

PRELIMINARY ESTIMATED FINANCIAL RESULTS OF IZOSTAL S.A. FOR 2023

The Management Board of Izostal S.A. (Company) hereby announces information on selected estimated financial results of the Company for 2023. The results presented are estimates and are subject to change until the publication of the annual report for 2023, which the Company intends to publish on 28.03.2024.

Standalone data of Izostal S.A. (PLN thousand)	Q4			annual		
	2023	2022	Y/Y change	2023	2022	Y/Y change
Sales revenue	98 376	169 596	-42%	661 394	1 044 671	-37%
Gross profit on sales	13 599	11 631	17%	63 310	70 284	-10%
EBITDA*	8 364	8 323	0%	36 559	32 874	11%
Net profit	1 391	2 449	-43%	10 067	15 867	-37%

*EBITDA – operating profit plus depreciation and amortization

The Company's estimated results for 2023 show a decrease in sales revenue from PLN 1,044,671 thousand to PLN 661,394 thousand and net profit from PLN 15,867 thousand to PLN 10,067 thousand.

The decline in revenue recorded in 2023 is mainly related to the drop in steel prices and reduced demand for the Company's products. However, the gas market shows significant potential, as confirmed by the plans of both O.G.P. Gaz-System S.A., Polska Spółka Gazownictwa sp. z o.o. and other industry players, both domestic and foreign. In the domestic market, however, a temporary slowdown in investments was observed in 2023.

Available data from the Steel Chamber of Commerce and Industry for the first eleven months of 2023 show a 13% year-on-year decrease in open consumption of steel pipes.

In 2023, the Company achieved a gross profit margin on sales of PLN 63,310 thousand, 10% lower than in 2022.

There was a significantly higher level of finance costs in 2023, mainly related to interest costs and exchange rate differences. Higher interest rates and the use of external financing had the most significant impact on the increase in finance costs.

The preliminary 2023 results presented include the valuation of the Company's inventories at 31.12.2023 to their current market value.

These factors translated into the Company's 2023 net profit being 37% lower than in 2022.