

**Condensed Consolidated
Interim Financial Statements**

Cognor Holding S.A.

**as at and for the three months ended
31 March 2021**

30 April 2021

Condensed consolidated statement of financial position

in PLN thousand

	Note	31.03.2021	31.12.2020	31.03.2020
Assets				
Property, plant and equipment	6	398 563	397 398	369 871
Intangible assets	6	18 096	18 100	22 150
Investment property		7 130	7 136	121
Investment in associates		1 141	1 195	1 151
Other investments		-	-	-
Other receivables	7	9 405	8 938	5 708
Prepaid perpetual usufruct of land		31 010	32 371	36 769
Deferred tax assets		43 501	49 380	47 681
Total non-current assets		508 846	514 518	483 451
Inventories	8	331 236	274 101	287 452
Other investments		121	121	145
Current income tax receivables		38	226	28
Trade and other receivables	7	226 403	141 678	242 528
Cash and cash equivalents	15	129 092	100 555	52 327
Total current assets		686 890	516 681	582 480
Total assets		1 195 736	1 031 199	1 065 931

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

Condensed consolidated statement of financial position - continued

in PLN thousand

	Note	31.03.2021	31.12.2020	31.03.2020
Equity				
Issued share capital	10	254 431	185 911	185 911
Reserves		36 626	101 373	87 035
Foreign currency translation reserves		90	96	92
Retained earnings		41 440	380	(13 137)
Total equity attributable to owners of the Parent Company		332 587	287 760	259 901
Non-controlling interests		22 074	19 254	18 230
Total equity		354 661	307 014	278 131
Liabilities				
Interest-bearing loans and borrowings	12	198 430	207 658	247 530
Employee benefits obligation		12 580	13 011	11 699
Other payables	9	12 003	22 784	19 055
Government grants and other deferred income		952	984	586
Deferred tax liabilities		-	-	-
Total non-current liabilities		223 965	244 437	278 870
Bank overdraft	12	-	-	8 928
Interest-bearing loans and borrowings	12	56 885	56 882	55 833
Liabilities due to the valuation of financial instruments		3 183	4 011	4 796
Employee benefits obligation		1 330	1 583	2 471
Current income tax payables		6 630	460	280
Provisions for payables		25	25	226
Trade and other payables	9	544 001	411 846	426 934
Government grants and other deferred income		5 056	4 941	9 462
Total current liabilities		617 110	479 748	508 930
Total liabilities		841 075	724 185	787 800
Total equity and liabilities		1 195 736	1 031 199	1 065 931

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

Condensed consolidated statement of profit or loss and other comprehensive income

in PLN thousand

	Note	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020
Revenue		584 076	460 111
Cost of sales		(487 108)	(414 572)
Gross profit		96 968	45 539
Other income		6 173	3 781
Distribution expenses		(25 223)	(19 409)
Administrative expenses		(14 365)	(11 846)
Other (losses)/gains - net		4 194	2 466
Other expenses		(975)	(1 463)
Operating profit before financing costs		66 772	19 068
Financial income		827	-
Financial expenses		(8 931)	(16 662)
Net financing costs		(8 104)	(16 662)
Share of profit of associates		(53)	17
Profit/(loss) before tax		58 615	2 423
Income tax expense		(12 758)	333
Profit/(loss) for the period		45 857	2 756
Profit/(loss) for the period attributable to:			
Owners of the Parent Company		43 037	2 909
Non-controlling interests		2 820	(153)
Profit/(loss) for the period		45 857	2 756
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met			
Foreign currency translation differences		(6)	42
Total comprehensive income for the period		45 851	2 798
Total comprehensive income for the period attributable to:			
Owners of the Parent Company		43 031	2 951
Non-controlling interests		2 820	(153)
Total comprehensive income for the period		45 851	2 798
Basic earnings per share (PLN) attributable to the owners of the Parent Company	11	0,28	0,02
- from continuing operations		0,28	0,02
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	11	0,25	0,02
- from continuing operations		0,25	0,02

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

	<i>Note</i>	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
Revenue		1 857 186	1 842 021
Cost of sales		(1 646 860)	(1 672 050)
Gross profit		210 326	169 971
Other income		43 585	14 474
Distribution expenses		(87 567)	(74 452)
Administrative expenses		(49 214)	(47 536)
Other (losses)/gains - net		2 962	3 447
Other expenses		(5 861)	(7 360)
Operating profit before financing costs		114 231	58 544
Financial income		827	(525)
Financial expenses		(26 586)	(42 084)
Net financing costs		(25 759)	(42 609)
Share of profit of associates		(10)	(1 476)
(Loss)/profit before tax		88 462	14 459
Income tax expense		(11 815)	(1 059)
(Loss)/profit for the period		76 647	13 400
Discontinued operations			
Profit/(loss) for the period from discontinued operations, net of tax		-	-
Profit/(loss) for the period		76 647	13 400
(Loss)/profit for the period attributable to:			
Owners of the Parent Company		72 803	13 263
Non-controlling interests		3 844	137
(Loss)/profit for the period		76 647	13 400

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

	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
Other comprehensive income - that will be classified subsequently to profit or loss when specific conditions are met		
Foreign currency translation differences	(2)	47
Total comprehensive income for the period	76 645	13 447
Total comprehensive income for the period attributable to:		
Owners of the Parent Company	72 801	13 310
Non-controlling interests	3 844	137
Total comprehensive income for the period	76 645	13 447
Basic earnings per share (PLN) attributable to the owners of the Parent Company	0,55	0,11
- from continuing operations	0,55	0,11
- from discontinued operations	-	-
Diluted earnings per share (PLN) attributable to the owners of the Parent Company	0,42	0,08
- from continuing operations	0,42	0,08
- from discontinued operations	-	-

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

Condensed consolidated statement of cash flows

<i>in PLN thousand</i>	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020 <i>*restated</i>
Profit/(loss) before tax from continuing operations	58 615	2 423
Adjustments		
Depreciation	13 091	11 175
Amortization	221	263
Impairment losses and valuation allowances	-	(4)
Foreign exchange (gains)/losses	392	7 305
Net (gains)/losses on disposal of property, plant and equipment	(3 038)	(333)
Interest, transaction costs (related to loans and borrowings) and dividends, net	3 571	7 655
Change in receivables	(82 947)	(48 451)
Change in inventories	(57 104)	9 549
Change in trade and other payables	121 653	50 330
Change in provisions	(1)	-
Change in employee benefits obligation	(684)	753
Change in government grants and other deferred income	(105)	-
Share of profit of associates	54	(17)
Other adjustments	47	-
Cash generated/(outflows) from operating activities	53 765	40 648
Income tax (paid)/returned, incl.	(520)	(171)
Net cash from operating activities	53 245	40 477
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	4 015	387
Proceeds from sale of intangibles	-	-
Proceeds from sale of perpetual usufruct	1 579	-
Acquisition of shares in consolidated companies (net of cash acquired)	(3)	-
Acquisition of property, plant and equipment	(13 458)	(20 659)
Acquisition of intangible assets	(315)	(117)
Received grants for investing activities	188	106
Cash generated/(outflows) from continuing operations	(7 994)	(20 283)
Cash generated from discontinued operations	-	-
Net cash from investing activities	(7 994)	(20 283)
Cash flows from financing activities		
Net cash receipts from share issue	2 914	-
Repayment of interest-bearing loans and borrowings	(9 610)	(10 106)
Payment of lease liabilities	(4 137)	(4 200)
Dividends and interests on exchangeable notes paid	(1 974)	(36 412)
Interest and transaction costs (related to loans and borrowings) paid	(3 907)	(5 033)
Cash outflows from continuing operations	(16 714)	(55 751)
Cash outflows from discontinued operations	-	-
Net cash from financing activities	(16 714)	(55 751)
Net increase / (decrease) in cash and cash equivalents	28 537	(35 557)
Cash and cash equivalents net of bank overdraft, at 1 January	100 555	78 956
- effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents net of bank overdraft, at 31 March	129 092	43 399
- including cash restricted for use	2 645	1

* details in note no.4

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

Condensed consolidated statement of cash flows (last twelve months)

<i>in PLN thousand</i>	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020 <i>*restated</i>
(Loss)/profit before tax from continuing operations	88 462	14 459
Adjustments		
Depreciation	48 422	44 918
Amortization	1 160	1 058
Impairment losses and valuation allowances	-	(1 693)
Foreign exchange (gains)/losses	309	6 353
Net (gains)/losses on investment activities	-	(143)
Net (gains)/losses on disposal of property, plant and equipment	(3 283)	359
Interest, transaction costs (related to loans and borrowings) and dividends, net	17 775	26 581
Change in receivables	(376)	(29 005)
Change in inventories	(43 753)	99 782
Change in trade and other payables	112 498	60 686
Change in provisions	(202)	-
Change in employee benefits obligation	(260)	1 369
Change in government grants and other deferred income	(292)	(742)
Share of profit of associates	10	1 476
Other adjustments	(319)	(641)
Cash generated/(outflows) from operating activities	220 151	224 817
Cash generated from operating activities	220 151	224 817
Income tax (paid)/returned, incl.	(1 294)	8 248
- continuing operations	(1 294)	8 248
- discontinued operations	-	-
Net cash from operating activities	218 857	233 065

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

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

in PLN thousand

	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020 <i>*restated</i>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	4 487	3 005
Proceeds from sale of intangibles	20	53
Proceeds from sale of perpetual usufruct	1 579	49
Interest received	-	13
Dividends received	20	-
Repayment of loans granted	25	-
Other inflows/(outflows) from investing activities	-	171
Acquisition of property, plant and equipment	(48 783)	(64 788)
Acquisition of intangible assets	(4 556)	(2 935)
Prepaid perpetual usufruct of land	(75)	-
Received grants for investing activities	2 465	4 565
Acquisition of shares in consolidated companies	(3)	(5)
Loans granted	-	(126)
Cash generated on investing activities from continuing operations	(44 821)	(59 998)
Cash generated on investing activities from discontinued operations	-	-
Net cash from investing activities	(44 821)	(59 998)
Cash flows from financing activities		
Net cash receipts from share issue	2 914	-
Repayment of interest-bearing loans and borrowings	(52 236)	(40 115)
Payment of lease liabilities	(16 999)	(17 134)
Dividends and interests on exchangeable notes paid	(3 885)	(38 300)
Interest and transaction costs (related to loans and borrowings) paid	(18 137)	(17 032)
Fee relating to withholding tax relating to financing activities	-	(10 085)
Cash outflows on financing activities from continuing operations	(88 343)	(122 666)
Cash outflows from discontinued operations	-	-
Net cash from financing activities	(88 343)	(122 666)
Net increase / (decrease) in cash and cash equivalents	85 693	50 401
Cash and cash equivalents net of bank overdraft, at 1 April	43 399	(7 002)
- effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents net of bank overdraft, at 31 March	129 092	43 399
- including cash restricted for use	2 645	1

* details in note no.4

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				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 2020	185 911	87 035	50	(14 188)	258 808	18 383	277 191
Total comprehensive income	-	-	42	2 909	2 951	(153)	2 798
- (loss)/profit	-	-	-	2 909	2 909	(153)	2 756
- foreign currency translation differences relating to foreign operations	-	-	42	-	42	-	42
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	-	-	-	(1 858)	(1 858)	-	(1 858)
Interests on exchangeable notes in the period	-	-	-	(1 858)	(1 858)	-	(1 858)
Equity as at 31 March 2020	185 911	87 035	92	(13 137)	259 901	18 230	278 131
Equity as at 1 January 2020	185 911	87 035	50	(14 188)	258 808	18 383	277 191
Total comprehensive income	-	-	46	32 675	32 721	871	33 592
- (loss)/profit	-	-	-	32 675	32 675	871	33 546
- foreign currency translation differences relating to foreign operations	-	-	46	-	46	-	46
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	-	-	-	(3 769)	(3 769)	-	(3 769)
Interests on exchangeable notes in the period	-	-	-	(3 769)	(3 769)	-	(3 769)
Transfer of profit	-	14 338	-	(14 338)	-	-	-
Equity as at 31 December 2020	185 911	101 373	96	380	287 760	19 254	307 014

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				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 2021	185 911	101 373	96	380	287 760	19 254	307 014
Total comprehensive income	-	-	(6)	43 037	43 031	2 820	45 851
- profit	-	-	-	43 037	43 037	2 820	45 857
- foreign currency translation differences relating to foreign operations	-	-	(6)	-	(6)	-	(6)
Transactions with owners of the Company, recognised in equity							
Contribution by and distributions to owners of the Company	68 520	(64 747)	-	(1 974)	1 799	-	1 799
Share increase	68 520	(64 747)	-	-	3 773	-	3 773
Interests on exchangeable notes in the period	-	-	-	(1 974)	(1 974)	-	(1 974)
Change in ownership interests	-	-	-	(3)	(3)	-	(3)
Changes in minority after acquisition	-	-	-	(3)	(3)	-	(3)
Equity as at 31 March 2021	254 431	36 626	90	41 440	332 587	22 074	354 661

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

1 Reporting entity

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

The main activities of the Group are the production of rolled and cast steel products and scrap trading.

2 Cognor Holding S.A. Group

The condensed consolidated interim financial statements as at and for the three months ended 31 March 2021 comprise the Parent Company and its subsidiaries (“the Group”). Details of the subsidiaries that comprise the Group as at 31 March 2021 are presented in the table below.

Name of the entity	Seat of the entity	Ownership interest and voting rights	Date of obtaining control
COGNOR S.A.	Poland	94.38%	2006-01-27*
COGNOR HOLDING S.A. Sp. k. (previously KAPITAŁ S.A. Sp. k.)	Poland	98.0%	2008-03-25*
COGNOR BLACHY DACHOWE S.A.	Poland	100.0%	2007-08-01
COGNOR INTERNATIONAL FINANCE plc	Great Britain	94.38%	2013-10-24
4 GROUPS Sp. z o.o.	Poland	28.31% (associate)	2013-01-21
KDPP DORADZTWO BIZNESOWE Sp. z o.o.	Poland	28.31% (associate)	2020-05-25
MADROHUT Sp. z o.o.	Poland	23,60% (associate)	2014-04-11

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

Acquisitions in first quarter of 2021

In the first quarter of 2021, Cognor Holding S.A. acquired Cognor S.A. shares worth 3 thousand PLN. This did not affect materially the change in the share capital of Cognor S.A.

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 2020.

These condensed consolidated interim financial statements were approved by the Board of Directors on 30 April 2021.

b) Ongoing basis

The condensed consolidated financial statements as of and for the period ended 31 March 2021 have been prepared on the going concern basis.

c) Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual consolidated financial statements as at 31 December 2020, 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 2020.

4 Transformation of comparable data in the consolidated statement

a) consolidated statement of cash flows

Due to the subsidies the Group receives (mainly from the National Center for Research and Development), the Group decided to change the presentation of the received subsidies in the statement of cash flows. Grants for capital expenditure will henceforth be reported in investing activities, while grants related to operating activities will be disclosed in operating activities. Below, restatement of comparable data in terms of changes in the presentation of individual items in the statement of cash flows.

Extract from the consolidated statement of cash flows for the period 01.01.2020-31.03.2020

<i>in PLN thousand</i>	according to the approved report for 1Q2020	Adjustment s	Restated data
Other adjustments	(145)	145	-
Cash generated from continuing operations	40 503	145	40 648
Net cash from operating activities	40 332	145	40 477
Received grants for investing activities	-	106	106
Cash generated on investing activities from continuing operations	(20 389)	106	(20 283)
Received grants for investing activities	106	(106)	-
Other received grants	145	(145)	-
Cash outflows on financing activities from continuing operations	(55 500)	(251)	(55 751)
Net change in cash and cash equivalents	(35 557)	-	(35 557)

Extract from the consolidated statement of cash flows for the period 01.04.2019-31.03.2020 (LTM)

<i>in PLN thousand</i>	according to the approved report for 1Q2020			Adjustment s	Restated data
Other adjustments	(2 038)	1 397	(641)		
Cash generated from continuing operations	223 420	1 397	224 817		
Net cash from operating activities	231 668	1 397	233 065		
Received grants for investing activities	-	4 565	4 565		
Cash generated on investing activities from continuing operations	(64 653)	4 565	(60 088)		
Received grants for investing activities	4 565	(4 565)	-		
Other received grants	1 397	(1 397)	-		
Cash outflows on financing activities from continuing operations	(83 830)	(5 962)	(89 792)		
Net change in cash and cash equivalents	83 185	-	83 185		

b) note 'Inventories'

The entire production of cast steel mills (billets, ingots) has been presented by the Group so far under Semi-finished goods and work in progress. As a rule, these are intended for the processing of products in rolling mills, some of them are produced to order and for sale. This portion of billets and ingots sold unprocessed will be presented under finished products. The restated values as at December 31, 2020 and March 31, 2020 are presented below.

<i>in PLN thousand</i>	31.12.2020	Adjustment s	Restated data
Semi-finished goods and work in progress	101 988	(27 994)	73 994
Finished products	66 434	27 994	94 428

<i>in PLN thousand</i>	31.03.2020	Adjustment s	Restated data
Semi-finished goods and work in progress	111 505	(21 890)	89 615
Finished products	89 190	21 890	111 080

5 Segment reporting

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

The following main activities have been distinguished:

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

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

5 Segment reporting - continued

Business segments (for the three months ended 31 March)

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.03.2021											
Revenue from external customers	52 419	45 157	53 942	175 685	194 158	21 222	18 216	22 562	690		
Inter-segment revenue	65 590	14 047	-	3 653	10 133	5 344	-	2 107	1 765		
Total revenue	118 009	59 204	53 942	179 338	204 291	26 566	18 216	24 669	2 455	(102 614)	584 076
Cost of sales to external customers	(47 377)	(43 305)	(43 899)	(149 221)	(162 013)	(18 747)	(15 417)	(20 217)	(633)		
Inter-segment cost of sales	(62 282)	(12 099)	-	(3 228)	(8 493)	(4 921)	-	(1 425)	(47)		
Total cost of sales	(109 659)	(55 404)	(43 899)	(152 449)	(170 506)	(23 668)	(15 417)	(21 642)	(680)	106 216	(487 108)
Segment result	8 350	3 800	10 043	26 889	33 785	2 898	2 799	3 027	1 775	3 602	96 968
Other income	27	353	840	1 467	2 988	9	94	421	27	(53)	6 173
Distribution and administrative expenses	(5 653)	(2 152)	(1 797)	(12 568)	(7 769)	(1 351)	(1 362)	(1 279)	(5 782)	125	(39 588)
Other gain/(losses) net	2	65	107	268	381	3	67	1 344	19	1 938	4 194
Other expenses	(39)	(162)	(11)	(675)	(39)	(9)	(10)	(39)	(21)	30	(975)
Operating profit/(loss)	2 687	1 904	9 182	15 381	29 346	1 550	1 588	3 474	(3 982)	5 642	66 772
Net financing costs									(3 441)	(4 663)	(8 104)
Share of profit of associates, net of tax											(53)
Income tax expense											(12 758)
Profit for the period											45 857

in PLN thousand

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

Business segments (for the twelve months ended 31 March)

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.03.2021											
Revenue from external customers	141 862	164 663	167 085	515 873	683 231	60 820	50 095	69 693	3 775		
Inter-segment revenue	176 237	55 709	13 583	10 988	74 137	16 950	316	6 690	11 328		
Total revenue	318 099	220 372	180 668	526 861	757 368	77 770	50 411	76 383	15 103	(365 849)	1 857 186
Cost of sales to external customers	(128 945)	(156 484)	(146 910)	(447 852)	(628 915)	(54 941)	(41 770)	(65 704)	(2 942)		
Inter-segment cost of sales	(168 320)	(51 616)	(12 715)	(9 998)	(69 539)	(15 632)	(275)	(4 758)	(921)		
Total cost of sales	(297 265)	(208 100)	(159 625)	(457 850)	(698 454)	(70 573)	(42 045)	(70 462)	(3 863)	361 377	(1 646 860)
Segment result	20 834	12 272	21 043	69 011	58 914	7 197	8 366	5 921	11 240	(4 472)	210 326
Other income	1 751	2 914	5 082	9 964	21 937	475	1 456	3 760	149	(3 903)	43 585
Distribution and administrative expenses	(17 234)	(12 352)	(5 239)	(37 412)	(32 625)	(4 350)	(4 601)	(5 403)	(23 496)	5 931	(136 781)
Other gain/(losses) net	(35)	(25)	(19)	(77)	(368)	(1)	134	1 357	1 869	127	2 962
Other expenses	(112)	(1 179)	(227)	(4 049)	(933)	(30)	(107)	(325)	(214)	1 315	(5 861)
Operating profit/(loss)	5 204	1 630	20 640	37 437	46 925	3 291	5 248	5 310	(10 452)	(1 002)	114 231
Net financing costs									(25 617)	(142)	(25 759)
Share of profit of associates, net of tax											(10)
Income tax expense											(11 815)
Profit for the period											76 647

in PLN thousand

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

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.03.2021											
Segment assets	87 321	67 299	47 555	265 291	375 004	20 946	25 461	42 655	311 640	(47 436)	1 195 736
Segment liabilities	57 629	39 792	51 826	156 931	193 046	13 518	7 089	30 853	416 922	(126 531)	841 075

in PLN thousand

	Scrap metal	Billets HSJ	Billets FER	Finished products HSJ	Finished products FER	Non-ferrous scrap metal	Non-ferrous finished products	Other	Unallocated	Eliminations	Consolidated
31.12.2020											
Segment assets	64 418	81 577	43 665	230 341	334 549	16 636	22 568	42 932	237 686	(43 173)	1 031 199
Segment liabilities	32 629	40 864	34 485	118 001	168 851	8 263	5 196	23 907	343 449	(51 460)	724 185

in PLN thousand

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

Unallocated assets

in PLN thousand

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

31.03.2021	31.12.2020	31.03.2020
1 262	1 316	1 296
43 501	49 380	47 681
7 130	7 136	121
38	226	28
129 092	100 555	52 327
107 453	57 760	72 776
23 164	21 313	25 547
311 640	237 686	199 776

Unallocated liabilities

in PLN thousand

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

31.03.2021	31.12.2020	31.03.2020
255 315	264 540	303 363
-	-	8 928
25	25	226
6 008	5 925	10 048
6 630	460	280
56 863	47 158	54 331
3 183	4 011	4 796
88 898	21 330	6 146
416 922	343 449	388 118

6 Property, plant and equipment and intangible assets

During the three months ended 31 March 2021, the Group acquired property, plant and equipment at a cost of PLN 13 852 thousand, apart from the recognition the right-of-use assets according to IFRS 16 in amount of PLN 1 497 thousand (three months ended 31 March 2020: PLN 4 348 thousand and PLN 1 014 thousand resulting from the recognition of the right-of-use assets according to IFRS 16). Assets with a net book value of PLN 1 290 thousand were disposed during the three months of 2021 (three months ended 31 March 2020: PLN 50 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 2 725 thousand (three months ended 31 March 2020: a net gain on disposal of PLN 337 thousand). The most important transaction in this regard was the sale by Cognor Blachy Dachowe S.A. all significant fixed assets and the right of perpetual usufruct of land. As a result of this transaction, the Group recognized a profit of PLN 2 944 thousand. Thus, the company Cognor Blachy Dachowe S.A. ceased its operating activities.

During the twelve months ended 31 March 2021, the Group acquired property, plant and equipment at a cost of PLN 70 881 thousand, apart from the recognition the right-of use assets according to IFRS 16 in amount of PLN 4 320 thousand (twelve months ended 31 March 2020: PLN 82 614 thousand and PLN 1 014 thousand resulting from the recognition of the right-of-use assets relating to IFRS 16). Assets with a net book value of PLN 1 625 thousand were disposed of during the twelve months ended 31 March 2021 (twelve months ended 31 March 2020: PLN 1 223 thousand). On the sale of fixed assets the Group achieved a net gain on disposal of PLN 2 866 thousand (twelve months ended 31 March 2020: a net gain on disposal of PLN 1 784 thousand).

During the three months ended 31 March 2021, the Group acquired intangible assets at a cost of PLN 315 thousand (three months ended 31 March 2020: PLN 117 thousand). Assets with a net book value of PLN 78 thousand were disposed during the three months of 2021 (three months ended 31 March 2020: PLN 0 thousand). On the sale of intangible assets the Group achieved a net gain on disposal of PLN 0 thousand (three months ended 31 March 2020: a net gain on disposal of PLN 0 thousand).

During the twelve months ended 31 March 2021, the Group acquired intangible assets at a cost of PLN 5 313 thousand (twelve months ended 31 March 2020: PLN 4 573 thousand). Assets with a net book value of PLN 6 717 thousand were disposed of during the twelve months ended 31 March 2021 (twelve months ended 31 March 2020: PLN 26 thousand). On the sale of intangible assets the Group achieved a net gain on disposal of PLN 7 thousand (twelve months ended 31 March 2020: a net gain on disposal of PLN 27 thousand).

7 Trade and other receivables

Short-term receivables

in PLN thousand

	31.03.2021	31.12.2020	31.03.2020
Trade receivables	97 894	71 666	133 717
Statutory receivables excluding income tax	50 338	37 253	31 593
Prepayments for services and inventories	2 930	1 890	5 377
Prepayments for property, plant and equipment	10 758	8 444	22 182
Factoring receivables	56 300	19 639	39 824
Other receivables	8 183	2 786	9 835
	226 403	141 678	242 528

Long-term receivables

in PLN thousand

	31.03.2021	31.12.2020	31.03.2020
Trade receivables	9 290	8 648	-
Other receivables	115	290	5 708
	9 405	8 938	5 708

The Group regularly uses factoring facilities to improve liquidity. Handing over receivables to factoring results in ceasing their recognition in the financial statements according to IFRS 9. Therefore, all trade receivables that the Group provides to the factor do not meet the criteria of the model "hold to collect" and "hold for the purpose of collection and sale" are therefore classified as "measured at fair value through profit or loss". The application of IFRS 9 changed therefore the method of measurement of these receivables from amortized cost at fair value. The effects of fair value measurement is recognized in the financial result. As at March 31, 2021 the Group discloses PLN 56,300 thousand PLN of factoring receivables (as at December 31, 2020: PLN 19,639 thousand, March 31, 2020: PLN 39,824 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:

	31.03.2021	31.12.2020	31.03.2020
Trade receivables in total	350 309	240 751	327 142
Factoring receivables derecognised from statement of financial position	(196 115)	(149 446)	(153 601)
Factoring receivables	(56 300)	(19 639)	(39 824)
Trade receivables net	97 894	71 666	133 717

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

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

The analysis conducted by the Group shows that the write-down on this account do not significantly affect the consolidated financial statements and amounted as at March 31, 2021: PLN 171 thousand (as at December 31, 2020: PLN 166 thousand, as at March 31, 2020: PLN 235 thousand).

8 Inventories

in PLN thousand

	31.03.2021	31.12.2020	31.03.2020
Raw materials	111 546	<i>*restated</i> 87 566	<i>*restated</i> 70 848
Semi-finished goods and work in progress	80 369	73 994	89 615
Finished products	110 513	94 428	111 080
Goods for resale	28 808	18 113	15 909
	331 236	274 101	287 452

* The Group changed the presentation of billets between semi-finished and finished products - details in note 4

9 Trade and other payables

Short term

in PLN thousand

	31.03.2021	31.12.2020	31.03.2020
Trade payables	457 617	345 586	364 133
Statutory payables	16 392	12 655	25 078
Investment payables	8 260	7 590	10 173
Prepayments for services and deliveries of goods	3 117	10 142	716
Bills of exchange payables	41	-	-
Liabilities due to Shareholder	26	-	26
Payroll liabilities	9 459	8 318	7 114
Accrued expenses relating to employees	8 688	6 654	8 025
Accrued expenses	19 302	15 384	8 611
Other payables	21 099	5 517	3 058
	544 001	411 846	426 934

Long term

in PLN thousand

	31.03.2021	31.12.2020	31.03.2020
Liabilities due to Shareholder	9 887	20 668	19 055
Bills of exchange payables	2 116	2 116	-
	12 003	22 784	19 055

10 Equity

Issued share capital

	31.03.2021	31.12.2020	31.03.2020
Registered shares number at reporting date*	169 620 663	123 940 417	123 940 417
Number of issued warrants	200	51 030 446	51 030 446
Nominal value of 1 share	1,5 PLN	1,5 PLN	1,5 PLN

* as at March 31, 2021, 45 580 246 shares, which at the time of their issue to shareholders on February 16, 2021, increased the share capital, have not yet been registered with the National Court Register

At 31 March 2021, the parent Company's share capital comprised 169 620 663 ordinary shares with a nominal value of PLN 1,5 each (31 December 2020: 123 940 417 ordinary shares with a nominal value of PLN 1,5 each; 31 March 2020: 123 940 417 with a nominal value of PLN 1,5 each).

On 29 August 2011 Cognor S.A. purchased from PS Holdco Sp. z o.o. 20 957 400 shares of Złomrex S.A. and both companies entered into the agreement on settlement of the liability arising from the said purchase (Settlement Agreement). On the basis of the Settlement Agreement and subsequent annexes, the price for the shares was finally set at PLN 106 780 thousand (hereinafter: Liability), the payment of the Liability was conditional on a prior increase in the equity of Cognor Holding S.A. by PS Holdco Sp. z o.o. by exercising the B and / or C series subscription warrants in the same amount. The parties also agreed that this obligation will bear an interest rate of 7% p.a.

Due to the transfer to the Group by PS Holdco Sp. z o.o. series B warrants to be used in the debt financing restructuring process of 2014, it was agreed that the settlement of the Liability and the prior recapitalization of the Company were extended until December 31, 2021, when the final number of series B subscription warrants remaining after the conversion of Exchangeable Notes of Cognor Holding S.A. will be known. As a result of these arrangements, in 2014 a liability to PS Holdco Sp. z o.o. in the amount of PLN 34 446 thousand was recognized as discounted interest payments on the Liability. The value of this interest liability as at March 31, 2021 is PLN 9 887 thousand (31 December 2020: PLN 20 668 thousand, 31 March 2020: PLN 19 055 thousand).

In connection with the request of the holders of Exchangeable Notes (EN) to the subsidiary company Cognor International Finance plc to convert their bonds into shares of Cognor Holding S.A., a series of conversions of the above-mentioned ENs took place in previous years. Until December 31, 2020, the National Depository for Securities (KDPW) admitted to trading 15 189 754 shares of Cognor Holding S.A., on February 16, 2021, the National Depository for Securities admitted another 45 680 246 shares to trading, and on April 12, 2021, the last 1 800 000 shares.

After the above-mentioned conversions, there is still EUR 463 thousand of Exchangeable Notes. The holders of these ENs not exchanged for shares of Cognor Holding SA despite the expiry of the deadline for participation in the mandatory conversion, may request conversion into shares of Cognor Holding S.A. (in a total amount of about 1,235 thousand units), but not later than August 1, 2021. If such requests are received, PS HoldCo Sp. z o.o. will be obliged to transfer the Company's shares to the bondholders to satisfy their claims. After this date, all liabilities of CIF and PS Holdco Sp. z o.o. due to the issue, ENs will expire, and the holders applying later will not have the right to demand neither the shares of the Company, nor the satisfaction in cash.

In April 2021, further claims for shares were received in relation to EUR 138 thousand of Exchangeable Notes and the procedure of issuing shares to these bondholders is currently in progress.

The ownership structure as at 31 March 2021 is presented in the table below:

Shareholder	Shares number	Shares in equity	Number of votes	Share of votes on General Shareholders' Meeting %
PS HoldCo Sp. z o.o.*	113 749 983	67,06%	113 749 983	67,06%
The Troesh Family Foundations	19 227 196	11,34%	19 227 196	11,34%
Other shareholders	36 643 484	21,60%	36 643 484	21,60%
Total	169 620 663	100,00%	169 620 663	100,00%

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

The ownership structure as at the date of previous corrected report's publication (March 1, 2021) is presented in the table below:

Shareholder	Shares number	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS HoldCo Sp. z o.o.*	113 179 443	66,73%	113 179 443	66,73%
The Troesh Family Foundations	19 227 196	11,34%	19 227 196	11,34%
Other shareholders	37 214 024	21,93%	37 214 024	21,93%
Total	169 620 663	100,00%	169 620 663	100,00%

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

The ownership structure as at the date of current report's publication (April 30, 2021) is presented in the table below:

Shareholder	Shares number	Shares in equity %	Number of votes	Share of votes on General Shareholders' Meeting %
PS HoldCo Sp. z o.o.*	113 749 983	66,36%	113 749 983	66,36%
The Troesh Family Foundations	19 227 196	11,22%	19 227 196	11,22%
Other shareholders	38 443 484	22,42%	38 443 484	22,42%
Total	171 420 663	100,00%	171 420 663	100,00%

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

Changes in the period:

The National Depository for Securities (KDPW) admitted to trading 45,680,246 shares on February 16, 2021 and 1,800,000 shares on April 12, 2021 (issue no. 9). These shares were issued as part of the conversion of Exchangeable Notes.

11 Earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2021 was based on the profit attributable to ordinary shareholders of PLN 43 037 thousand (the three-month period ended 31 March 2020: profit PLN 2 909 thousand) and a weighted average number of ordinary shares outstanding during the three-month period ended 31 March 2021 of 154 394 thousand (the three-month period ended 31 March 2020: 123 940 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the 3 months period ended March 31, 2021 was 171 819 thousand (31 March 2020: 171 455 thousand).

The calculation of basic earnings per share for the twelve-month period ended 31 March 2021 was based on the profit attributable to ordinary shareholders of PLN 72 803 thousand (the twelve-month period ended 31 March 2020: profit PLN 13 263 thousand) and a weighted average number of ordinary shares outstanding during the twelve-month period ended 31 March 2021 of 131 554 thousand (the twelve-month period ended 31 March 2020: 123 038 thousand).

The weighted average number of shares used to calculate diluted earnings per share during the twelve months ended 31 March 2021 was 171 739 thousand (31 March 2020: 167 780 thousand).

12 Interest-bearing loans and borrowings and bank overdraft

in PLN thousand

	31.03.2021	31.12.2020	31.03.2020
Bank overdraft	-	-	8 928
Non-current liabilities			
Secured bank loans	114 187	123 139	164 978
Lease liabilities	31 711	32 598	34 062
Lease liabilities (operational leases and other leases not previously recognised)	52 369	51 742	47 551
Other borrowings	163	179	939
	198 430	207 658	247 530
Current liabilities			
Current portion of secured bank loans	38 915	38 650	38 323
Current portion of lease liabilities	12 849	13 269	11 619
Current portion of lease liabilities (operational leases and other leases not previously recognised)	4 814	4 697	4 977
Factoring liabilities	90	-	209
Other borrowings	217	266	705
	56 885	56 882	55 833

Dual currency term and revolving facilities

On July 12, 2018 the facility agreement has been signed between subsidiary Cognor S.A. and consortium of four banks (mBank S.A., Bank

Zachodni WBK S.A., Bank Gospodarstwa Krajowego and European Bank for Reconstruction and Development) under which banks committed to provide Cognor S.A. with a term loan facility of up to EUR 60 million and a revolving facility up to PLN 40 million. The longterm facility was intended for the full repayment of Senior Secured Notes. The companies from the capital group i.e.: Cognor Holding S.A., Cognor International Finance plc, Odlewnia Metali Szopienice Sp. z o.o. (currently branch of Cognor S.A.), Cognor Blachy Dachowe S.A., Business Support Services Sp. z o.o. (currently branch of Cognor S.A.), Cognor Holding S.A. Sp. k., Przedsiębiorstwo Transportu Samochodowego S.A. (currently branch of Cognor S.A.) joined the facility agreement as guarantors.

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

By Annex No. 2 of July 30, 2020 to the loan agreement, the prepayment amount was agreed by half compared to the value resulting from the results achieved in 2019. In December 2020, the Group made a prepayment in the amount of PLN 13 441 thousand, which was the fulfillment of obligations under the loan agreement in terms of prepayments and the above mentioned annex.

The revolving facility in the amount of PLN 40 million is due on October 31, 2021 (the repayment date for revolving facility was extended by the annex of 8 January 2020). In the reporting period, the revolving limit was used as an overdraft facility. As at March 30, 2021 the liability resulting from revolving facility amounted to PLN 0 thousand.

Secured fixed interest debt

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

In connection with the request of the holders of Exchangeable Notes (EN) to the subsidiary company Cognor International Finance plc to convert their bonds into shares of Cognor Holding S.A., a series of conversions of the above-mentioned ENs took place in previous years. Until December 31, 2020, the National Depository for Securities (KDPW) admitted to trading 15 189 754 shares of Cognor Holding S.A., on February 16, 2021, the National Depository for Securities admitted another 45 680 246 shares to trading, and on April 12, 2021, the last 1 800 000 shares.

After the above-mentioned conversions, there is still EUR 463 thousand of Exchangeable Notes. The holders of these ENs not exchanged for shares of Cognor Holding SA despite the expiry of the deadline for participation in the mandatory conversion, may request conversion into shares of Cognor Holding S.A. (in a total amount of about 1,235 thousand units), but not later than August 1, 2021. If such requests are received, PS HoldCo Sp. z o.o. will be obliged to transfer the Company's shares to the bondholders to satisfy their claims. After this date, all liabilities of CIF and PS Holdco Sp. z o.o. due to the issue, ENs will expire, and the holders applying later will not have the right to demand neither the shares of the Company, nor the satisfaction in cash.

In April 2021, further claims for shares were received in relation to EUR 138 thousand of Exchangeable Notes and the procedure of issuing shares to these bondholders is currently in progress.

13 Contingencies, guarantees and other commitments

The Group has not the contingent liabilities. For subsidiary guarantees please refer to note no. 23.

14 Transactions with related parties

Identity of related parties

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

Controlling entities:

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

Associates are as follows:

- 4 Groups Sp. z o.o. (from January 21st, 2013)
- Madrohut Sp. z o.o. (from April 11, 2014)
- KDPP Doradztwo Biznesowe Sp. z o.o. (from May 25, 2020)

Related companies to the controlling entities (owners):

- KDPP Doradztwo Biznesowe Sp. z o.o. (till May 25, 2020)
- czystyefekt.pl Sp. z o.o.

<i>in PLN thousand</i>	31.03.2021	31.12.2020	31.03.2020
<i>Short-term receivables:</i>			
- associates	444	319	297
- controlling entities	4 324	48	5
- related companies to the controlling entities	-	-	1
<i>Liabilities</i>			
- controlling entities	13 145	23 658	20 939
- related companies to the controlling entities	1	1	524
- associates	4 444	761	77

<i>in PLN thousand</i>	01.01.2021- 31.03.2021	01.01.2020- 31.03.2020	01.04.2020- 31.03.2021	01.04.2019- 31.03.2020
<i>Revenues from sale of services</i>				
- associates	469	488	1 875	1 153
- controlling entities	19	11	55	46
- companies controlled by the owner	2	-	8	5
<i>Revenues from sale of raw materials and commodities</i>				
- associates	53	51	198	188
- controlling entities	-	-	-	37
<i>Purchase of commodities and raw materials</i>				
- controlling entities	683	369	2 579	1 328
<i>Purchase of services</i>				
- associates	4 413	234	8 645	925
- related companies to the controlling entities	-	1 278	426	5 111
- controlling entities	843	952	3 006	3 354
<i>Other gain/(losses) net</i>				
- associates	-	-	60	-
<i>Other expenses</i>				
- controlling entities	-	-	(13)	-
<i>Financial income</i>				
- controlling entities	-	-	-	(1 452)
<i>Financial costs</i>				
- controlling entities	(2 488)	(496)	(5 037)	(1 630)

15 Cash and cash equivalents presented in cash flow statements

<i>in PLN thousand</i>	31.03.2021	31.12.2020	31.03.2020
Cash in bank	126 213	96 270	51 997
Cash in bank restricted in use	2 645	4 099	1
Cash in hand	234	186	270
Short-term bank deposit	-	-	-
Other	-	-	59
Cash and cash equivalents	129 092	100 555	52 327
Bank overdrafts	-	-	(8 928)
Cash and cash equivalents in the statement of cash flows	129 092	100 555	43 399

16 Explanatory note to the statement of cash flows

In the following items in the consolidated statement of cash flows, the Group recognized the following values resulting from the implementation of IFRS 16 from January 1, 2019.

<i>in PLN thousand</i>	01.01.2021 - 31.03.2021	01.01.2020 - 31.03.2020	01.04.2020 - 31.03.2021	01.04.2019 - 31.03.2020
Payment of lease liabilities	(4 137)	(4 200)	(16 999)	(17 134)
<i>-including payment of lease liabilities (not previously recognized - IFRS 16)</i>	<i>(829)</i>	<i>(968)</i>	<i>(4 145)</i>	<i>(3 037)</i>
Interest and transaction costs (related to loans and borrowings) paid	(3 907)	(5 033)	(18 137)	(17 032)
<i>-including interests on lease liabilities (not previously recognized - IFRS 16)</i>	<i>(1 324)</i>	<i>(944)</i>	<i>(3 607)</i>	<i>(3 194)</i>

17 Financial instruments

Financial instruments measured at fair values

Fair values

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

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

The fair value of IRS has been estimated on the base of valuation model taking into consideration the future cash flows in fixed and variable interest rate. As at 31 March 2021 the fair value relating to IRS amounted PLN 3 183 thousand (31 December 2020: PLN 4 011 thousand, 31 March 2020: 4 796 PLN).

18 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.

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

Management Board didn't publish forecasts.

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

	As at the date of the current report		As at the date of the previous report	
	quantity	% in share capital	quantity	% in share capital
Management Board				
- Przemysław Sztuczkowski *	-	-	-	-
- Przemysław Grzesiak	40 018	0,02%	40 018	0,02%
- Krzysztof Zoła	-	-	250 000	0,15%
- Dominik Barszcz	144 500	0,08%	144 500	0,09%

Supervisory Board

- Hubert Janiszewski	-	-	-	-
- Piotr Freyberg	-	-	-	-
- Jerzy Kak	-	-	-	-
- Marek Rocki	-	-	-	-
- Zbigniew Łapiński	-	-	-	-

*Przemysław Sztuczkowski owns indirectly 100% of shares in PS Holdco Sp. z o.o. through 4Workers Sp. z o.o. and therefore the shares owned by PS Holdco Sp. z o.o. represent the indirect participation of Przemysław Sztuczkowski in Cognor Holding S.A. Detailed information in note 10.

In March 2021, Krzysztof Zoła sold all the Issuer's shares he owned.

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. (currently branch of Cognor S.A.) filed to the Supreme Administrative Court a cassation complaint against the judgment of the Provincial Administrative Court in Gliwice of 28 September 2015. on November 17, 2017, a hearing was held, ending with a valid judgement for setting aside the judgment under appeal; annulment of the decision of the Director of Tax Chamber in Katowice of September 19, 2014, and reconsideration of the case. Complaint concerns deductions of VAT from invoices issued in 2008 by 19 suppliers of the Company challenged by the Tax Control Office in Katowice. 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 reconsideration of the case, Head of the Silesian Customs and Tax Office in Katowice, on May 23, 2019, issued a decision in which it partially upheld its position regarding the questioning of the deduction of input tax from VAT invoices issued in 2008 by 7 suppliers of the Company. The amount of the disputed tax is PLN 762 thousand. The company filed a complaint with the Provincial Administrative Court in Gliwice against that decision. On July 21, 2020, a hearing was held and the sentence was passed which revoked the contested decision. On September 29, 2020 the Director of the Tax Chamber in Katowice filed a cassation complaint. On November 12, 2020 the company filed a response to the cassation appeal and expects a hearing date to be set.

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

Management Board of Cognor S.A. estimating the risk of Cognor S.A. relating to withholding tax obligation regarding the interest and discount paid to Cognor International Finance plc, found it reasonable to take advantage of the option of choosing a flat-rate tax. As a result, on January 31, 2019, the Group paid the first installment of this tax in the amount of PLN 6,611 thousand with interest in the amount of PLN 1 155 thousand The second installment in the amount of PLN 2 029 thousand with interest in the amount of PLN 290 thousand was paid on July 31, 2019. This cost is not transferable to the bondholders, therefore, it economically increases the interest cost of the issued bonds. At the same time, the Management Board of Cognor S.A. questions the legitimacy of the obligation to collect withholding tax in connection with payments to Cognor International Finance plc and asked the Director of the National Tax Information for an interpretation whether Cognor S.A. was subject to the obligation to collect withholding tax on the above transaction, which in the future will open the way to apply for a refund of the flat-rate tax paid. By the sentence of November 26, 2019, the Provincial Administrative Court dismissed the complaint of Cognor S.A., as a result of which, on January 23, 2020, Cognor S.A. filed a cassation appeal to the Supreme Administrative Court, requesting that the sentence to be revoked. This proceeding is pending.

-on July 1, 2020, Cognor S.A. received the result of an inspection initiated by the Silesian Customs and Tax Office on February 26, 2018 regarding the correctness of the declared CIT for 2016, under which the authority questioned the recognition by 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. With regard to 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. The proceedings are in progress.

-on December 22, 2020 Cognor S.A. received a decision on the initiation by the Office of Competition and Consumer Protection (hereinafter: UOKIK) of proceedings for the period of 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. Considering the materials and information presented to the President of the Office of Competition and Consumer Protection, the Management Board of the Company concluded that there were premises for a positive conclusion of the proceedings in question and therefore there was no need to create a provision for a possible penalty on this account in the financial statement.

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

Not applicable.

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

Warranties and guarantees granted to subsidiaries by the Parent Company:

Subsidiary	Type of liability	Guarantee value (in PLN thousand)	Period of guarantee
Cognor S.A.*	Dual currency term	155 730	till 31.12.2022
Cognor S.A.*	Bank overdraft	40 000	till 31.10.2021
Cognor S.A.	Trade liability	1 880	without deadline
Cognor S.A.	Factoring	40 000	without deadline
Cognor S.A.	Contracts for co-financing the implementation of research projects	2 914	till 31.05.2022

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

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

Despite the third wave related to the COVID-19 pandemic, we have not noticed significant changes in the risk or threat to our business. Thus, we maintain our position expressed in this regard in the annual report.

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

The consolidated financial results of the Cognor Capital Group in the the prespective of the second quarter of 2021 will depend mainly on:

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

26 Subsequent events

There were no subsequent events requiring disclosure.

Poraj, 30 April 2021

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