

PRELIMINARY ESTIMATED FINANCIAL RESULTS OF IZOSTAL S.A. FOR H1 2023

The Management Board of Izostal S.A. (Company) hereby announces information on selected estimated financial results of the Company for the first half of 2023. The results presented are estimates and are subject to change until the publication of the semi-annual report for H1 2023, which the Company intends to publish on 25.08.2023.

Standalone data of Izostal S.A. (PLN thousand)	Q2			H1		
	2023	2022	Y/Y change	2023	2022	Y/Y change
Sales revenue	121 484	288 805	-58%	405 861	595 934	-32%
Gross profit on sales	17 465	18 620	-6%	39 026	34 879	12%
EBITDA*	11 460	6 294	82%	22 149	13 439	65%
Net profit	2 443	4 254	-43%	5 998	7 708	-22%

*EBITDA – operating profit plus depreciation and amortization

The Company's estimated results for H1 2023 show a 32% decrease in revenue and a 22% decrease in net profit compared to H1 2022.

We treat the decline in revenues recorded in H1 2023 as temporary. The gas market shows significant potential, as evidenced 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, there is a temporary delay in the implementation of investments, which is influenced, among other things, by the withholding of EU funds from the National Reconstruction Plan.

Available data from the Metallurgical Chamber of Commerce and Industry for the first four months of 2023 show a 30% year-on-year decline in apparent consumption of steel pipes.

In H1 2023, the Company achieved a gross profit margin on sales of 10%, higher than in the same period last year.

In H1 2023, there was a significantly higher level of financial expenses, which is mainly related to interest expenses and foreign exchange differences. Higher interest rates and the use of external financing had the most significant impact on the increase in financing costs.

The presented preliminary results for H1 2023 take into account the valuation of the Company's inventory holdings as of June 30, 2023 to their current market value.

These factors translated into the Company's net profit in H1 2023 being 22% lower than in H1 2022.