivity to iron ore and coking coal
- Economical at large scale only; low flexibility
- 4x higher CO2 emission (incl. power plant gen.)

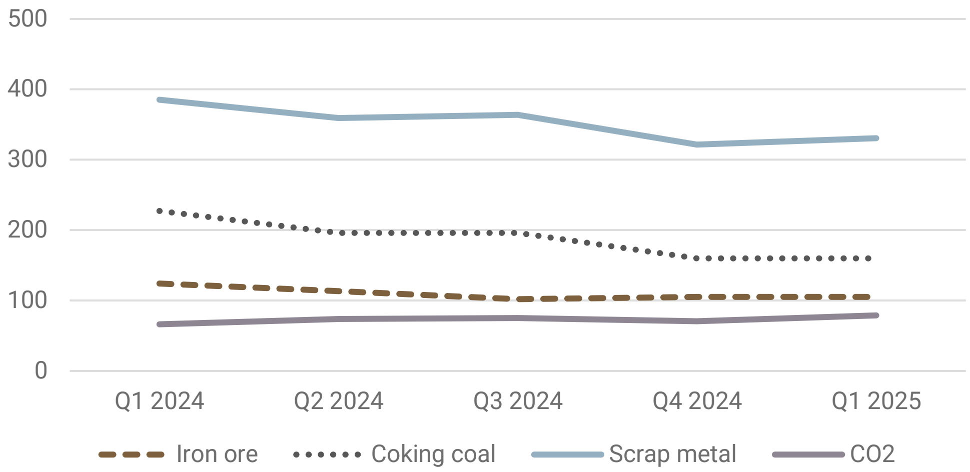
BOF / EAF Feedstock Cost *(USD / tonne)*



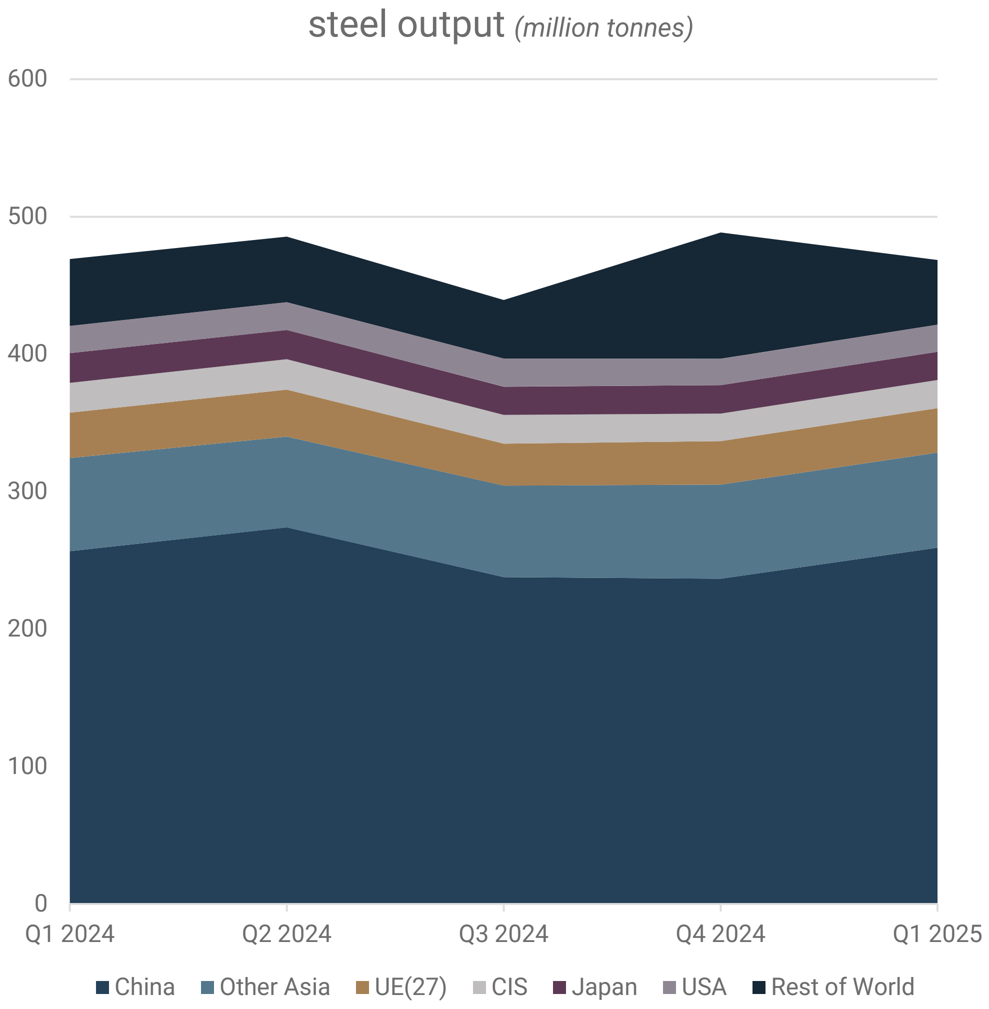
Feedstock Cost Model	BOF	EAF
tonne / tonne of crude steel		
scrap metal	0.21	1.12
coking coal	0.60	
iron ore	1.60	
CO2 emission rights	0.50	0.13

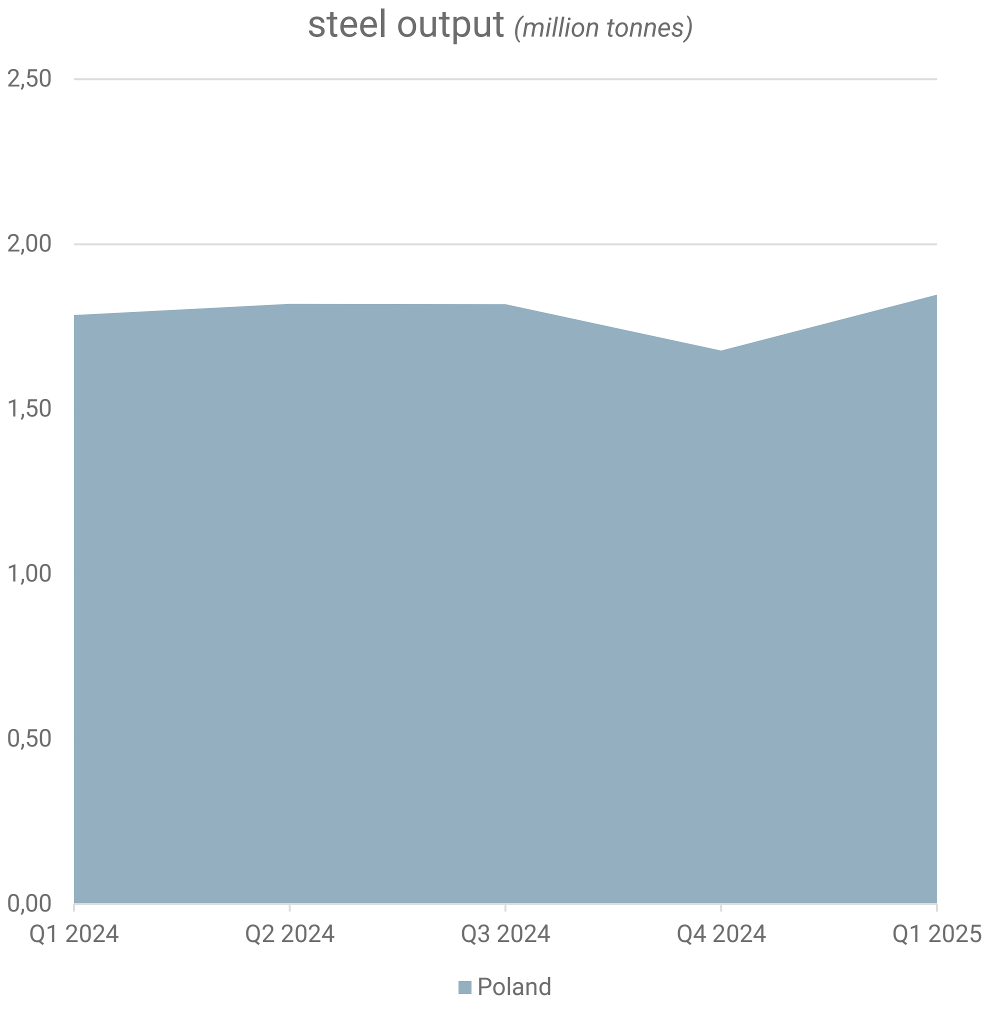
source: IMF - iron ore,
EIA – coking coal
Cognor – scrap metal,
PSE – CO2 emission rights
(25% due to approx.75% allowances available for free)

Raw material costs (USD / tonne)



World and the Poland

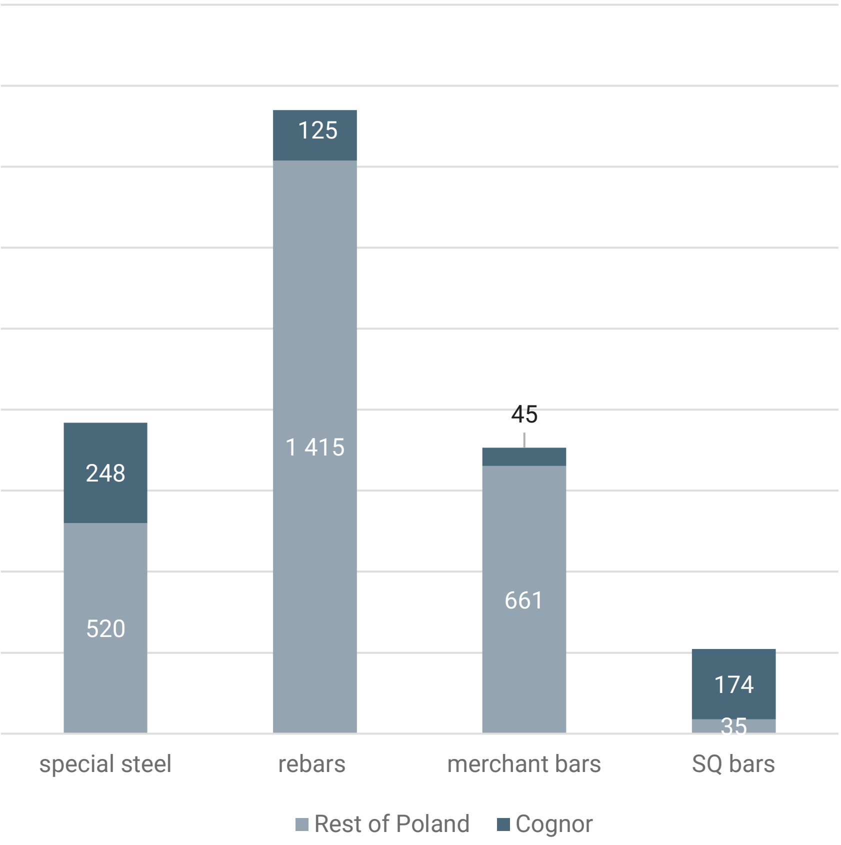




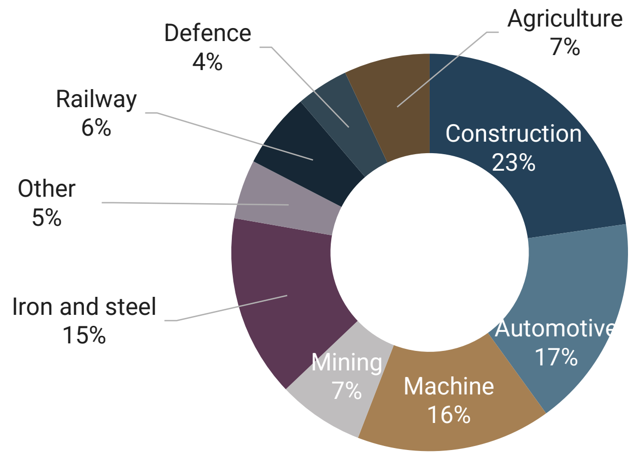
Billets and Finished Products

Cognor's Share and Position in 2024

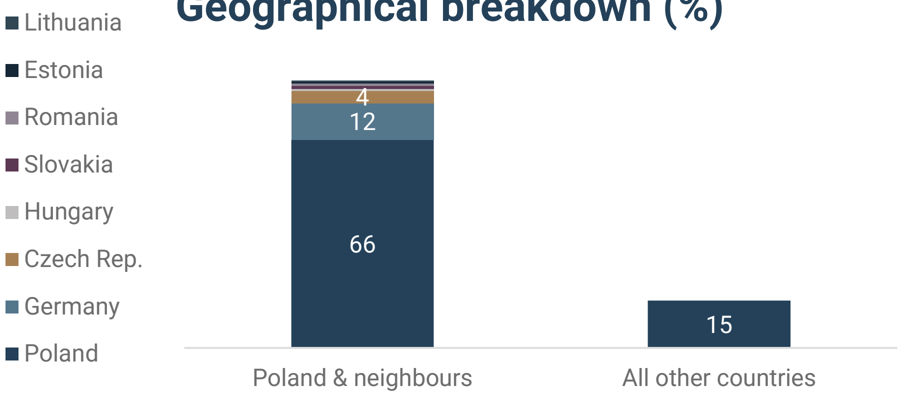
Producer market share
(thousands of tonnes)



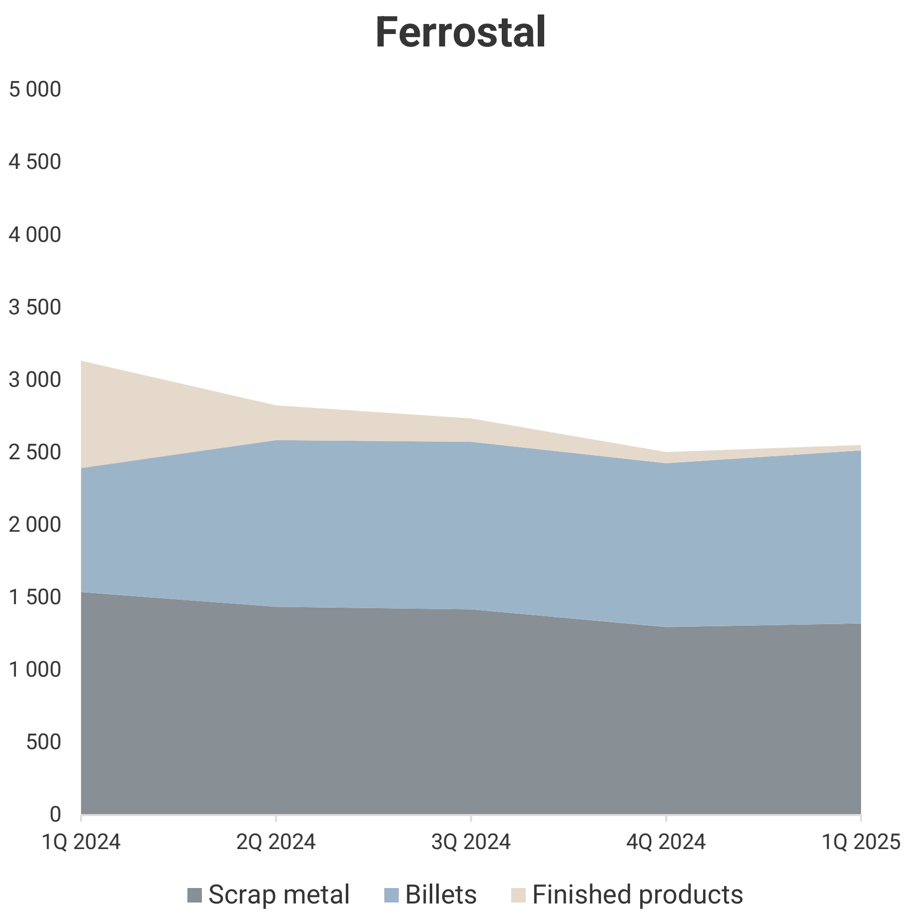
Revenue split by business segments

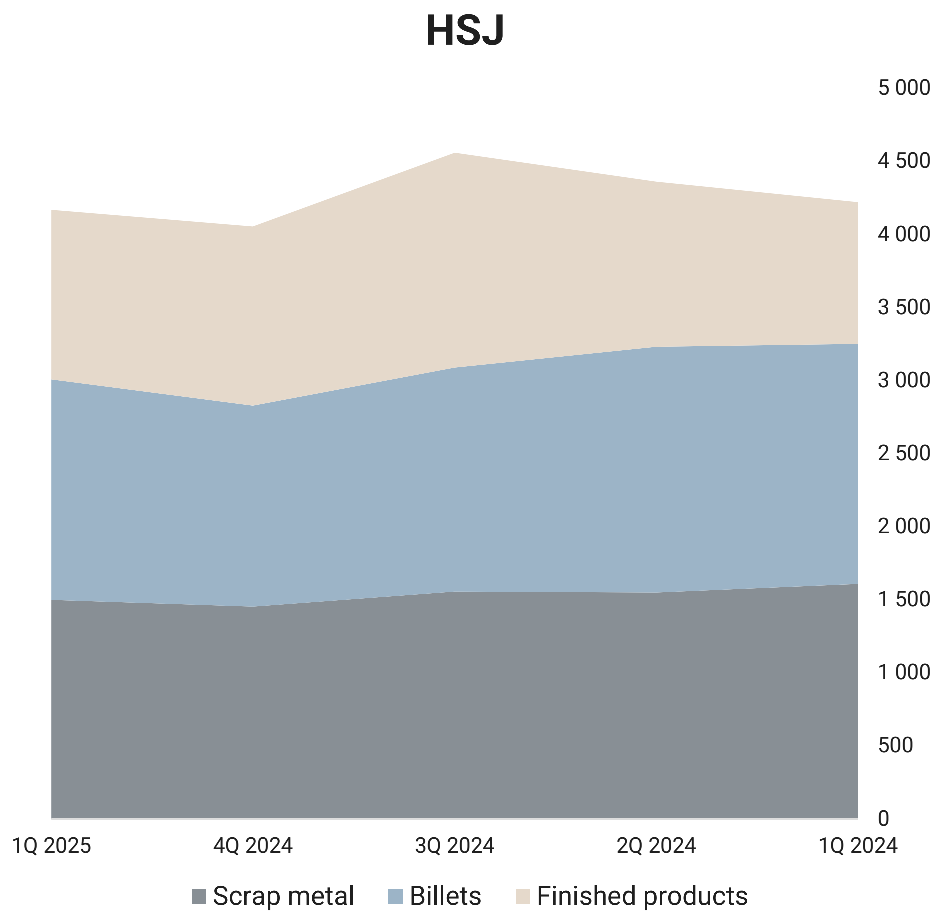


Geographical breakdown (%)

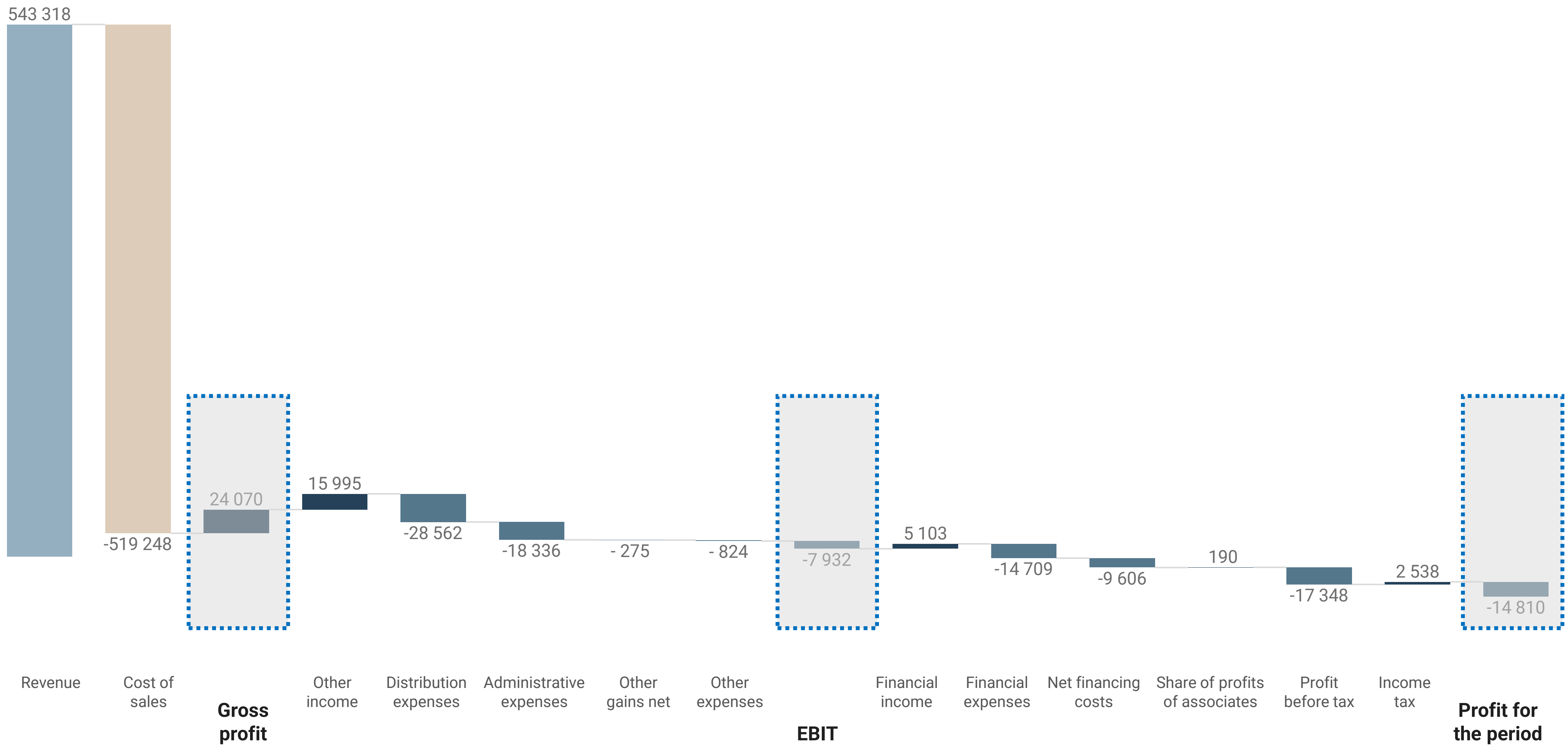


Prices and conversion premiums *(PLN / tonne)*

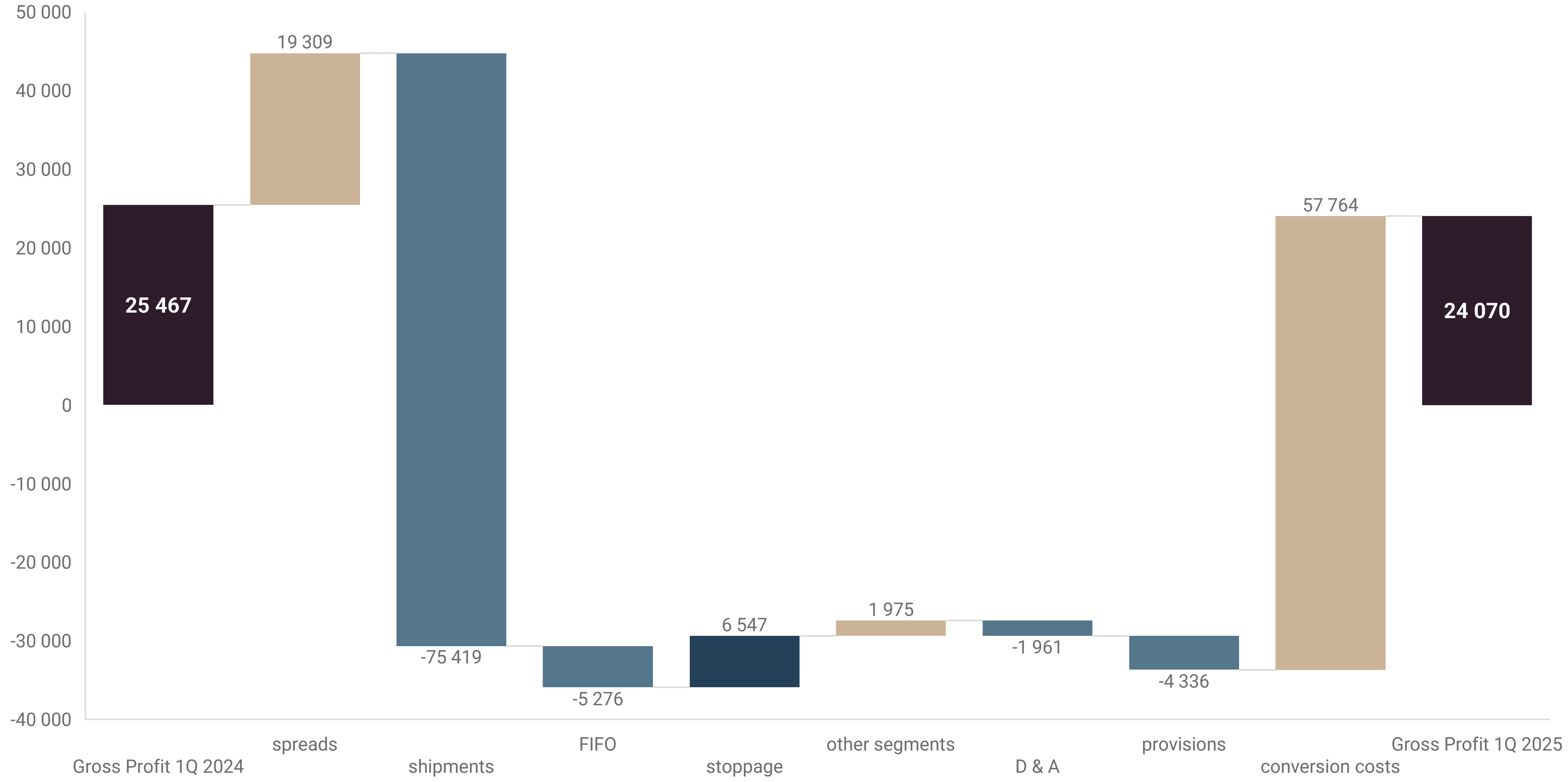




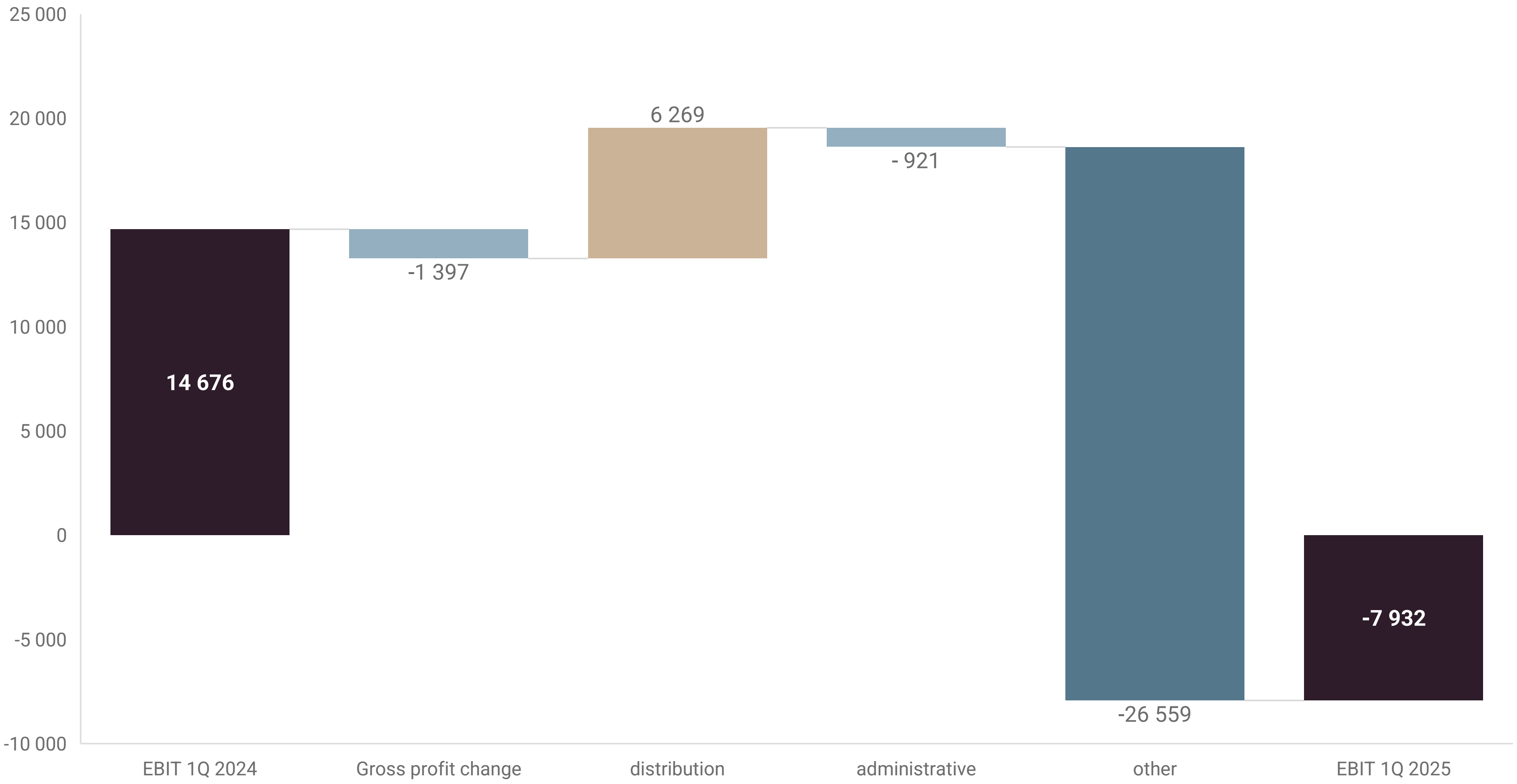
Q1 2025 P&L Waterfall *(PLN thousand)*



Gross Profit Bridge *(PLN thousand)*



EBIT Bridge *(PLN thousand)*



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Capex

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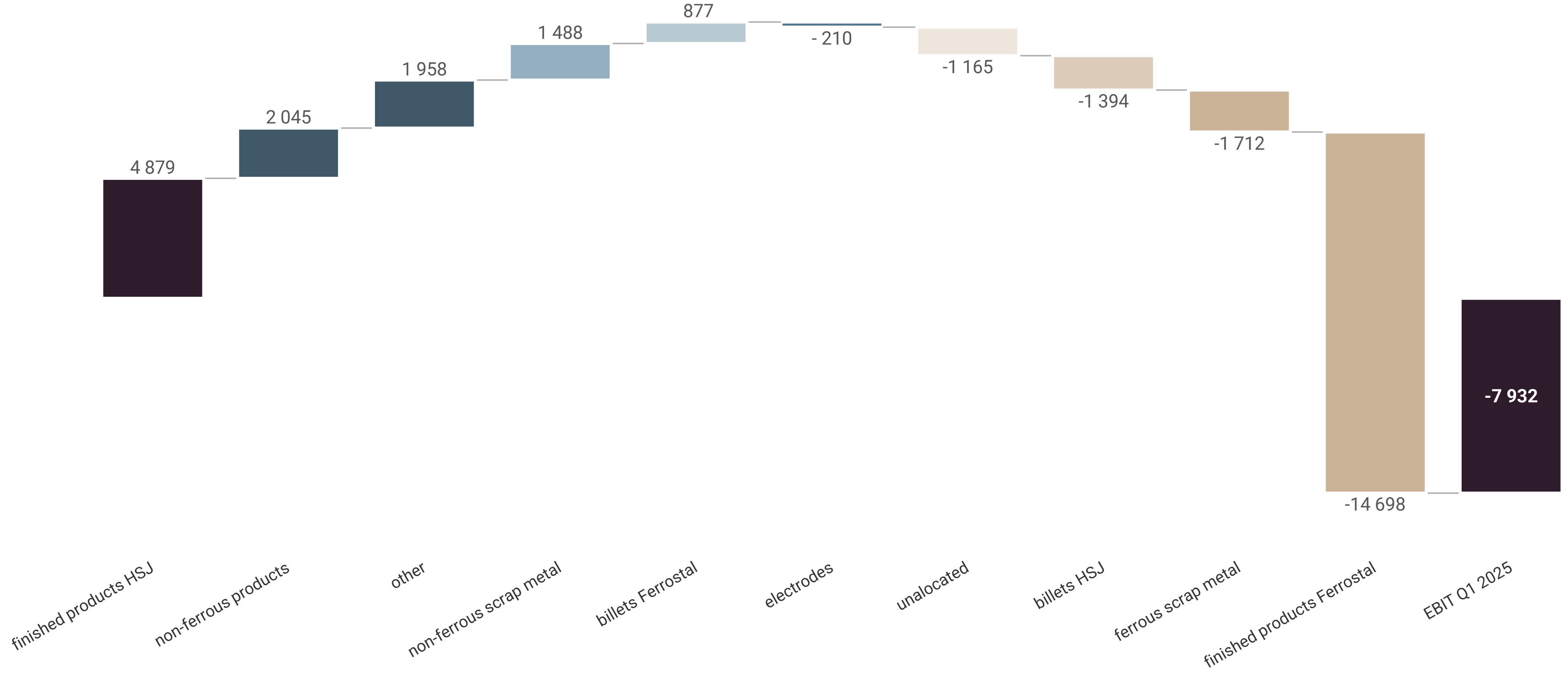
EBIT Generation Breakdown *(PLN thousand)*



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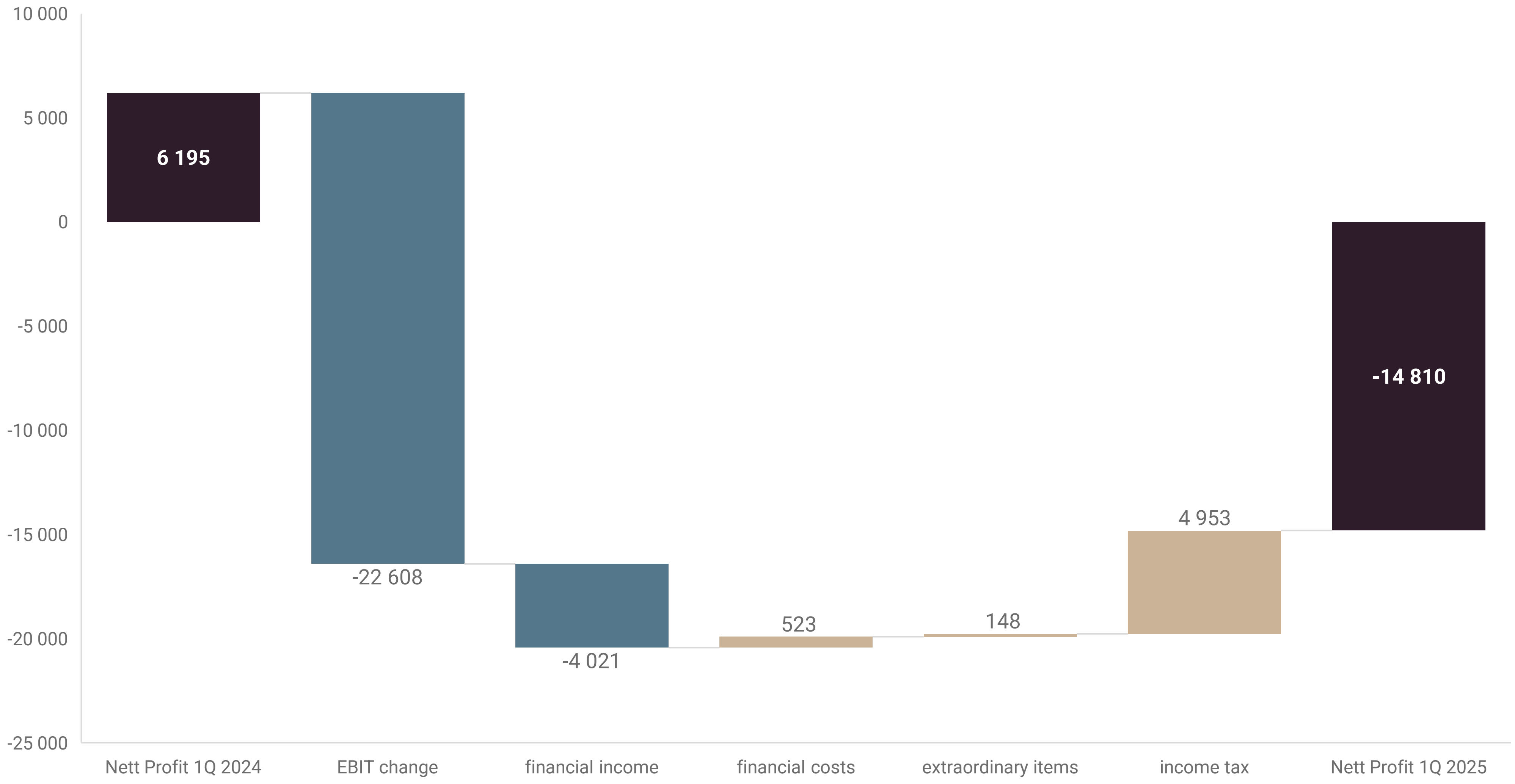
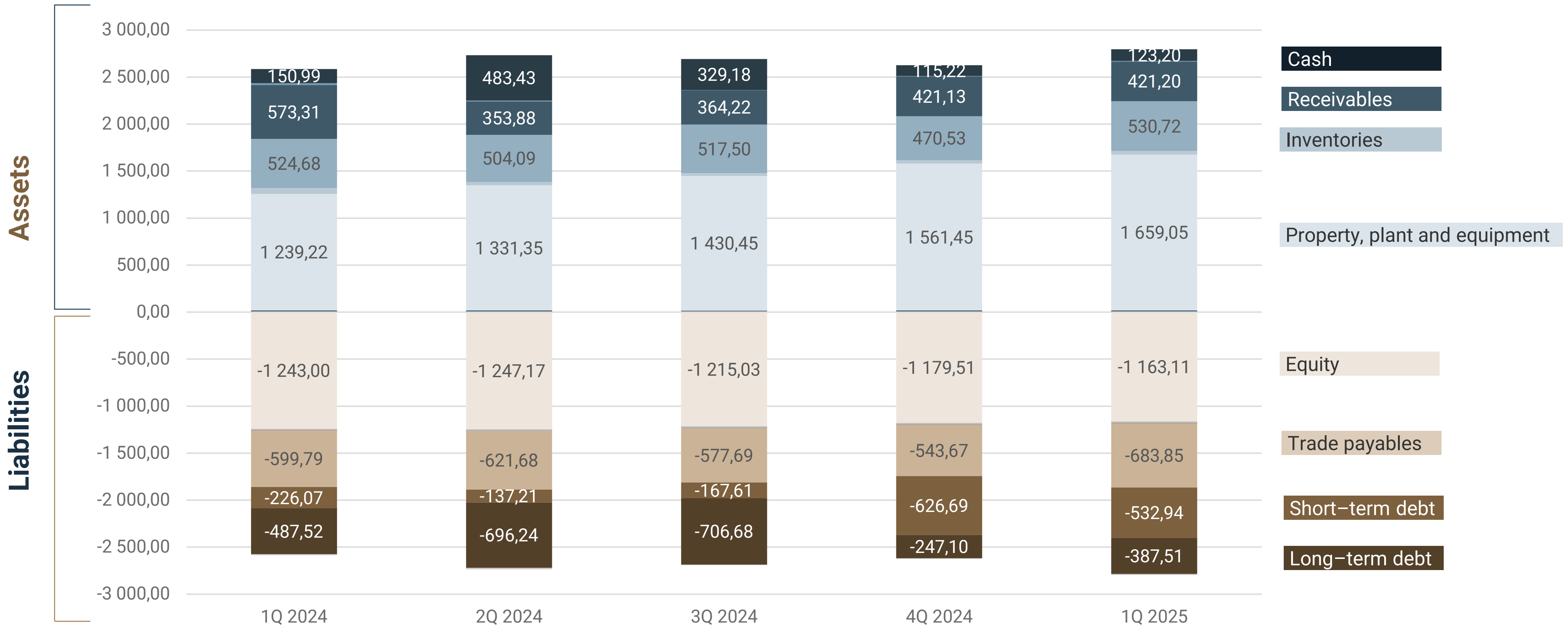
Net Profit Bridge *(PLN thousand)*



Balance Sheet *(PLN thousand)*



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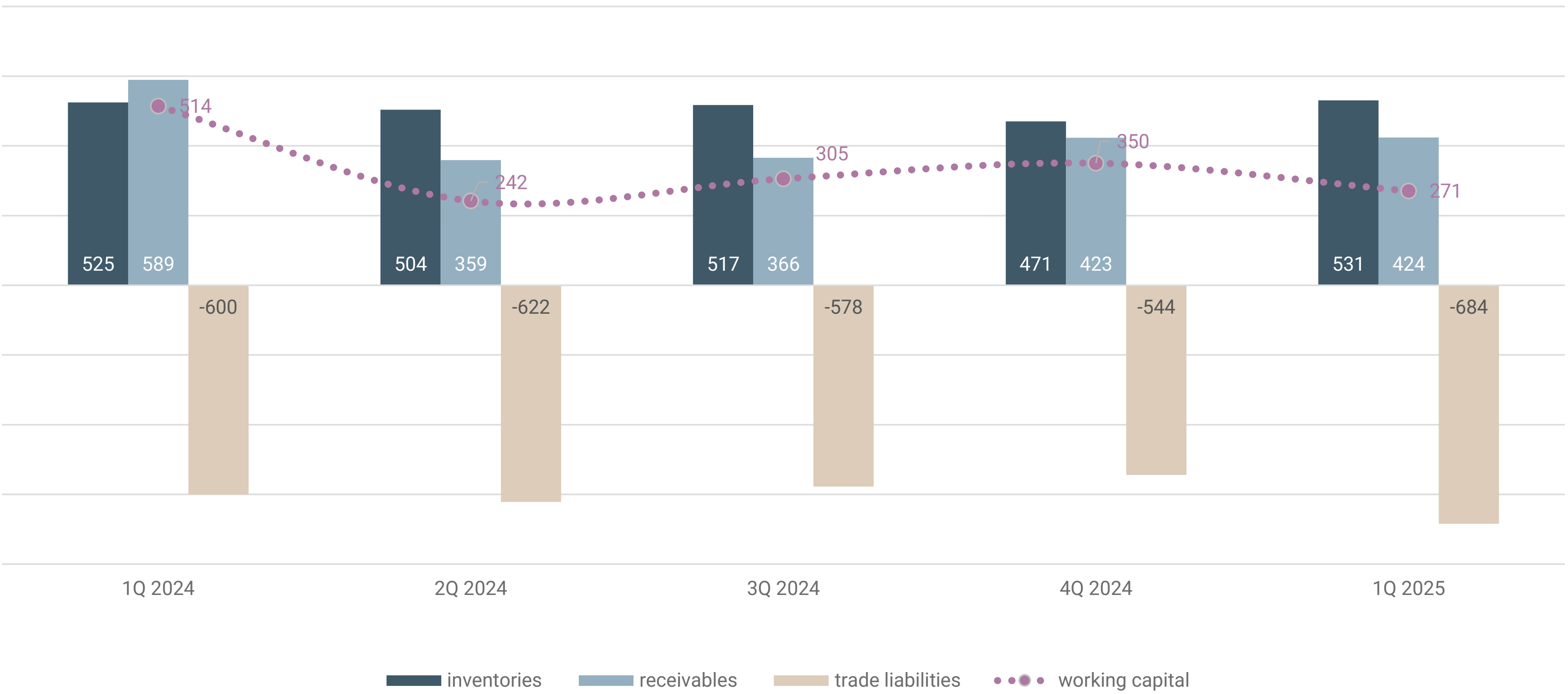
Working Capital *(PLN thousand)*



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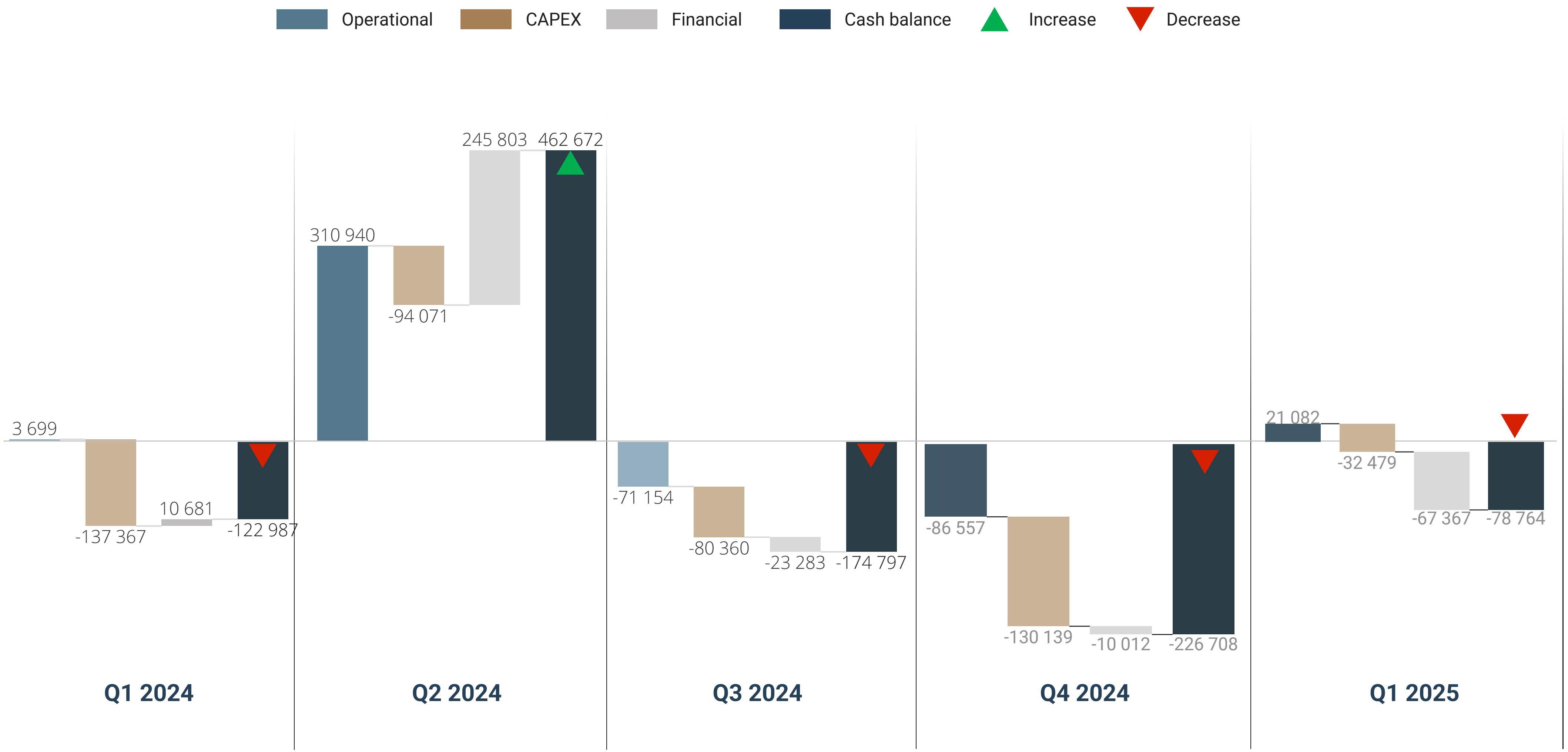
Cash Flows *(PLN thousand)*



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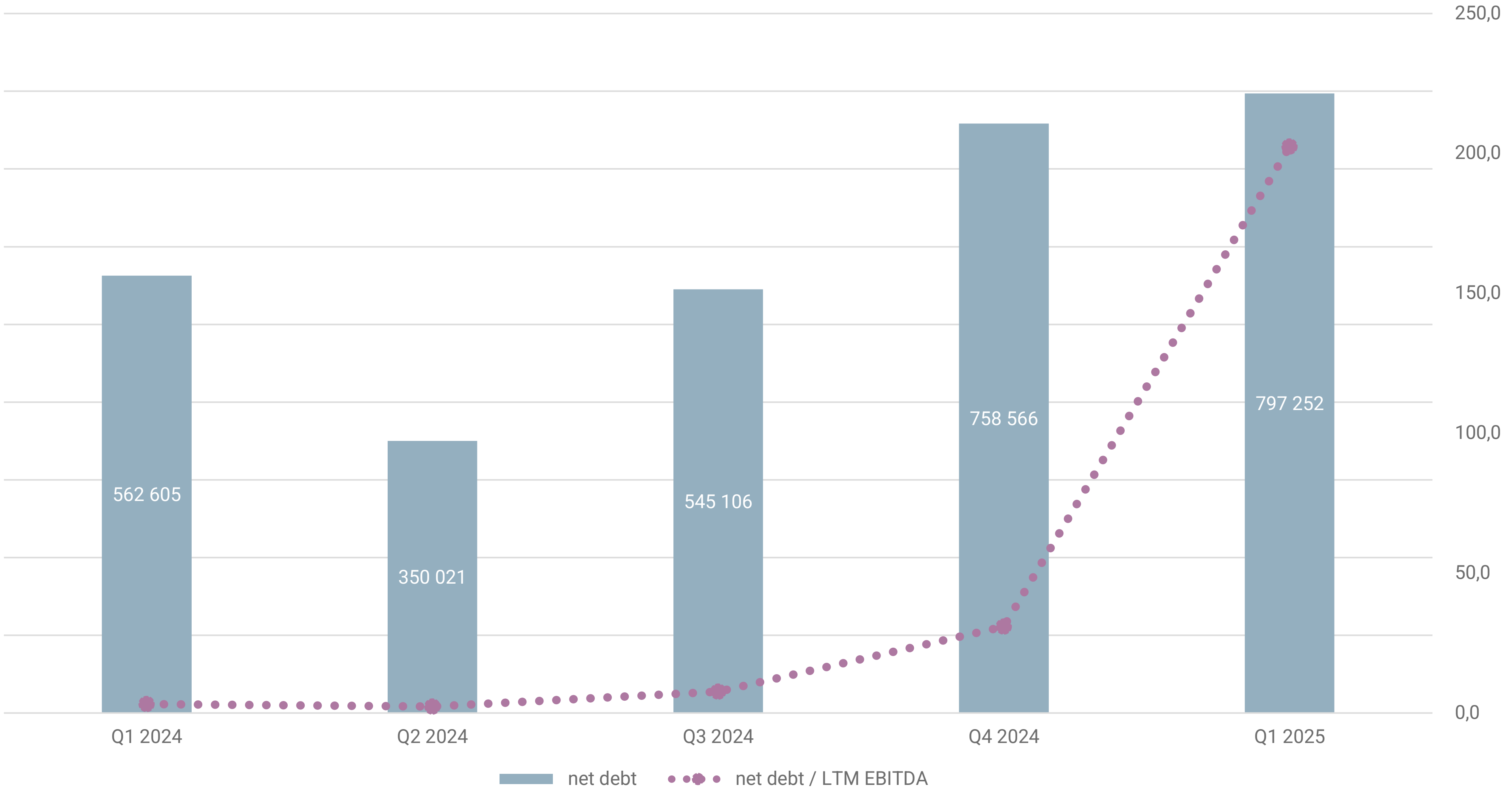
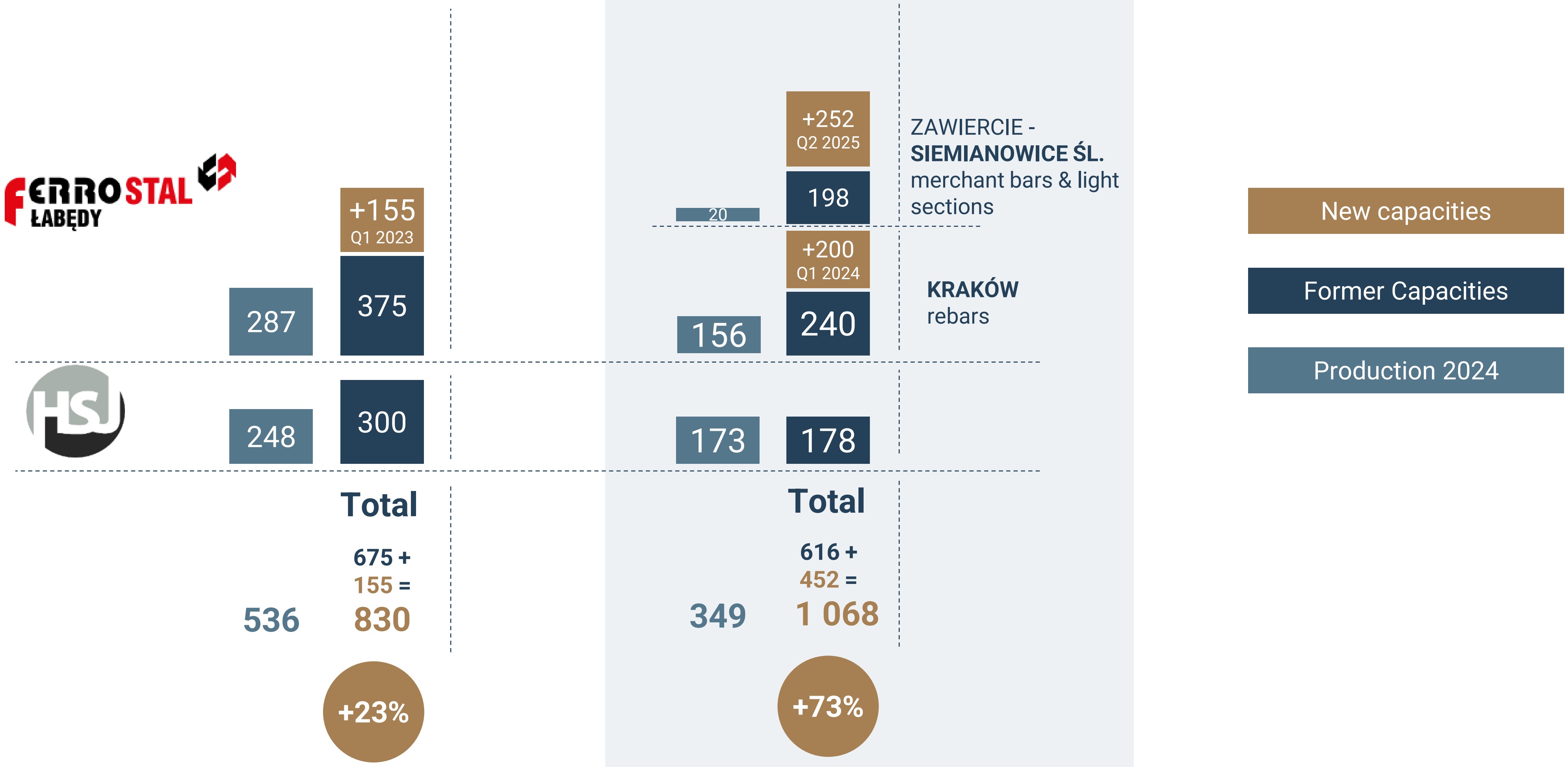
Net Debt *(PLN thousand)* & Leverage



Cognor in new scale *(thousand tonnes)*

Production of billets
semi-finished products

Production of bars
finished products



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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 – Q2 2025

Macro trends
(slide 4) unchanged

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

Siemianowice LSM mill
completion of construction and technology assembly of the new 450kT light sections mill (LSM)

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

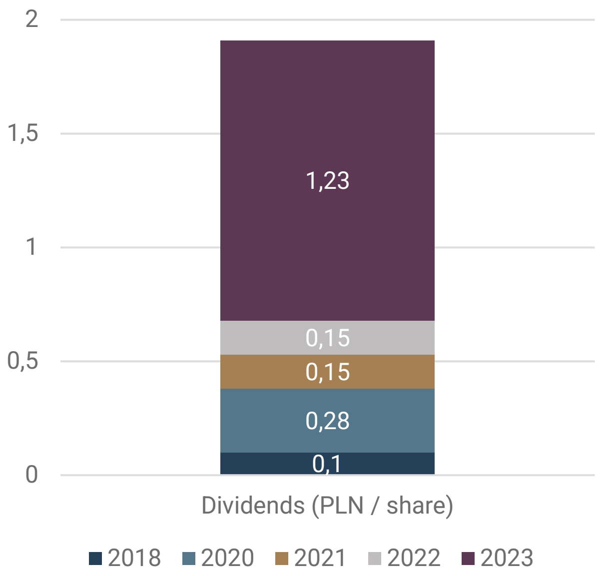
Prices of scrap metal, steel billets and finished products
scrap to stabilize; billets and finished products expected to pick up slightly in particular rebars

Rising capacity utilization
Stalowa Wola and Cracow close to maximum

Dividends and Share Quoting

Dividend policy
25% of consolidated net profit

Q1 2025	
LTM Net profit (000 PLN)	-78 525
Equity (000 PLN)	1 163 112
Number of shares	171 420 663
30.04.2025	
Share price (PLN)	7,4
P / E	loss
P / BV	1,09



Trading of Cognor shares on Warsaw Stock Exchange

COGNOR

Wstęp

Profil Grupy

Rynek

Dane finansowe

Capex

Profil

Załączniki

P&L *(PLN thousand)*

'000 PLN	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Sales revenue	686 280	550 864	498 359	557 966	543 318
Cost of sales	-660 813	-527 233	-490 580	-566 546	-519 248
Gross profit	**25 467**	**23 631**	**1 679**	**-8 580**	**24 070**
Other income	39 812	38 778	22 821	20 412	15 995
Distribution expenses	-34 831	-28 878	-25 943	-29 215	-28 562
Administrative expenses	-17 415	-18 848	-18 299	-16 954	-18 336
Other gains/(losses) – net	2 216	1 539	1 245	946	-275
Other expenses	-573	-829	-1 341	-1 840	-824
EBIT	**14 676**	**14 402**	**-19 838**	**-35 231**	**-7 932**
Financial income	9 124	2 460	-2 240	4 978	5 103
Financial expenses	-15 232	-13 928	-14 328	-14 125	-14 709
Net financing costs	**-6 108**	**-11 468**	**-16 568**	**-9 147**	**-9 606**
Share of profits of associates	42	69	-32	35	190
Excess in fair value of acquired assets over cost	0	0	0	0	0
Profit before tax	**8 610**	**3 003**	**-36 438**	**-44 343**	**-17 348**
Income tax expense	-2 415	-833	6 012	8 884	2 538
Profit/loss from discontinued operations	0	0	0	0	
Profit for the period	**6 195**	**2 170**	**-30 426**	**-35 459**	**-14 810**
Depreciation and amortization	-11 981	-12 203	-12 824	-13 568	-13 942
EBITDA	**26 657**	**26 605**	**-7 014**	**-21 663**	**6 010**

Revenues down by **143m & 21%**
decrease of prices for: scrap metal and finished products
- shipments down by 75m
- energy sales higher 16m

Gross profit down by **1,4m & 5%**
- other segments result: 2m
- higher conversion costs: 57m
- inventory write-offs: 5m
- lower shipments: 75m
- FIFO: 5m
- widening of spreads: 19m
- stoppage time: 7m

EBIT down by **23m & 154%**
- gross profit change : 1,4m
- lower other gains & losses balance: 27m
- higher administration costs: 1m
- lower distribution costs: 6m

Net profit down by **21m & 339%**
- EBIT change: 23m
- financial income change: 4m
- financial costs change: 0,5m
- income tax change: 5m

Adjusted net result **-15m** (v. -5m in Q1 2024)

EBITDA down by **21m & 77%**
Adjusted EBITDA **11m** (v. 22m in Q1 2024)

Assets *(PLN thousand)*

ASSETS	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
'000 PLN					
A. TOTAL NON-CURRENT ASSETS	**1 318 025**	**1 383 322**	**1 477 744**	**1 614 419**	**1 713 535**
I. Intangible assets	17 532	17 194	16 653	17 656	17 375
II. Property, plant and equipment	1 239 216	1 331 353	1 430 453	1 561 453	1 659 045
III. Other receivables	22 117	8 308	8 577	660	705
IV. Investment property and other investments	1 148	1 216	1 134	1 119	1 308
V. Financial instruments assets	35 652	22 415	17 357	17 140	16 020
VI. Prepaid perpetual usufruct of land	0	0	0	0	0
VII. Deferred tax assets	2 360	2 836	3 570	16 391	19 082
B. TOTAL CURRENT ASSETS	**1 268 116**	**1 350 306**	**1 214 770**	**1 012 020**	**1 082 404**
I. Inventories	524 682	504 089	517 495	470 531	530 716
II. Receivables	589 145	359 415	365 614	423 407	423 821
1. Trade and other receivables	*573 310*	*353 877*	*364 217*	*421 133*	*421 201*
2. Current income tax receivable	*15 815*	*5 520*	*1 382*	*2 261*	*2 594*
3. Other investments	*20*	*18*	*15*	*13*	*26*
III. Financial instruments assets	3 302	3 375	2 479	2 860	2 673
IV. Cash and cash equivalents	150 987	483 427	329 182	115 222	123 196
V. Prepayments	0	0	0	0	1 998
VI. Assets classified as held for sale	0	0	0	0	0
Total	**2 586 141**	**2 733 628**	**2 692 514**	**2 626 439**	**2 795 939**

Fixed assets up by **296m & 30%**
- CAPEX: 474m
- D&A: 53m
- asset dispositions: 0.5m
- financial instruments valuation: 20m

Current assets down by **186m & 15%**
- receivables down by 165m
  trade receivables sold: 159m
  (in Q1 2024: 192m)
- cash down by 28m
- inventories up by 6m

Equity and Liabilities *(PLN thousand)*

EQUITY AND LIABILITIES	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
'000 PLN					
A. EQUITY	**1 242 996**	**1 247 170**	**1 215 031**	**1 179 510**	**1 163 112**
I. Issued share capital	257 131	257 131	257 131	257 131	257 131
II. Reserves and retained earnings	906 541	910 441	880 177	846 790	831 220
III. Minority interest	79 324	79 598	77 723	75 589	74 761
B. LIABILITIES	**1 343 145**	**1 486 458**	**1 477 483**	**1 446 929**	**1 632 827**
I. Non-current liabilities	512 410	722 430	726 814	270 403	410 894
1. Employee benefits obligation	*12 728*	*13 456*	*13 604*	*13 897*	*14 180*
2. Interest-bearing loans and borrowings	*487 521*	*696 239*	*706 679*	*247 102*	*387 508*
3. Other	*12 161*	*12 735*	*6 531*	*9 404*	*9 206*
II. Current liabilities	830 735	764 028	750 669	1 176 526	1 221 933
1. Interest-bearing loans and borrowings	*95 493*	*137 209*	*146 619*	*596 685*	*415 814*
2. Bank overdraft	*130 578*	*0*	*20 990*	*30 001*	*117 126*
3. Trade and other payables	*599 791*	*621 677*	*577 694*	*543 665*	*683 852*
4. Deferred government grants	*1 512*	*1 481*	*1 450*	*1 313*	*1 138*
5. Liability under financial instruments	*0*	*0*		*0*	*0*
6. Employee benefits obligation	*2 061*	*2 361*	*2 616*	*2 773*	*2 703*
7. Current income tax payable	*0*	*0*	*0*	*789*	*0*
8. Provisions for payables	*1 300*	*1 300*	*1 300*	*1 300*	*1 300*
III. Liabilities of disposal group	0	0	0	0	0
Total	**2 586 141**	**2 733 628**	**2 692 514**	**2 626 439**	**2 795 939**

Equity down by PLN **80m & 6%**
- LTM net result: 79m

Labilities up by PLN **290m & 22%**
- long-term debt down by: 100m
- trade payables: up by: 84m
- short-term debt up by: 320m

Cash Flows *(PLN thousand)* & Metrics

CASH FLOW	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
'000 PLN					
A. OPERATING ACTIVITIES	3 699	310 940	-71 154	-88 139	21 082
B. INVESTING ACTIVITIES	-137 367	-94 071	-80 360	-130 139	-32 479
C. FINANCING ACTIVITIES	10 681	245 803	-23 283	-8 430	-67 367
Net increase in cash	**-122 987**	**462 672**	**- 174 797**	**-226 708**	**-78 764**

A

- working capital inflow: 19m

B

- CAPEX outflow: 33m
- disposals inflow: 1m

C

- debt repayment: 58m
- interest service: 12m

MAIN METRICS		Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Liquidity ratio		1.53	1.77	1.62	0.86	0.89
Quick ratio		0.89	1.11	0.93	0.46	0.45
Inventories turnover	days	71	86	94	76	92
Receivables turnover	days	75	58	66	67	70
EBITDA margin		3.9%	4.8%	-1.4%	1.1%	1.1%
Net profit margin		0.9%	0.4%	-6.1%	-2.5%	-2.7%
Equity	'000 PLN	1 242 996	1 247 170	1 215 031	1 179 510	1 163 112
Net debt	'000 PLN	562 605	350 400	545 106	758 566	797 252
Net debt / LTM EBITDA		3.2	2.3	7.6	30.9	202.5

liquidity worsened due to temporary reclassification of long-term debt

inventory ratio worsened by 21 days and weak

receivable ratio improved by 5 days and acceptable

profitability ratios negative

net leverage up to 202,5 and very high

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