

# **UNAUDITED REPORT ON THE PERFORMANCE OF CINKARNA CELJE IN THE PERIOD JANUARY-JUNE 2024**

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## SELECTION OF THE MOST IMPORTANT DATA

OPERATIONS in € 000	I-VI 2024	I-VI 2023	2023	2022
Turnover	100,344	96,423	176,464	227,153
Operating profit (EBIT) <sup>1</sup>	8,817	8,503	12,723	53,176
Operating profit plus depreciation and amortisation (EBITDA) <sup>2</sup>	15,458	15,007	25,078	65,326
Net profit or loss	7,403	7,036	12,653	43,397
Non-current assets (end of period)	114,260	108,242	114,523	108,559.
Current assets (end of period)	135,447	160,059	145,393	142,388
Capital (end of period)	196,591	216,046	221,230	209,010
Non-current liabilities (end of period)	18,743	18,551	18,844	18,832
Current liabilities (end of period)	34,373	33,705	19,841	23,106
Investments	5,363	4,936	19,825	10,547
<b>INDICATORS</b>				
EBIT as a percentage of turnover	0.09	0.09	0.07	0.23
EBITDA as a percentage of turnover	0.15	0.16	0.14	0.29
Net profit as a percentage of turnover (ROS)	7.38	7.30	7.17	19.11
Return on equity (ROE) <sup>3</sup>	3.54	3.31	5.88	21.74
Return on assets (ROA) <sup>4</sup>	2.91	2.71	4.95	17.61
Value added per employee <sup>5</sup>	47,599	42,278	80,305	131,431
<b>NUMBER OF EMPLOYEES</b>				
End of year/period	724	754	742	775
Year/period-end average	726	760	754	776
<b>SHARE DETAILS *</b>				
Total number of shares	8,079,770	8,079,770	8,079,770	8,079,770
Number of own shares	264,650	264,650	264,650	264,650
Number of shareholders	2,845	2,531	2,651	2,321
Earnings per share in € <sup>6</sup>	0.92	0.87	1.57	5.37
Dividend yield <sup>7</sup>	18%	n/a	n/a	10%
Gross dividend per share in €	4.10	n/a	n/a	3.19
Share price at end of period in €	22.30	24.80	20.50	23.00
Book value per share in € <sup>8</sup>	24.33	26.74	27.38	25.87
Market capitalisation in € 000 (end of period)	180,179	200,378	165,635	185,835

\* Share split recalculated for previous periods. The gross dividend for 2024 is the sum of the two dividends paid in the year, €0.9 gross per share (28th AGM) and €3.2 gross per share (Extraordinary AGM).

<sup>1</sup> The difference between operating income and operating expenditure.

<sup>2</sup> The difference between operating income and operating expenditure, plus depreciation and amortisation. Reflects operating performance.

<sup>3</sup> Net profit/average equity position during the period. The indicator reflects the efficiency of the Company in generating net profit in relation to capital. Return on equity is also an indicator of management's performance in maximising the value of the Company for its owners.

<sup>4</sup> Net profit/average assets for the period. The indicator reflects the efficiency of the Company in generating net profit in relation to assets. Return on assets is also an indicator of management's performance in using assets efficiently to generate profit.

<sup>5</sup> Operating profit plus depreciation, amortisation and labour costs divided by average number of employees after hours. Productivity indicator reflecting the average new value created per employee at Cinkarna.

<sup>6</sup> Net profit/total number of shares issued.

<sup>7</sup> Amount of dividend/share value (at the date of the resolution).

<sup>8</sup> Capital at end of period/total number of shares issued.

## BUSINESS REPORT

Cinkarna Celje d.d., a modern and forward-looking chemical company, continues its 150 years of continuous operations in very good shape, with ambitious sustainability goals. As part of the chemical industry, which is a vital building block of the European and Slovenian economy, we are aware of our opportunities, responsibilities and challenges in the context of the green, low-carbon and circular transformation of European industry and the dynamism of the pigment industry.

Focusing on our core titanium dioxide pigment programme and rationalising our portfolio of strategic business areas are key building blocks of our business performance. Titanium dioxide pigment is our most important product and is an indispensable raw material in the modern world, and we are committed to further developing and continuously improving the quality of titanium dioxide pigment and exploring its use in sustainable applications. As a relatively small pigment producer, we face market conditions and changes as a typical follower, but of course we try to make the most of the market potential within the given framework, in terms of both level and time dynamics.

At the half year, we increased our revenue as well as our profit and realised sales 4% higher than the same period last year, driven by higher volumes of titanium dioxide pigment sold. Demand gradually improved in the second quarter. The consideration of possible anti-dumping measures encouraged some European customers to consider changing their purchasing strategies. Provisional measures were announced towards the end of the second quarter. The permanent imposition of significant additional tariffs may lead to improving margins for European producers.

We estimate that the business results achieved are above the forecasts for the period. As a result of the changed market conditions, the improvement in selling prices and the imposition of import duties on Chinese origin pigments, we prepared an estimate for 2024 which is significantly better than the original business plan published in November 2023. Based on the currently known data, we estimate that in 2024 we will generate net sales of more than €200 million (planned €186.6 million). Net profit will be realised in the range of €15 million to €18 million and EBITDA will be realised in the range of €31 million to €35 million.

Sentiment indicators in the euro area are improving but remain weak. Economic activity is expected to strengthen gradually towards the end of 2024, with a further gradual decline in inflation, low unemployment and strengthening private consumption. Changes in forecasts and scenarios will depend to a large extent on developments in the conflicts in the Middle East and Ukraine, as well as on the monetary policies of the major central banks.

The macroeconomic situation in the context of our markets, especially the EU, and of the products we carry, means that we are experiencing a gradual improvement in demand, which is mainly driven by higher demand related to the introduction of anti-dumping measures and only to a lesser extent by an increase in consumption by European buyers. Selling prices in Q2 are still below the level of Q2 2023, but are estimated to improve slightly in the next quarter.

In the period under review, we generated sales revenues of €100.3 million, which is 4% higher than in the comparable period of 2023. Total export value in the period under review amounted to €92.8 million, which is 6% higher than in the comparable period of 2023. Net profit amounted to €7.4 million, which is 5% higher than in the comparable period of the previous year, when it amounted to €7.0 million. In the period under review, the net profit amounted to €7.4 million, which is 4% higher than in the comparable period of the previous year, which was €7.0 million. Operating profit plus depreciation and amortisation, or EBITDA, amounted to €15.5 million, representing 15% of sales. EBITDA is 3% higher compared to the previous year.

In the labour market, companies are facing rising labour costs due to inflationary wage increases and the need to remain competitive in recruitment. At the end of last year, we presented to the social partners a project to revamp the competency and wage model, which will include employee participation and provide a foundation for the Company's future growth. In the area of human resources

management, we are focusing on optimising the organisational structure to ensure the smooth running of the Company and a safe and healthy working environment for all employees. Upgrades are being made to improve the employee app, which also serves as an additional communication channel. In addition, we improved the process of applying for open tenders and set up an information point.

In the first half of 2024, we spent €5.4 million on investments, fixed asset purchases and replacement equipment. We invest in programmes that show growth potential. Our investments in production are primarily aimed at reducing operating costs, ensuring profitable volumes of volume production, achieving higher quality, regulatory compliance and energy sustainability.

Our development activity follows a five-year strategy. Development activities were carried out in line with perceived opportunities in the areas of our expertise, trends and customer expectations.

We have a number of interlinked projects to manage spatial and environmental risks in a comprehensive way. The most important of these are the alternative water supply project, the harmonisation of the zoning acts at the Za Travnikom red gypsum filling plant, the remediation of the Bukovžlak non-hazardous waste landfill (ONOB) and ensuring the stability of the barrier bodies.

All our activities are planned and implemented with the principles of sustainable development and the circular economy in mind. In the context of ensuring the sustainable development of titanium dioxide production, we continued the Integrated Water Management and Waste Acid Recovery projects, as well as the Red Gypsum Valuation project. We also set up and implemented new activities in the areas of carbon footprint reduction, use of renewable energy and re-use of materials. We are updating last year's draft ESG strategy with the requirements of the ESRS standard and preparing for 2024 reporting under the CSRD as part of the sustainability team.

The following sections of the report provide more detailed information by business area, as well as an overview of the Company's financial position and performance.

**Management Board**

## STATEMENT OF MANAGEMENT RESPONSIBILITY

The Management Board of the Company is responsible for preparing the financial statements for each period in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act (ZGD) in such a way that they give a true and fair view of the business activities of Cinkarna Celje d.d.

Management expects that the Company will have adequate resources to continue as a going concern in the future and, accordingly, the financial statements of the Company are prepared on the going concern basis.

Management's responsibility for the preparation of the financial statements includes:

- Accounting policies are appropriately chosen and consistently applied;
- Judgements and assessments are reasonable and prudent;
- The financial statements are prepared in accordance with IFRS as adopted by the European Union, and any departures are disclosed and explained in the report.

To the best of its knowledge, the Management Board declares:

- That the business report of Cinkarna Celje d.d. for the period January-June 2024 includes a fair presentation of the development and results of its operations and of its financial position, including a description of all material risks to which the Company is exposed;
- That the financial statements of Cinkarna Celje d.d. for the period January-June 2024 are prepared in accordance with International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets and liabilities, financial position, profit or loss and comprehensive income of the Company.

The financial statements, together with the related policies and notes, were adopted by the Board of Directors on 22 July 2024.

### Management Board

**President of the  
Management Board**

Ales SKOK,  
BSc (Chem. Eng., MBA – USA)



**Member of the Management  
Board – Deputy President  
of the Management Board –  
Technical Director**

Nikolaja PODGORŠEK SELIČ  
BSc (Chem. Eng., Specialist)



**Member of the  
Management Board -  
Works Director**

Filip KOŽELNIK,  
MSc (Business Studies)



# 1 SALES

Total sales in 2024 are 4% higher than in the comparable period in 2023, or 8% after adjusting for sales of metallurgical products. Total sales or net sales revenues reached €100.3 million.

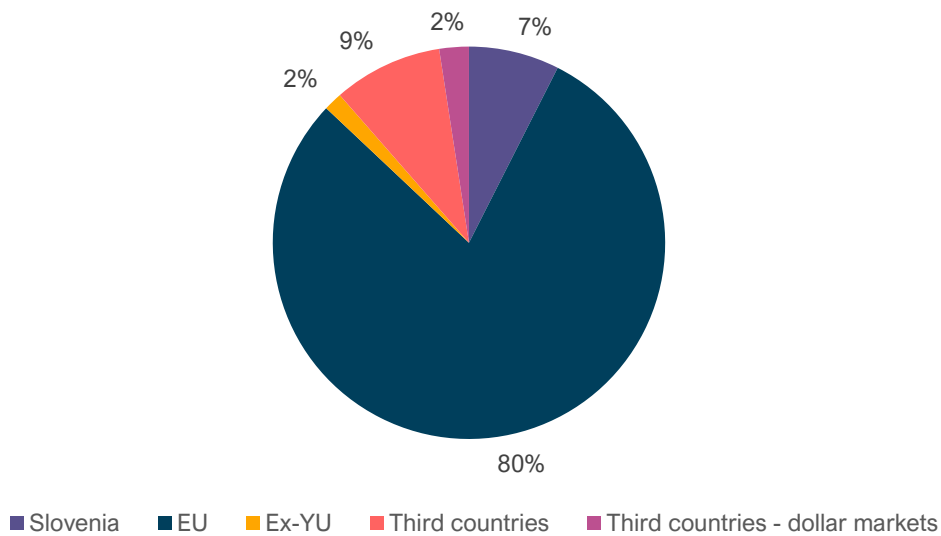
## 1.1 Sales by geographical segment

Total sales to foreign markets increased by 6% compared to the previous year. The increase in sales to foreign markets is undoubtedly due to higher pigment volumes.

### Sales by geographical segment

	2023	2024	ΔPY%
Slovenia	8,884,692	7,497,744	-16
EU	72,782,876	79,828,310	+10
Ex-YU	1,830,793	1,537,829	-16
Third countries	10,505,784	9,038,283	-14
Third countries – dollar markets	2,418,924	2,441,833	+1
<b>TOTAL</b>	<b>96,423,069</b>	<b>100,343,999</b>	<b>+4</b>

### Share of each market in the Company's total sales



Sales to the EU market are 10% higher than in the previous year. The sales increase was driven by higher pigment volumes and significantly improved demand for copper fungicides. Germany is one of our key markets, accounting for 27.9% of export sales and 25.9% of total Company sales. The importance of the German market has decreased slightly compared to the previous year, due to the objective maturity of the market.

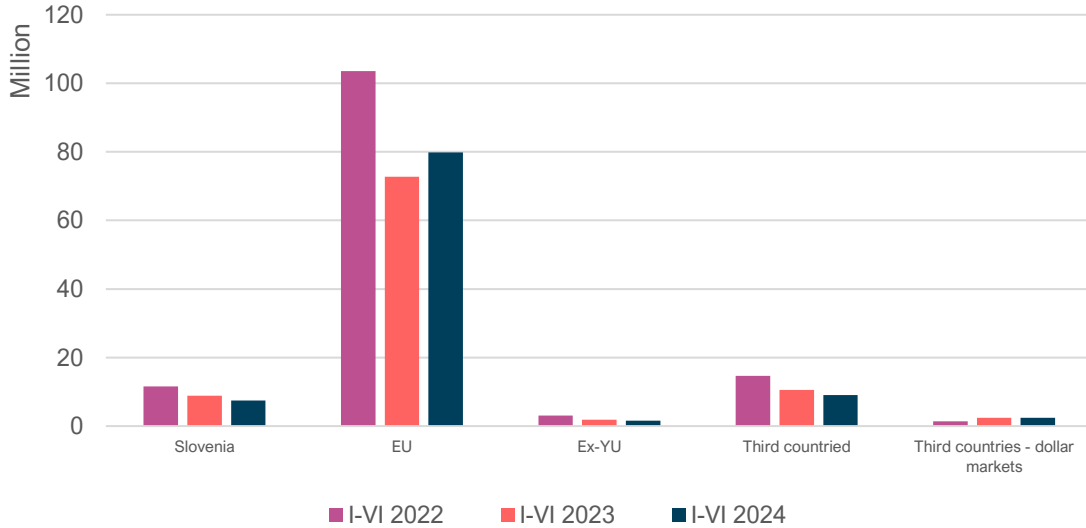
Sales to the markets of the former Yugoslavia decreased by 16%, due to lower sales of powder varnishes.

Domestic sales are 16% lower compared to 2023, driven by lower demand for powder varnishes and a different cadence of BU Polymers' orders.

Total sales to third country markets are down by 11% compared to the same period of the previous year, resulting from lower pigment sales to North Africa and Middle East markets.

We are maintaining our market shares in dollar markets. In the next medium term, we intend to focus our marketing activities more on these markets, as they offer us good geographical diversification.

### Sales by geographical segment



The share of total exports in the Company's total sales was 92.5% in the year under review, up 1.7 percentage points compared to the previous year. The higher share of exports relates to an increase in value sales to the key markets of Italy, Poland and the Netherlands. The main export destination is Germany, where we recorded a 3% drop in sales, mainly in titanium dioxide pigment.

The structure of sales by national market naturally varies from quarter to quarter, depending on the conditions prevailing in each market. Roughly speaking, the structure is determined by the profitability of the markets, the marketing strategy and the political-economic security and reliability of the markets.

## 1.2 Sales by business segment

### Sales by business segment

	2023	2024	ΔPY%
Titanium dioxide	79,848,840	83,502,096	+5
- of which TiO <sub>2</sub> pigment	78,276,851	81,678,311	+4
Zinc processing	3,492,334	0	-
Varnishes, masters and printing inks	9,015,115	8,205,400	-9
Agro programme	2,567,681	6,402,991	+149
Polymers	1,231,234	1,611,676	+31
Other	267,865	621,836	+132
<b>TOTAL</b>	<b>96,423,069</b>	<b>100,343,999</b>	<b>+4</b>

During the period under review, sales of the **titanium dioxide pigment** business reached €83.5 million. The €3.7 million increase in value sales is due to higher volumes. The challenging market situation, which continued from the previous year, was reversed in the second quarter and resulted in improved demand. On the European market, we saw a gradual pick-up in demand, driven by the culmination of expectations regarding the decision on anti-dumping measures against pigments of Chinese origin. In addition to the traditional markets, we continued to sell to some extent in the North American markets. As we enter the third quarter, there is a strong likelihood that transactions between



market players in the industry concerned will settle at a higher level than in the second quarter. On the basis of the facts currently known, we made an estimate of sales and profits, which is disclosed in the introduction to the report.

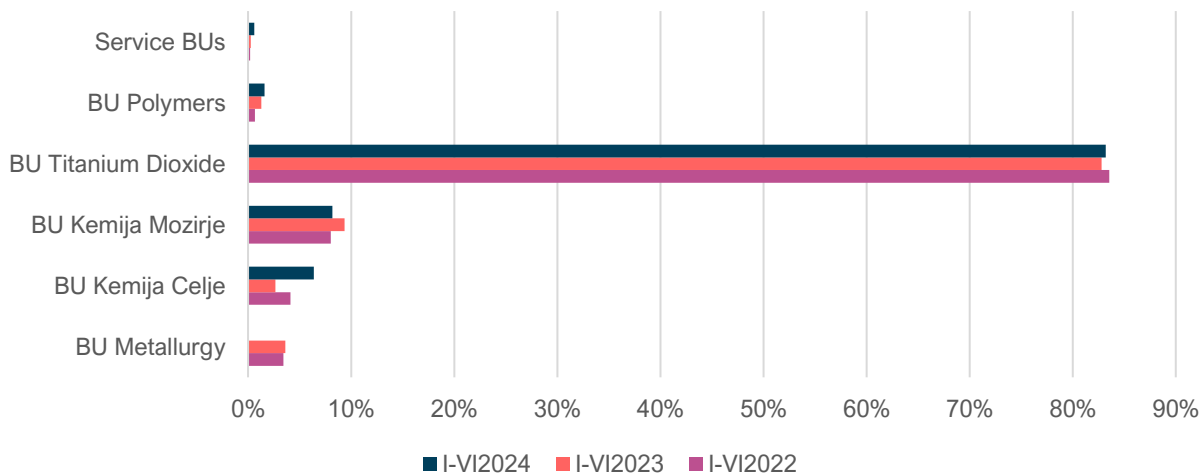
CEGIPS should also be highlighted in the programmes of this sectoral section. We sold 76.5 thousand tonnes of CEGIPS, which is important in the context of extending the lifetime of Za Travnikom.

The **zinc recovery** sales programme was discontinued at the end of 2023.

During the period under review, there was a 9% decrease in sales of **varnishes and masters** on a comparable basis. The main reason for the decline in sales is the fall in sales of powder varnishes, which, in the context of low activity in the white goods and trade and fair equipment sectors, are under price pressure from competitors. In masterbatches, after a slightly weaker first quarter, we were able to maintain the sales level achieved in the second half of 2023 with price increases and increased volumes in the second quarter. In masters, we were able to enter the markets of more demanding applications.

Sales of **the agro programme**, which includes copper fungicides, Pepelin, Copperas and Humovit, increased by 149% compared to the comparable period in 2023. The significantly higher sales volume is related to restocking and the new season. Sales in 2023 were impacted by the sale of old stocks accumulated during the drought in 2022. Sales of Humovit are held at the level of the comparable period in 2023. The fact remains that we are dependent on local and nearby market conditions for our soil sales, as the product does not withstand the additional cost of transport to enter distant markets.

**Share of each BU in the total sales of the Company**



Over the period under review, it can be seen that the relative proportions have changed again. With the exception of Kemija Mozirje, the other business units recorded an increase in their share of sales.

BU Polymers’ share increased comparatively, as business volumes coincided with investment activity in the regional pharmaceutical and petrochemical industries. It is therefore essentially a contract, fully customised production of technological systems, which is directly dependent on the investment cycles of the industry in the region.

There are changes in the sales structure by business units. In the short term, the substantive changes result in a smaller number of business units and, in the longer term, an increase in the relative importance of the nuclear programme, i.e. titanium dioxide.

## 2 PERFORMANCE ANALYSIS

### 2.1 Operating result

#### Overview of revenue and expenditure achieved

	1/1 - 30/6/2023	1/1 - 30/6/2024	1/1 - 30/6/2024	ΔPY%	ΔPL%
					In €
<b>REVENUE</b>	<b>104,210,178</b>	<b>91,968,954</b>	<b>94,690,437</b>	<b>-9</b>	<b>+3</b>
Operating income	103,735,721	91,469,154	93,906,020	-9	+3
Financial revenue	474,457	499,800	784,417	+65	+57
<b>EXPENDITURE</b>	<b>95,523,742</b>	<b>89,778,259</b>	<b>85,200,015</b>	<b>-11</b>	<b>-5</b>
Operating expenses	95,232,817	89,268,459	85,089,315	-11	-5
Financial expenditure	290,925	509,800	110,700	-62	-78
<b>OPERATING RESULT</b>	<b>8,686,436</b>	<b>2,190,695</b>	<b>9,490,422</b>	<b>+9</b>	<b>+333</b>
Profit tax	1,650,423	416,232	2,087,893	+27	+402
<b>NET OPERATING RESULT</b>	<b>7,036,013</b>	<b>1,774,463</b>	<b>7,402,529</b>	<b>+5</b>	<b>+317</b>

In the first half of 2024, an **operating result** of €8.8 million is achieved. This result exceeds by 4% the operating result for the comparable period in 2023 of €8.5 million. Operating performance was therefore better than last year, and also significantly better, by 301% of the planned operating profit. This outperformance of the previous comparative period in 2023 and of the business plan was due to significantly higher sales of the carrier product, both in volume and in value. Operating profit including depreciation and amortisation, or EBITDA, amounted to €15.5 million, representing 15% of sales. Compared to the previous year, EBITDA is 3% higher.

After accounting for the impact of financial income and expenses, a **pre-tax profit** of €9.5m is reported for the first six months of 2024, compared to a pre-tax profit of €8.7m in the comparable period last year. The 2024 pre-tax result exceeds the previous year's result by 9%.

In the first six months of 2024, a positive financing balance of €0.7 million is achieved (in the same period of 2023, the positive financing balance was only €0.2 million). The resulting financing balance is the result of a positive exchange rate balance (forward purchase and sale of dollars) of €0.2 million and a positive balance of investment income and interest income and expenditure of €0.5 million. The positive exchange rate balance throughout the year represents the effective use of hedging instruments to manage the volatile movement of the \$/€ currency pair in the purchase of titanium-bearing ores.

**The net result for the period** amounts to €7.4 million, which is 5% higher than the result for the comparable period in 2023 (€0.4 million). Taking into account the developments in the international economy, the situation on the titanium dioxide pigment market and the results of our competitors in the titanium dioxide industry, we believe that the result achieved is above average and substantially above expectations. The result is largely due to the favourable sales situation (volumes) in the carrier business in Q2 2024. The net result comprises profit before tax and income tax of €2.1 million (the effective tax rate is therefore 22%).

### 2.2 Expenditure and costs

The structure of consumption of raw materials, packaging and energy shows a greater variation compared to 2023. In relative terms, the most significant reduction is in energy costs, which are 45% lower due to the current situation on the energy market. Energy efficiency improvement measures aim at further controlling this cost category.

The price ratio is changing, on account of lower input prices. The purchase prices of titanium-bearing raw materials are at slightly lower levels than in the previous year. The purchase prices of certain process support chemicals are significantly lower than in the first half of 2023. The total cost of raw material consumption, at a similar level of pigment production, is 18% lower. However, even at the end of the period, the largest part of the production costs is attributable to raw materials/materials for production (85.2%), followed by energy (13.4%) and packaging (1.5%).

The structure of labour costs is disclosed in the Notes to Financial Statements, 5 Labour costs. Gross salaries have been established according to the provisions of the collective agreement, taking into account the agreements between the trade unions and the Management. Transport to work and meals during work are in accordance with the applicable regulations. Labour costs include supplementary pension insurance, performance-related payments, annual leave allowance, severance payments, other employee benefits, solidarity grants, jubilee awards and other items.

## 2.3 Assets

	31 December 2023	30 June 2024
		In €
<b>ASSETS</b>		
Intangible assets	1,585,108	1,488,606
Tangible fixed assets	109,855,569	109,668,443
Financial assets at fair value through other comprehensive income	1,558,531	1,558,531
Other non-current assets	84,444	105,470
Deferred tax assets	1,439,044	1,439,044
<b>Total non-current (long-term) assets</b>	<b>114,522,696</b>	<b>114,260,094</b>
<b>Current assets</b>		
Stocks	53,841,480	42,813,169
Financial receivables	38,616,117	46,399,709
Trade receivables	31,545,008	37,861,958
Income tax receivable	5,493,528	0
Cash and cash equivalents	15,687,805	8,270,015
Other current assets	209,028	101,859
<b>Total current assets</b>	<b>145,392,966</b>	<b>135,446,711</b>
<b>Total assets</b>	<b>259,915,662</b>	<b>249,706,804</b>

**The share of non-current (long-term) assets** in total assets increased by 1.7 percentage points to 45.8% compared to the end of 2023. The largest category of non-current assets is property, plant and equipment (96%). The value of property, plant and equipment decreased by €0.2 million for the difference between the amount invested in property, plant and equipment and the actual depreciation charged for the first six months of 2024. Long-term financial investments, comprising shares in companies, remained unchanged in 2024. Deferred tax assets are also unchanged compared to the situation at the end of 2023. Other non-current assets consist of emission allowances obtained free of charge from the State, the balance of which as at 30 June 2024 is 21,026 allowances higher than as at 31 December 2023, and represents the difference between the allowances obtained free of charge in 2024 and the CO<sub>2</sub> surrender in 2023.

**The share of current assets** in total assets decreased by 1.7 structural points compared to the end of the previous year to 54.2%. The most important categories in the structure of current assets by value are financial receivables (34%), inventories (32%), trade receivables together with other current assets (28%) and cash (6%).

**Inventories** decreased by 20% compared to the end of 2023, with a 6.5% decrease in the value of material inventories (including advances), a 5% decrease in work-in-progress inventories and a 48% decrease in the total value of the Company's finished goods and merchandise inventories (all compared to the end of 2023). The main reason for such a large decrease in finished goods inventories is the lower volume production of pigment in the last quarter of 2023, which continued at reduced capacity in the first months of 2024, and the increased volume sales in the second quarter of 2024.

**Current financial receivables** as at 30 June 2024 mainly relate to investments in treasury bills with short-term maturity in order to use cash efficiently, only a small portion of €142 thousand relates to the fair value of derivative financial instruments.

**Current trade receivables** comprise current trade receivables from customers and current trade receivables from others (mainly from the State for input VAT). Compared to the situation at the end of 2023, receivables increased by 20%. Trade receivables also increased by 26%, while other current receivables decreased by 22%. Part of the other current receivables of €1.5 million are receivables from the State on account of State aid received in 2023, which the Company is claiming under the Act on Economic Aid to Mitigate the Effects of the Energy Crisis (ZPGOPEK). A review of trade receivables by maturity shows that the age structure of the receivables continues to be of good quality and secured by an external institution or other form of collateral.

**Cash** (and cash equivalents) represents 6% of total current assets, with a 47% decrease in cash compared to the previous year, due to the dividend payments in February and June 2024. The remaining cash is necessary to ensure day-to-day operations.

**Other current assets** comprise prepaid expenses accrued. The value decreased by 51%.

## 2.4 Liabilities to sources of funds

	31 December 2023	30 June 2024
In €		
<b>CAPITAL AND LIABILITIES</b>		
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Profit reserves	119,583,496	125,910,200
Fair value reserve	-1,242,486	-1,242,486
Retained earnings	38,374,703	7,408,536
<b>Total capital</b>	<b>221,230,458</b>	<b>196,590,996</b>
Provisions for employee benefits	3,843,523	3,585,164
Other provisions	14,233,199	14,175,498
Non-current deferred income	767,414	982,139
<b>Total non-current liabilities</b>	<b>18,844,136</b>	<b>18,742,801</b>
Financial liabilities	103,692	136,844
Trade payables	18,530,350	29,831,375
Income tax liabilities	0	1,454,330
Obligations under contracts with customers	11,351	394,782
Other current liabilities	1,195,674	2,555,677
<b>Total current liabilities</b>	<b>19,841,067</b>	<b>34,373,008</b>
<b>Total liabilities</b>	<b>38,685,203</b>	<b>53,115,809</b>
<b>Total capital and liabilities</b>	<b>259,915,662</b>	<b>249,706,804</b>

**The value of capital** in the structure of the liabilities to resources as at 30 June 2024 is 78.7%, a decrease of 6.4 percentage points compared to the end of 2023. The amount of capital has decreased by 11% compared to the situation at the end of 2023. The decrease (€24.6 million) relates to the difference between the 2024 net profit of €7.4 million and the dividend payment of €25 million in

February 2024 and the dividend payment of €7 million in June 2024. As at 30 June 2024, the Company holds 264,650 treasury shares (after the 1:10 split carried out on 15 August 2022). The Company did not make any purchases of treasury shares in the first half of 2024. In accordance with the resolution of the 28th regular General Meeting of the Company of 19 June 2024, the profit carried forward in 2023 (50% of the net profit generated in 2023) was transferred to other reserves, similar to the first 50% as at 31 December 2023, which will remain permanently in the reserves and will never be shared. There were no other significant movements in capital.

In total capital, the share capital amounts to €20,229,769.66 and consists of 8,079,770 ordinary freely transferable bulk shares after a split of 1:10 as at 15 August 2022 (of which 264,650 are treasury shares subscribed in the treasury share pool). The book value of the share on 30 June 2024 is €24.3 (down 11% since the beginning of the year when it was €27.4).

**Provisions and deferred income** account for 8% of the payables. Provisions for pensions and similar liabilities were made as at 1 January 2006 (severance and jubilee payments) and are adjusted annually on the basis of actuarial calculations. Other provisions were established in the course of the ownership process under the Ecology provision. In recent years, the following additional environmental provisions have been made: €5 million in 2010 for the rehabilitation of the Bukovžlak solid waste landfill and €7 million and €5 million in 2011 for the rehabilitation of the Za Travnikom landfill and the destruction of low-level radioactive waste. At the end of 2017, the provisions were scrutinised, verified and only the provision for the elimination of risks due to old loads of €6.4 million was re-established. At the end of 2023, similarly to the end of 2022, we re-examined the extent of the provisions and made/adjusted them accordingly, based on actual market conditions and the reasons for their existence. The volume of environmental provisions decreased by €58 thousand during the period under review due to the earmarking of the above mentioned remediation costs. Non-current deferred income increased by 28% as a result of the funds obtained for the co-financing of the installation of solar power plants.

**Financial and trade payables** increased by 37% compared to the end of the previous year due to an increase in current trade payables, other payables and income taxes. Trade payables increased by 85% due to the delivery of strategic raw materials which are due for payment in Q3. Other payables decreased by 29% due to lower payables to employees and government institutions. Income tax payable for the 2024 financial year as at 30 June 2024 amounts to €1.5 million (the balance of the difference between the advances paid during 2024 and the 2024 tax liability), and income tax receivables were established at the end of 2023. All financial and operational liabilities are current in nature. The Company's gross gearing ratio is 21.3%, an increase of 6.3% compared to the situation as at 31 December 2023.

**Current financial liabilities** at 30 June 2024 amount to €137 thousand, at the end of 2023 they amounted to €104 thousand. The Company's gearing ratio is therefore 0.05 ‰ (0.4 ‰ at the end of 2023).

**Current trade payables** increased by 61% over the period. Current trade payables to suppliers amounted to €27.1 million as at the last day of June 2024, an increase of 85% compared to the end of 2023, due to an increase in payables to suppliers of strategic raw materials and supplies. Other payables decreased by 29% (or €1.1 million), mainly comprising €1.5 million payables for net salaries and other net employment benefits, €1.3 million payables for contributions and taxes from and on remuneration, and payables for VAT and to other institutions.

**Other current liabilities** increased by 114% over the period under review, mainly comprising accrued liabilities for annual leave and other staff costs, accrued ecological contributions and taxes and VAT on advances and deferred tax.

### 3 STAFF

Human resources activities are geared towards achieving the basic objectives of the business policy, where particular attention was paid to finding innovative ways of recruiting and to the social cohesion of the Company, which was quite dynamic in terms of labour costs due to the situation on the labour market, the general situation in the country, high inflation, and the rise in interest rates. We continued our rational policy of external recruitment, covering the needs of professional, higher and university educated workers, while most other needs were addressed through internal redeployment and recruitment of professional staff. We focused on rejuvenating the workforce in individual organisational units, replacing critical posts, finding employees with deficit occupations, especially in the natural sciences, and intensively negotiating retirement, both with those employees who have already fulfilled the conditions for retirement and with those who will be able to achieve these conditions through the Employment Service.

As of 30 June 2024, Cinkarna had 724 employees, a decrease of 18 employees, or 2.4%, compared to the end of 2023. There are minor changes in the number of employees by business unit.

In our communication with employees, we encourage open and inclusive communication between the Management Board, employees, the Works Council and the two representative trade unions. In addition to informing employees about the overall current situation, it is also very important to obtain feedback and suggestions from employees, which has a positive impact on the positive working atmosphere in the Company, fosters a good organisational culture, increases company loyalty and strengthens employees' trust in the Company's management.

The area of communication continued to receive considerable attention from the Management Board, the Business Unit Managers and the Works Council through a wide range of communication channels. Print and electronic media were used to disseminate information to our employees, such as: Messages from the Management Board via e-mail with the Employee News and the electronic messaging dialogue of our company mascots (Cinko and Cinka), the Informator – printed version, the Cinkarnar magazine – 2 times per year, the Facebook and LinkedIn social networks of Cinkarna Celje are active, we also publish a trade union newsletter, we have our own Sharepoint (intranet and extranet) with interesting content and are always actively publishing news, information on bulletin boards, etc. More than 70 bulletin boards are installed throughout the Company as a means of communication.

In addition, with new upgrades, we are improving and upgrading the Moja Cinkarna employee app, which serves as an additional communication channel with our employees. The app is increasingly well received by employees and will be enhanced with new functionalities. For those who do not use the Moja Cinkarna app, we have an INFO point installed through which all employees can access their company domains, reports and content.

In the field of social work, activities continued during the period under review in the areas of individual problem-solving, management and deployment of disabled workers, ergonomics, preventive healthcare and the retirement of employees who meet the conditions for retirement.

In the future, it is planned to continue to optimise the staffing structure by rehiring, optimising business processes and recruiting new young and technically qualified staff. Investments in development, training and further improvement of the working environment of employees will also continue, with a particular focus on the renewal and development of HR systems.

### 3.1 Added value at Company level

The added value per employee (according to the methodology of the Chamber of Commerce and Industry) is 9% higher than in 2023. The number of employees after accrued hours is 3% lower (24 employees) and has a positive impact.

	JAN-JUN 2023	JAN-JUN 2024	ΔPY%
Turnover	96,423,069	100,343,999	+4
Increase or decrease in the value of inventories	6,140,646	-8,896,056	-
Capitalised own products and services	1,158,559	2,115,433	+83
Other operating income	13,448	342,644	+2448
Cost of goods, materials and services	71,856,810	60,111,662	-16
Other operating expenses	793,002	903,618	+14
<b>Added value</b>	<b>31,085,910</b>	<b>32,890,741</b>	<b>+6</b>
Number of employees by hours worked	715	691	-3
<b>AV (€) / employee</b>	<b>43,477</b>	<b>47,599</b>	<b>+9</b>

## 4 MOST IMPORTANT BUSINESS RISKS

The risk management process is a key process and the cornerstone of the Integrated Management System (IMS). Risks are managed through regulations, performance targets or objectives, the implementation of which is tracked through minutes.

The risk management system includes risk identification, risk assessment and classification, action, monitoring and reporting. Monitoring and analysis of the external and internal environment provides input for the identification of key risks and opportunities, which is crucial for our operational, tactical and strategic planning in line with the Sustainable Development Goals.

### Description of the risk rating/classification methodology

The data is derived from the calculation in the Risk Assessment, which is as follows:

#### Probability - frequency = A:

means the number of times the risk can be expected to materialise in a given time period, which is one year. An event that is expected to occur once a year has a value of 1; once in ten years is 0.1.

Examples: 1x per year = 1; 5x per year = 5, 1x per 5 years = 0.2; 1x per 10 years = 0.1; 1x per 20 years = 0.05; 2x per year = 2

*(an event expected once a year has a value of 1, more frequent events have a higher value – a frequency of 5 means we expect five risks to materialise in one year, less frequent events have a lower value – 1 in 10 years has a frequency of 0.1)*

#### Impact - means the expected financial loss or damage when the risk materialises.

Before starting to plan or identify risks for a particular financial year or business period, we obtain the necessary information. All data is derived from the accounting records available for each OU or from certain estimates based on experience.

- **B** - Costs incurred or increased (fixed and variable, overview by OU)
- **C** - Loss or reduction of revenue (daily production shortfall, overview by OU)
- **D** - Financial mitigation (insurance for different types of damage (economic damage, environmental damage)).

For each estimate, we quantify the estimate and record the method used to arrive at the data.

#### Risk assessment:

Risk assessment = **A\*(B+C-D)**

#### Risk level / Classification:

It is a risk ranking based on a graduated risk scale that helps us to quickly identify the importance of a particular risk. The classification is defined as:

- COMPANY LEVEL
- OU LEVEL

#### **Risk type - Corporate or Operational (K/O)**

- Corporate risks are risks that, if they materialise, have a significant impact on the Company as a whole or even threaten its existence. Their management is the responsibility of the management of the business units and departments, the Management Board and the Supervisory Board.
- Operational risks are risks that may affect the performance of individual units, but do not represent a significant risk to the business as a whole. They are part of day-to-day operations and work processes. They are managed at the level of one or more organisational units.

#### **Overview of the tables for calculating the risk assessment**

The basis for the calculation is the annual revenue plan for the company and for the individual business units.



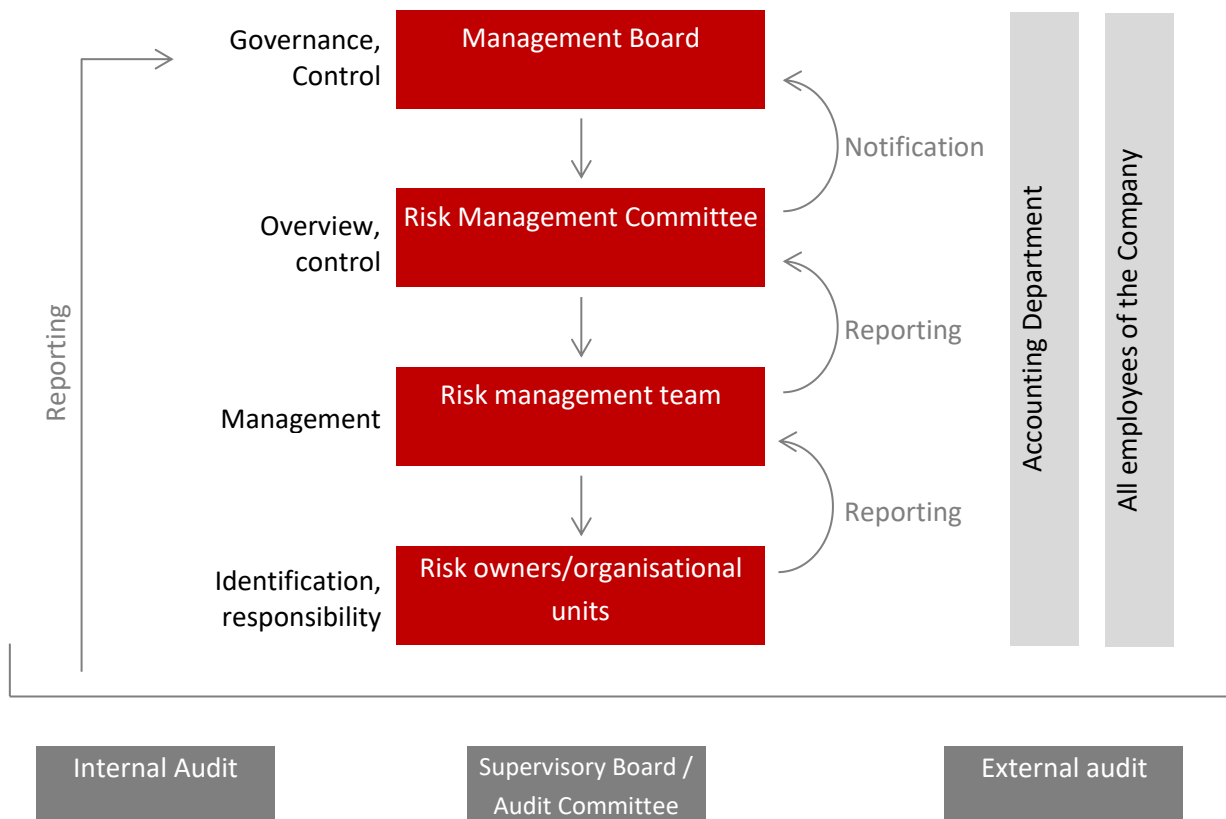
**Taking into account the share of revenue within the Company**

Definition of Risk Level/Classification (potential impact ) – <b>CORPORATE RISKS - Company level</b>	
Rate	Percentage of income
1- Low	> 2.5% and < 5%
2- Medium	> 5 and < 10%
3- High	> 10%

**Note:** The corporate risk definition at the enterprise level represents the sum of the individual risk assessments for a given risk from all business units that have identified the same risk in their unit.

**Taking into account the share of revenue within the organisational units**

Definition of Risk Level/Classification (potential impact ) – <b>OPERATIONAL RISKS – OU level</b>	
Rate	Percentage of income
1- Low	< 1%
2- Medium	> 1 and < 5%
3- High	> 5%



We also communicate to external audiences about the risks of our business and how we manage them in our quarterly and annual reports. The reports are published publicly on SEOnet and on the Company's website [www.cinkarna.si](http://www.cinkarna.si).

**The overview of key corporate risks** below is updated and defined based on the situation and expectations at the time of writing.

<b>I. Production risks</b>			
<b>Risk name</b>	<b>General description of risk at company level</b>	<b>Risk management</b>	<b>Risk level</b>
<b>Storage and production capacity</b>	Shortfall in volumes due to under-utilisation of production capacity	With the aim of increasing the capacity of masterbatch production, BU Kemija Mozirje is carrying out activities to increase the availability of the existing lines and is preparing a conceptual project for a cost-effective option of installing an additional line. At BU Titanium Dioxide, we are introducing lean production and implementing projects to eliminate technological bottlenecks.	Medium
<b>Storage and production capacity</b>	Loss of revenue due to cancellation of orders and loss of customers in the event of a major breakdown of an obsolete production line.	The poor condition of the electrostatic precipitators used to clean the flue gases from the calcination of titanium dioxide poses a risk. We carried out a temporary rehabilitation on the most critical filter and procured key spare parts for another. We concluded a contract for a phased comprehensive renewal of all four filters.	Medium
<b>Legislative compliance</b>	Risk of penalties for the Company and the person responsible and loss of production due to exceeding emission limits	We regularly maintain and inspect existing wastewater treatment plants. We optimise the treatment plant for H <sub>2</sub> S purification from solid sulphur smelting. Replacing old electrostatic precipitators. We are developing projects to further reduce emissions to water and air.	Low

<b>II. Spatial and environmental risks</b>			
<b>Risk name</b>	<b>General description of risk at company level</b>	<b>Risk management</b>	<b>Risk level</b>
<b>Climate risks</b>	The occurrence of acute or chronic physical risks that may be caused by climate change (drought, heat waves, storms, etc.).	The Company identifies the potential lack of water to power production as both the biggest risk from drought and an opportunity to pursue sustainable business principles.  The most appropriate, and above all sustainable, solution was to use wastewater from the Celje Central Sewage Treatment Plant (CSWTP). This source is permanently sufficient in quantity, but needs additional treatment. Its use results in an	High

II. Spatial and environmental risks			
Risk name	General description of risk at company level	Risk management	Risk level
		<p>improvement of both the biological and hydromorphological status of the watercourse.</p> <p>Pilot trials are currently underway at the ČČN site. In cooperation with the Municipality of Celje, a procedure is underway to prepare an OPEP for the installation of the pipeline. At the same time, project documentation for the pipeline construction is being prepared.</p> <p>As for other climate risks in this class, we maintain the facilities, identify and eliminate potential hazards, and remedy deficiencies (e.g. additional cooling of rooms with electronic equipment).</p>	
<b>Safety</b>	Negative impact on the Company's business due to a natural disaster (earthquake or major flood, lightning strike, ice storm, etc.)	<p>We carry out activities in accordance with the preventive actions set out in the Register of Potential Hazards to the Environment and Employees (Regulations, organisational rules, compliance with storage instructions in the flooded area of the site, ongoing cleaning of manholes and maintenance of facilities, work instructions, measurements, preventive and periodic inspections, etc.).</p> <p>New buildings are designed to comply with earthquake standards and regulations.</p> <p>Existing facilities are inspected and maintained. The Bukovžlak high barrier is equipped with seismic monitoring.</p> <p>The Company is flood-proofed with a wall to prevent water ingress in the event of a flood. We have pumping stations in place to pump out any excess water.</p> <p>Based on our experience during the August 2023 floods, we are preparing/implementing a series of preventive measures. We also increased our insurance coverage.</p>	Low

II. Spatial and environmental risks			
Risk name	General description of risk at company level	Risk management	Risk level
		Lightning conductors and earthing systems are regularly inspected and maintained.	
<b>Safety</b>	Negative impact on the Company's operations due to an industrial accident (fire, explosion, spillage, etc.)	<p>Risk is managed by systematically evaluating the impact on the environment and employees, periodic fire risk assessments and by organising jobs according to risk assessment.</p> <p>In the area of environmental impact reduction, we systematically introduced European environmental standards by implementing the principles of the Responsible Care Programme and harmonised our operations with the requirements of the IED and SEVESO Directives.</p> <p>We carry out internal audits of the adequacy of the implementation of the measures required by the SEVESO permit and remedy the deficiencies identified.</p> <p>In the area of fire safety, we have our own fire brigade and the Company is adequately covered by fire insurance.</p> <p>In the area of accidents at work, a professional service is organised to monitor compliance with health and safety rules and measures. Regular training and education for employees is provided. The Company is insured against third party liability.</p> <p>We enter into written agreements with external contractors and train them. We have a permanent Health and Safety Coordinator. We introduced work instructions for carrying out maintenance operations in terms of fire prevention, accident prevention and improving the cleanliness of the working environment.</p>	Low

II. Spatial and environmental risks			
Risk name	General description of risk at company level	Risk management	Risk level
<b>Old burdens</b>	Removing old environmental burdens	<p>The Bukovžlak non-hazardous waste disposal site (ONOB) and the barriers, with their specific materials, are old burdens. We have an environmental provision for them and are carrying out remediation activities.</p> <p>Technical observation and monitoring is regularly carried out in the area of the high embankment barriers (Bukovžlak and Za Travnikom).</p> <p>Based on the results of the observations, systematic and long-term maintenance measures are taken to ensure the stability of the barriers or, where necessary, to remedy the consequences of adverse weather conditions.</p> <p>One of these is the triggering of a landslide after heavy rainfall in August on the lower western part of the high embankment barrier at Za Travnikom. The landslide is being monitored by measurements. We carried out urgent remediation work, which will be followed by full rehabilitation, for which an environmental provision has been made.</p>	Low
<b>Legislative compliance</b>	Loss of production and increase in costs due to inconsistencies in planning acts	<p>The Company fills waste red gypsum from titanium dioxide production into the Za Travnikom waste disposal plant. The existing zoning plan (ZN) and the building permit allow filling up to 300 m above sea level, which will be reached in about 7-8 years.</p> <p>Due to the new circumstances and lessons learned during the infilling process, the implementation as conceived by the project is not possible in certain parts or could lead to the demolition of the planned structures. Another negative point is the planned inadequate drainage, which would lead to a partial re-flooding of the site with rainwater.</p> <p>The designer, together with the expert support of the UL FGG Chair of Geotechnics, prepared an amendment to the project. The new design provides for</p>	High

II. Spatial and environmental risks			
Risk name	General description of risk at company level	Risk management	Risk level
		<p>increased quantities of red gypsum and a different form of backfill. The planned volumes have already been registered in the environmental permit and the MOPE has issued a decision that the planned modification does not require a reassessment of the environmental impact. However, an amendment to the zoning plan and building permit is required.</p> <p>We submitted an initiative to all three municipalities concerned to amend the UN. The conditions for the signing of the contract between the municipalities are being coordinated, followed by the submission of the zoning plan amendment petition to the MOPE.</p> <p>According to the ordinance of the Municipality of Šentjur, the filling of Cinkarna should have ceased on 27 October 2023. Due to the leaching of white gypsum and the large subsidence not foreseen in the filling project, this deadline was not achievable in practice. Representatives of the Municipality of Šentjur and KS Blagovna have been informed about this since 2017, but they have insisted on understanding the need to respect this date. We obtained a legal opinion on the validity of such a decree. This concludes that the Decree is incompatible with the legislation in force, and we therefore sent a petition to the Ministry of Natural Resources and Spatial Planning (MNVP) to monitor the legality of the Decree on Amendments and Additions to the Decree ZN Za Travnikom. The Ministry of Natural Resources and Spatial Planning referred the application to the Ministry of the Environment, Energy and Climate (MoEEC) for consideration, which agreed with the legal opinion and requested that the Municipality of Šentjur bring the Decree into line with the applicable legislation within 90 days.</p>	

<b>II. Spatial and environmental risks</b>			
<b>Risk name</b>	<b>General description of risk at company level</b>	<b>Risk management</b>	<b>Risk level</b>
		With the aim of sustainable development and a circular economy, and to extend the time available for disposal, the Company is also developing processes to reduce the amount of red gypsum and is looking for other options for filling in different locations.	

<b>III. Human resources and organisational risks</b>			
<b>Risk name</b>	<b>General description of risk at company level</b>	<b>Risk management</b>	<b>Risk level</b>
<b>Competence and availability of staff</b>	Loss of production and revenue due to incomplete succession policies and inadequate staff competences	<p>We have a recruitment system in place with a training programme and a mentor for each post.</p> <p>We are taking stock of all specific and generic skills in the Company, overhauling the system for onboarding new employees and verifying existing skills for employees.</p> <p>We developed a draft competency model.</p> <p>We are launching a large Knowledge Transfer in Production Units project.</p> <p>We inventoried the key positions in the Company, identified possible successors and defined the time to replacement and the additional competences needed. For the most promising candidates, we run a leadership development programme called the Leadership Academy. We provide coaching for promising employees.</p>	Medium
<b>Competence and availability of staff</b>	Loss of production and revenue due to staff shortages, untimely replacements and inadequate organisation of work	<p>We use social media recruitment solutions in addition to traditional recruitment methods to find new employees. We increased our cooperation with labour placement agencies and contracted external service providers on a case-by-case basis.</p> <p>We are launching recruitment grants. We actively participate in career fairs. We deepened our cooperation with secondary schools. We provide students with opportunities for compulsory internships and student work. We give students the</p>	Medium

<b>III. Human resources and organisational risks</b>			
<b>Risk name</b>	<b>General description of risk at company level</b>	<b>Risk management</b>	<b>Risk level</b>
		<p>opportunity to work on their bachelor's, master's and doctoral theses in the Company.</p> <p>We are continuously implementing organisational changes and adapting agilely to new circumstances.</p>	

<b>IV. Support process risks</b>			
<b>Risk name</b>	<b>General description of risk at company level</b>	<b>Risk management</b>	<b>Risk level</b>
<b>Storage and production capacity</b>	Loss of production and revenue due to non-availability of installations	A risk is identified in the area of maintenance planning, which is not properly implemented. Detailed maintenance plans are being put in place.	Low
<b>Digitisation</b>	Loss of production and competent workforce due to slow digitalisation of control and management processes	We continue to implement several implementation objectives that increase the level of digitisation and computerise and simplify business processes (upgrade of modules in the Power BI business analytics and in Moja Cinkarna, document system, migration of Oracle Forms, modernisation of the maintenance information system and the Spekter production information system).	Medium
<b>Security</b>	Production failure due to a cyber-attack on the workstation and/or the server system for the management system by malware with the intent to extort or steal data.	<p>We have additional systems in place to monitor and ensure information security. Regular security checks are carried out. With the help of an external expert, we carried out an internal audit in this area. We are putting the opportunities we have identified into practice.</p> <p>We regularly monitor potential new hazards and raise awareness among our employees.</p>	Low

All financial risks (liquidity, credit, currency and interest rate risks) are assessed as low risk and are explained in more detail in the Accounting section of the report in Chapter V *Financial Instruments and Financial Risks*.



## 5 DATA ON SHARES AND OWNERSHIP STRUCTURE

### 5.1 Ownership structure

The share capital of Cinkarna Celje d.d., amounting to €20,229,769.66, is divided into 8,079,770 ordinary freely transferable bulk shares. The Company's treasury stock at the end of the period comprised 264,650 shares (or 3.28% of the total issue). The number of shareholders at the end of the period was 2,628. The ownership structure at the end of the period is shown in the table below.

#### Share ownership structure of Cinkarna Celje d.d.

	No. of shares	%
SDH, d.d.	1,974,540	24.44
Modra zavarovalnica, d.d.	1,629,630	20.17
UNICREDIT BANK AUSTRIA AG - fid.	347,938	4.31
TR5 d.o.o	343,140	4.25
Own shares	264,650	3.28
KRITNI SKLAD PRVEGA POKOJNINSKEGA SKLADA	167,050	2.07
RAIFFEISEN BANK AUSTRIA D.D. – FID	158,740	1.96
CITIBANK N.A. – FID	105,000	1.30
NLB SKLADI – Slovenija mešani	71,865	0.89
OTP BANKA D.D. – FID	48,765	0.6
Zagrebačka banka d.d. – FID	42,635	0.53
Internal shareholders – FO	61,682	0.76
External shareholders – FO	2,036,578	25.21
Others	827,557	10.23

## 5.2 Share trading

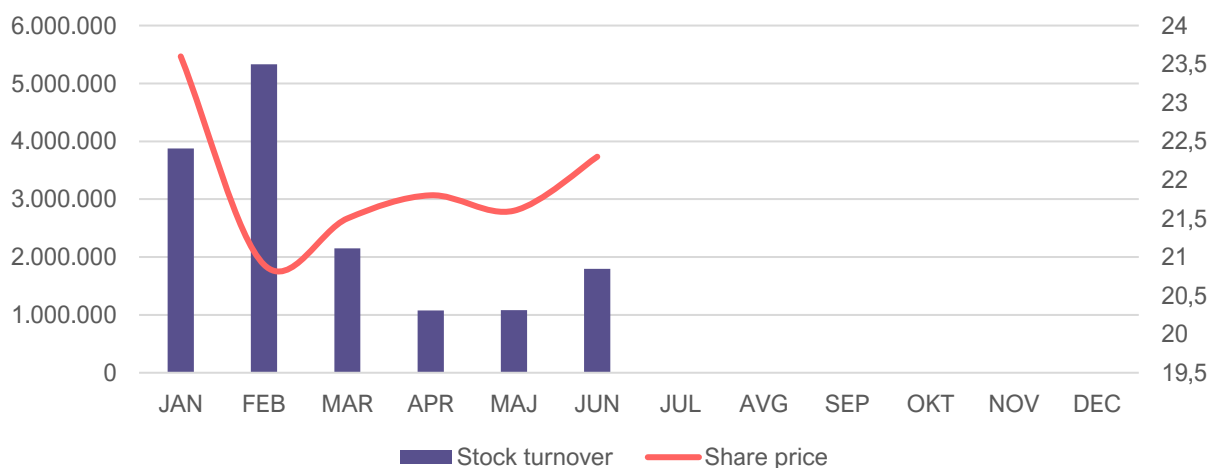
The CIGG shares of Cinkarna are traded on the over-the-counter market. The first day of trading was 6 March 1998. The single share price on that day was €33.71. As from 16 August 2022, trading and settlement of trades are under the new regime. The quantity of shares on the market is increased and their price is reduced (divided by 10).

### Movement in the market value of shares (single price on the last day of the month) and value of turnover:

	Single course		Transport
	Year 2023	Year 2024	Year 2024
JAN	25.8	23.6	3,874,123
FEB	28.2	20.9	5,331,682
MAR	28.8	21.5	2,148,822
APR	27.8	21.8	1,079,058
MAY	24.4	21.6	1,080,289
JUN	24.8	22.3	1,793,351
JUL	24.8		
AUG	23.2		
SEP	22.6		
OCT	23.9		
NOV	22.0		
DEC	20.5		

The value of the share of Cinkarna Celje d.d. listed in the first quotation of the Ljubljana Stock Exchange (CIGG), fluctuated between €20.0/share and €24.6/share during the period under review. From the last trading day of 2023 to the last trading day of the period under consideration, the value of the share is 7% higher.

### Share price movement (right axis) and stock turnover (left axis) by month



## 6 FOUNDATIONS OF DEVELOPMENT

### 6.1 Investments

In the first six months of 2024, we spent €5.4 million on investments, fixed asset purchases and replacement equipment, representing 32.3% of the planned budget for 2024.

The largest share of the invested funds was in titanium dioxide production, where activities were carried out on both unfinished and new investments:

- installation of an additional 12.10 C storage tank for the discharge of the solution from the unloading towers,
- modernising the storage and preparation of lime and calcite slurries,
- installation of a central vessel for the third vacuum cooling line, which is already in regular operation,
- a third filter press for spinning metatitanic acid,
- preparation of detailed engineering for the installation of a steam turbine.

With the aim of reducing the amount of waste disposed of from titanium dioxide production, the process of preparing the project documentation for the installation of a 7th centrifuge for the extraction of Cegipso is underway.

The renovation of one of the key technological bridges and the systematic renewal of the structural joints of the TiO<sub>2</sub> steel hall are underway.

We are continuing a multi-year project to upgrade the data network for the production processes at BU TiO<sub>2</sub> and to upgrade the control and management of the processes with the most outdated software. The upgrade of the production information system Spectrum and the maintenance information system is underway. To enhance information security, we are continuing to invest in the preparation of a platform for setting up a virtual environment of PCS7 servers and operating stations, thus enabling the establishment of a redundant system.

BU Kemija Celje is investing in a new filter press for the filtration of dissolved cupric ash.

At Kemija Mozirje, we prepared several options for an investment to install an additional line for the production of white masterbatches.

In Bukovžlak, a contractor was selected for the construction of a sealing curtain on the NE barrier of the Bukovžlak non-hazardous waste disposal facility (ONOB). Bids are being sought for the C1 drainage.

On the W side of the high embankment barrier, we carried out intervention work to rehabilitate a landslide that was triggered during heavy rainfall in August 2023.

The Ministry of the Environment, Climate and Energy is completing the rehabilitation of plot 115/1 of the Teharje district, through which our gypsum pipeline runs. We are engaging in our mandatory works in phases according to the dynamics dictated by the MOPE contractors.

We are continuing with the phased construction of oil interceptors on the storm water sewers and the rehabilitation of part of the sewerage network and solar power plants. To this end, we completed the rehabilitation of the roof of the central warehouse.

In the area of spare equipment, the main efforts were devoted to preparing for the renewal of one electrostatic precipitator for cleaning calcination flue gases, the replacement of the first of two pigment spinning filter presses, the renewal of one of four red carbon black filter presses and the replacement of worn-out service vehicles with electric ones.

## 6.2 Development activity

Several development tasks and assignments are being carried out in all organisational units with the aim of making improvements to existing technological processes, products and services.

### **UF TiO<sub>2</sub>-based photocatalytic self-cleaning coating**

We are in the process of finding buyers for last year's formulation and validating UF TiO<sub>2</sub> for use in sodium ion batteries.

### **Weather-resistant TiO<sub>2</sub>**

Based on the results of the testing, we optimised the developed recipe to ensure better processability in use. A further industrial trial will be carried out when market conditions allow.

### **Development and stabilisation of pigment quality**

Our objectives are aimed at improving certain parameters (opacity, gloss, dispersibility, viscosity) which, when used, represent a higher-grade pigment.

### **Waste acid recovery**

Laboratory tests are being carried out to isolate titanium dioxide by re-hydrolysis. We tried to extract iron by electro-separation processes, and signed an NDA with IJS Ljubljana for the other products present and of commercial interest.

### **Development of ferric oxalate**

Ferric oxalate is one of the possible by-products that can be obtained from the acid waste produced in the titanium dioxide production process. It is used in the manufacture of batteries and magnets. We are currently achieving 50% recovery. We are exploring the market and arranging for testing.

### **Alternative source of process water supply**

We are continuing testing on pilot ultrafiltration and reverse osmosis plants. The tests indicate an additional need for treatment of nitrate, which occasionally exceeds the limit value in the RO concentrate. In parallel, we are gathering information on treatment technology on SiC ceramic membranes. The procedure for the adoption of the spatial plan for the siting of the pipeline between Tremerje and Cinkarna is ongoing.

### **Development of powder varnishes**

In the development of the Low Temperature Powder Varnish Primer, the second set of prepared samples is already undergoing salt chamber testing.

### **Development of masterbatches**

The development of a white masterbatch for incorporation into stretch films for outdoor agricultural applications is planned as a priority with our RC 859 titanium dioxide, which we were not able to produce on an industrial scale in the first half of the year due to the line being occupied by other products. In the meantime, we produced two grades with a competitive titanium dioxide and received a positive test result from the customer.

## 6.3 Quality assurance

The various aspects of the business (quality, environment, occupational health and safety) are managed through an integrated management system (IMS). The structure of the IMS is based on ISO 9001, which is upgraded and extended by ISO 14001 and ISO 45001. Our Integrated Management System was complemented by the ISO 50001 energy management area.

Our laboratories are accredited to SIST EN ISO 17025 for wastewater monitoring.

An annual internal audit plan was prepared and implemented. We will audit BUs and departments that have not been audited recently, carry out some horizontal audits, and review the completion of actions and the effectiveness of previous audits.

The external auditors carried out an audit of the compliance of our integrated management system with ISO standards for 2024 at the end of May. No non-conformities were found.

The number of customer complaints and comments is regularly monitored and responded to with corrective action. Complaints are rare.

We are continuing our activities on a project aimed at developing new grades of titanium dioxide and stabilising the quality. We are carrying out optimisations in individual production processes in a planned sequence, which should help to raise and stabilise the quality level of our pigments.

Continuous improvement, dictated by quality standards and guidelines, is the driving force behind progress and continuous improvement in all areas of the Company. In the first half of the year, we received 109 suggestions in the CC UM useful suggestion system, representing 0.151 improvements per employee.

## **6.4 Environmental management**

For 2024, we have set ourselves one framework target in the area of environment and energy, within which we have defined performance targets in the areas of climate, pollution, water resources, biodiversity, resource use and the circular economy.

The following activities were and are carried out under this indicative objective:

- Pilot trials continue on the project for alternative water supply from the Tremerje WWTP; the process of obtaining an OWP is also underway;
- We are looking for suitable users for NaCl waste both in Slovenia and in other countries;
- Increasing consumption of copper-bearing dust;
- Gradually incorporating raw materials, semi-finished and finished products in MB and PW that have been flooded into new products;
- Offers are being sought for compensation at TP (operation without reactive power);
- One potential consumer of powder coating dust filter for consumption/installation of process reject is being verified, thereby reducing waste;
- We analysed the certification process for biodegradable coloured masterbatches, defined the testing conditions and evaluated the cost;
- We analysed and evaluated the feasibility of drilling boreholes for process water and heating in BU KM – we found that the soil structure is not suitable;
- In BU V+E, we are carrying out activities to replace old electric motors with energy-efficient ones (so far 14 motors have been replaced out of 20 planned, saving 244 MWh/year);
- The third phase of the upgrading of the storm water sewer system with oil interceptors for proper treatment of storm water is underway;
- Lighting is being upgraded to more efficient LED lighting – 47 luminaires replaced, expected savings of 123 MWh/year;
- We set up an ISO 50001 compliant energy management system, obtained certification and created an energy team;

- Gradually replacing wasteful pumps with more energy-efficient ones for cleaning off gases (saving 451 MWh/year);
- PZI documentation was obtained for the renovation of the TP V Marketing, which will allow the connection of additional solar power plants of up to 1.1MW – construction work is underway;
- Measures are being taken to ensure the tightness of catch basins, platforms, warehouse floors, drains, transport routes;
- BU TiO<sub>2</sub> continues with the integrated water management project (optimisation of the thickener operation, return of overflow water from the Bukovžlak waste disposal plant, identification of new options for return of water in the TiO<sub>2</sub> production process, reduction of COD and TOC, and finding solutions to reduce emissions into the process wastewater);
- We are in the process of obtaining the necessary documentation for the construction of a lake attenuation facility at the NZOOB with a drainage ditch and a gauging point;
- We are checking other possible uses for red gypsum;
- Concepts for the recovery of waste 23% sulphuric VI acid are being tested;
- The PGI documentation for the C1 drainage system was ordered and a contractor was selected for the construction of a sealing curtain as part of the ONOB reconstruction works;
- The relocation of the pipelines on plot 115/1 is in its final stages (bank improvement, sealing foil, drainage layer, geosynthetic separation layer and vegetation layer);
- Intervention measures were carried out for the rehabilitation of a landslide at VPN Za Travnikom, and a tender was obtained for the preparation of project documentation for the comprehensive rehabilitation.
- BU Polymers is working on waste reduction and reuse of PFA in moulds.
- In the HR General Service, we carry out activities to reduce food waste and other organic waste;
- In Procurement and Logistics, we make sure that as much packaging as possible is returned to suppliers.

We had one ex officio extraordinary inspection in the field of environment due to a complaint. The operation of an IED plant was checked, namely in the area of emissions of air pollutants. The treatment plants, the logs and the surroundings of the titanium dioxide production plant were randomly inspected. No deficiencies were found. Two inspections were carried out ex officio. The inspection procedure in relation to the Bukovžlak non-hazardous waste landfill was suspended without action and without irregularities. The IED environmental permit compliance review has not yet been suspended due to the need to carry out additional measurements at one of the TiO<sub>2</sub> production discharges, to repeat the calculations and to complete the monitoring report.

In the first half of this year, we recorded two complaints from the public. One was about smoke and smell and was made by a person directly to the inspection service. This complaint led to an ex officio visit by an inspector as described above. The second complaint was about smell.

In accordance with the legislative requirements, all monitoring reports for 2023 were prepared and submitted on time. There were no exceedances of the limit values, except for the exceedance of the specific emission quantity for the H<sub>2</sub>S parameter at the titanium dioxide dispersion plant. Measures have been initiated in terms of verifying the appropriate cleaning efficiency and recalculation process. Activities are underway to coordinate the environmental permit with the Ministry of the Environment, Climate and Energy in view of the changes introduced and the ex officio amendment (preparation of a partial baseline report). We are also working with the Chamber of Commerce and Industry and the CCI on the coordination of environmental and energy requirements (amendments to ZVO2-A, draft ZVO-3, amendments to the IED, preparation of BREF-BAT conclusions, etc.). We published our annual report, which for the second year includes a sustainability report in line with GRI standards. The sustainability team is actively working on the implementation of the ESRS standards with the help of an external consultant, as the Company will be required to prepare a sustainability statement in line with these standards for 2024. A revision of the draft ESG strategy is also underway.

All the obligations for the re-certification of the POR, which was granted in January 2024, were fulfilled.

## 6.5 Safety and health

There were no serious accidents at work during the six-month period. We dealt with 10 minor accidents, 7 more than in the same period last year. For each occupational injury, we carry out a more detailed analysis of the cause of the accident. It was found that 50% of all injuries were caused by slipping on wet/slippery ground.

Based on the analysis, we are proposing preventive measures to prevent such injuries to the persons in charge in other organisational units. In terms of injury prevention, the Company records and eliminates potential hazards, raises awareness of employees about safe and healthy work (training, warning signs, screen savers, safety minute, etc.), carries out an inspection checklist of HSE and PV inspections, and proposes measures in the event of any irregularities found.

We have a system in place to identify potential hazards and take action when near misses occur. We identified 90 potential hazards (40 in the same period last year), which we are addressing on an ongoing basis. 7 near misses were reported. The Minute for Safety activity and other forms of employee awareness-raising for safe and healthy work, reporting of potential hazards and near misses are carried out in the production work centres in different formats and time intervals.

We also pay great attention to fire safety. This year, we installed 2 additional automatic fire alarm systems in the acid production and the 2.5/7.5 bar compressor station. A contract was concluded to carry out regular technical inspections of fire alarm systems. We carried out 2 periodic inspections of all fire alarm systems and an inspection of the smoke and heat extraction system. We removed ionising fire detectors from the premises of the "former" Graphic VI; we carried out an expert fire safety assessment for the TiO<sub>2</sub> pigment production facility, which will form the basis for the preparation of the project for the installation of a dry hydrant network.

We revised the Protection and Rescue Plan and coordinated it with the Civil Protection Service of the Municipality of Celje. We carried out an inspection of two shelters.

The Fire Brigade carried out 2 fire drills – a fire in a building at BU Polymers and a spill of a hazardous substance with fire in acid production. Both drills involved the Celje Professional Firefighting Unit.

In the area of staff health, 140 periodic, 35 follow-up and 27 preliminary health checks were carried out.

In line with the health promotion programme, 7 activities were carried out:

- a workshop on "first aid for the injured and suddenly ill"
- promoting a healthy breakfast
- cardiovascular disease prevention – risk factors – control of fats and blood sugar
- "cycle to work"
- body composition measurements
- vaccination against tick-borne meningoencephalitis
- sun protection, skin moles and skin cancer – individual screening and advice

## 7 FINANCIAL STATEMENTS

### 7.1 Income statement

#### Income statement for the period 1 January to 30 June

	JAN-JUN 2024	JAN-JUN 2023
<b>Revenue from contracts with customers</b>	<b>100,343,999</b>	<b>96,423,069</b>
- Revenue from contracts with customers domestic market	7,497,944	8,884,692
- Revenue from contracts with customers foreign market	92,846,055	87,538,377
Change in the value of inventories of products and work in progress	-8,896,056	6,140,646
Capitalised own products and own services	2,115,433	1,158,559
Cost of goods and materials sold	72,734	190,175
Cost of materials	51,734,461	63,738,137
Cost of services	8,304,468	7,928,499
Labour costs	17,295,684	15,861,850
a) Wages and salaries	12,556,261	11,002,619
b) Social security costs	884,942	817,975
(c) Pension insurance costs	1,247,844	1,155,378
(n) Other labour costs	2,606,638	2,885,877
Depreciation	6,640,910	6,504,295
Other operating income	342,644	13,448
Other operating expenses	1,041,000	1,009,841
Impairments and write-offs of trade receivables	59	21
<b>Operating result</b>	<b>8,816,705</b>	<b>8,502,904</b>
Financial revenue	675,548	184,174
Financial expenditure	1,831	643
<b>Financial result</b>	<b>673,717</b>	<b>183,531</b>
<b>Operating result before tax</b>	<b>9,490,422</b>	<b>8,686,435</b>
Accrued tax	2,087,893	1,650,423
Deferred tax	0	0
<b>Income tax</b>	<b>2,087,893</b>	<b>1,650,423</b>
<b>Net operating result for the period</b>	<b>7,402,529</b>	<b>7,036,012</b>
Basic and diluted earnings per share	<b>0.92</b>	<b>0.87</b>



## 7.2 Statement of financial position of the Company

### Statement of financial position of the Company

	30 June 2024	31 December 2023
<b>ASSETS</b>		
<b>Non-current (long-term) assets</b>		
Intangible assets	1,488,606	1,585,108
Tangible fixed assets	109,668,443	109,855,569
Land	9,495,996	9,532,167
Buildings	38,008,922	39,609,507
Manufacturing plant and machinery	46,848,283	51,068,573
Other appliances and equipment	41,341	41,792
Tangible fixed assets under construction and construction in progress	14,335,444	9,603,529
Advances for the acquisition of tangible fixed assets	938,456	0
Financial assets at fair value through other comprehensive income	1,558,531	1,558,531
Financial receivables	0	0
Trade receivables	0	0
Other non-current assets	105,470	84,444
Deferred tax assets	1,439,044	1,439,044
<b>Total non-current (long-term assets)</b>	<b>114,260,094</b>	<b>114,522,696</b>
<b>Current assets</b>		
Assets held for sale	0	0
Stocks	42,813,169	53,841,480
Material	30,740,472	32,611,021
Work in progress	2,354,719	2,469,985
Products and merchandise	9,684,345	18,466,478
Advances on stocks	33,634	293,996
Assets under contracts with customers	0	0
Financial receivables	46,399,709	38,616,117
Trade receivables	37,861,958	31,545,008
Receivables from customers	34,642,493	27,437,194
Other receivables	3,219,465	4,107,814
Income tax receivable	0	5,493,528
Cash and cash equivalents	8,270,015	15,687,805
Other current assets	101,859	209,028
<b>Total current assets</b>	<b>135,446,711</b>	<b>145,392,966</b>
<b>Total assets</b>	<b>249,706,804</b>	<b>259,915,662</b>

## Statement of financial position of the Company (cont.)

	30 June 2024	31 December 2023
<b>EQUITY AND LIABILITIES</b>		
<b>Owners' equity</b>		
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Profit reserves	125,910,200	119,583,496
Legal reserves	16,931,435	16,931,435
Reserves for own shares	4,814,764	4,814,764
Own shares	-4,814,764	-4,814,764
Other profit reserves	108,978,765	102,652,061
Fair value reserve	-1,242,486	-1,242,486
Retained profits	7,408,536	38,374,703
<b>Total equity</b>	<b>196,590,996</b>	<b>221,230,458</b>
<b>Non-current liabilities</b>		
Provisions for employee benefits	3,585,164	3,843,523
Other provisions	14,175,498	14,233,199
Non-current deferred income	982,139	767,414
Financial liabilities	0	0
Trade payables	0	0
Obligations under contracts with customers	0	0
Deferred tax liabilities	0	0
<b>Total non-current liabilities</b>	<b>18,742,801</b>	<b>18,844,136</b>
<b>Current liabilities</b>		
Liabilities included in disposal groups	0	0
Financial liabilities	136,844	103,692
Trade payables	29,831,375	18,530,350
Payables to suppliers	27,082,664	14,656,554
Other liabilities	2,748,711	3,873,796
Income tax liabilities	1,454,330	0
Obligations under contracts with customers	394,782	11,351
Other current liabilities	2,555,677	1,195,674
<b>Total current liabilities</b>	<b>34,373,008</b>	<b>19,841,067</b>
<b>Total liabilities</b>	<b>53,115,809</b>	<b>38,685,203</b>
<b>Total equity and liabilities</b>	<b>249,706,804</b>	<b>259,915,662</b>

## 7.3 Statement of changes in equity

### Statement of movements in equity over the period 2024

CINKARNA Metalurško – kemična industrija Celje d.d.	Called-up capital	Capital reserves	Profit reserves				Fair value reserve	Retained profits		Total equity
			Statutory reserves	Reserves for own shares	Own shares	Other reserves from profit		Profit or loss carried forward	Net operating result of the period	
<b>Opening balance of the period</b>	20,229,770	44,284,976	16,931,435	4,814,794	-4,814,794	102,652,061	-1,242,486	32,047,999	6,326,704	221,230,458
<b>Changes in equity - transactions with owners</b>								32,041,992		32,041,992
Purchase of own shares										0
Withdrawal of own shares										0
Payment of dividends								32,041,992		32,041,992
<b>Total comprehensive income for the period</b>									7,402,529	7,402,529
Entry of net operating result of the period									7,402,529	7,402,529
Other components of comprehensive income of the period										
<b>B3. Changes in equity</b>						6,326,704			-6,326,704	0
Allocation of the remainder of net profit for the period to other components of equity										0
Allocation of part of net profit of the period to other components of equity by decision of management and supervisory bodies						6,326,704			-6,326,704	0
Creation of reserves for own shares										0
Release of reserves for own shares										0
<b>Closing balance of the period</b>	20,229,770	44,284,976	16,931,435	4,814,794	-4,814,794	108,978,765	-1,242,486	6,007	7,402,529	196,590,995
<b>BALANCE SHEET PROFIT</b>								6,007	7,402,529	7,408,536

### Statement of movements in equity over the period 2023

CINKARNA Metalurško – kemična industrija Celje d.d.	Called-up capital	Capital reserves	Profit reserves				Fair value reserve	Retained profits		Total equity
			Statutory reserves	Reserves for own shares	Own shares	Other reserves from profit		Profit or loss carried forward	Net operating result of the period	
<b>Opening balance of the period</b>	20,229,770	44,284,976	16,931,435	4,814,794	-4,814,794	103,358,966	-809,390	84,159	24,930,233	209,010,148
<b>Changes in equity - transactions with owners</b>										0
Purchase of own shares										0
Withdrawal of own shares										0
Payment of dividends										0
<b>Total comprehensive income for the period</b>									7,036,012	7,036,012
Entry of net operating result of the period									7,036,012	7,036,012
Other components of comprehensive income of the period										0
<b>B3. Changes in equity</b>								24,930,232	-24,930,232	0
Allocation of the remainder of net profit for the period to other components of equity										0
Allocation of part of net profit of the period to other components of equity by decision of management and supervisory bodies								24,930,232	-24,930,232	0
Creation of reserves for own shares										0
Release of reserves for own shares										0
<b>Closing balance of the period</b>	20,229,770	44,284,976	16,931,435	4,814,794	-4,814,794	103,358,966	-809,390	25,014,391	7,036,013	216,046,161
<b>BALANCE SHEET PROFIT</b>								25,014,391	7,036,013	32,050,405

## 7.4 Cash flow statement for the period

### Cash flow statement for the period 1 January to 30 June

	JAN - JUN 2024	JAN - JUN 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before tax	9,490,422	8,686,435
<b>Adjustments for:</b>	<b>7,465,184</b>	<b>6,887,970</b>
Depreciation +	6,640,910	6,504,295
Profit/loss on sale of fixed assets	13,115	-6,754
Impairment/write-down (reversal of impairment) of assets	137,382	206,877
Net decrease/increase in the valuation allowance for receivables	59	21
Net financial income/expenditure	673,717	183,532
<b>Cash flow from operating activities before change in net current assets (working capital)</b>	<b>20,321,970</b>	<b>-649,558</b>
Change in trade receivables	-6,316,951	-6,397,455
Change in other non-current and current assets	107,169	-120,041
Change in stocks	11,028,312	927,462
Change in trade payables	11,301,024	8,757,545
Change in provisions	-316,060	-336,142
Change in deferred income	214,724	55,201
Change in other current liabilities	4,553,883	614,683
Change in liabilities under contracts with buyers	383,431	131,608
Income tax paid	-633,563	-4,282,420
<b>Net cash flow from operating activities</b>	<b>37,277,575</b>	<b>14,924,847</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	461,749	174,989
Income from interest earned	447,703	168,235
Income from financial investments	931	0
Income from disposal of tangible fixed assets	13,115	6,754
<b>Investment expenditure</b>	<b>-13,146,444</b>	<b>-32,554,430</b>
Expenditure on the acquisition of intangible assets	-56,400	-280,844
Expenditure on the acquisition of tangible fixed assets	-5,306,452	-4,655,483
Expenditure on the acquisition of financial investments	-7,783,592	-27,618,104
<b>Net cash flow on investing activities</b>	<b>-12,684,695</b>	<b>-32,379,442</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Financing revenue	33,152	104,244
Proceeds from increases in financial liabilities	33,152	104,244
<b>Financing expenditure</b>	<b>-32,043,823</b>	<b>-643</b>
Expenditure on interest paid	-1,830	-643
Expenditure on dividends and other profit-sharing	-32,041,992	0
<b>Net cash flow from financing activities</b>	<b>-32,010,670</b>	<b>103,601</b>
<b>Closing balance of cash and cash equivalents</b>	<b>8,270,015</b>	<b>27,859,104</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-7,417,790</b>	<b>-17,350,994</b>
<b>Opening balance of cash and cash equivalents on 1 January</b>	<b>15,687,805</b>	<b>45,210,098</b>

## 7.5 Statement of other comprehensive income

### Statement of other comprehensive income for the period 1 January - 30 June

	JAN - JUN 2024	JAN - JUN 2023
Net profit	7,402,529	7,036,012
Other comprehensive income for the year	0	0
Other comprehensive income for the year that will not be recognised in the income statement in the future	0	0
Other comprehensive income for the year to be recognised in the income statement in the future	0	0
Net other comprehensive income for the year that will not be recognised in the income statement in the future	0	0
Total other comprehensive income for the year (after tax)	0	0
<b>Total comprehensive income for the year (after tax)</b>	<b>7,402,529</b>	<b>7,036,012</b>

## 8 NOTES TO FINANCIAL STATEMENTS

### 1 Reporting by segment

#### Sales by business segment

	In €	
	JAN..JUN 2024	JAN..JUN 2023
Titanium dioxide	83,502,096	79,848,840
- of which TiO <sub>2</sub> pigment	81,678,311	78,276,851
Zinc processing	0	3,492,334
Varnishes, masters	8,205,400	9,015,115
Agro programme	6,402,991	2,567,681
Polymers	1,611,676	1,231,234
Other	621,836	267,865
<b>TOTAL</b>	<b>100,343,999</b>	<b>96,423,069</b>

#### Sales by regional segment

	In €	
	JAN..JUN 2024	JAN..JUN 2023
Slovenia	7,497,744	8,884,692
European Union	79,828,310	72,782,876
Markets of the former Yugoslavia	1,537,829	1,830,793
Third countries	9,038,283	10,505,784
Third countries - dollar market	2,441,833	2,418,924
<b>TOTAL</b>	<b>100,343,999</b>	<b>96,423,069</b>

#### Operating profit by operating segment

	Titanium dioxide		Zinc processing		Varnishes and masters		Agro programme		Polymers		Other		Total	
	30/06/2023	30/06/2024	30/06/2023	30/06/2024	30/06/2023	30/06/2024	30/06/2023	30/06/2024	30/06/2023	30/06/2024	30/06/2023	30/06/2024	30/06/2023	30/06/2024
Rev. from contr. with customers	79,848,840	83,502,096	3,492,334		9,015,115	8,205,400	2,567,680	6,402,991	1,231,234	1,611,676	267,865	621,835	96,423,069	100,343,999
Other operating income	6,686	89,561	0		0	20,360	2,860	16,375	134,138	164,002	1,028,322	2,167,778	1,172,005	2,458,077
Change in value of stocks	6,556,786	-7,467,682	-167,033		-154,179	-479,319	-85,697	-567,710	0	0	-9,231	-381,345	6,140,646	-8,896,056
Operating costs	-77,830,055	-68,249,953	-3,334,402		-8,581,191	-7,488,429	-2,860,719	-5,639,843	-1,174,063	-1,130,199	-1,452,386	-2,580,890	-95,232,816	-85,089,314
- of which depreciation	-4,818,563	-4,867,160	-32,499		-187,679	-247,694	-134,302	-146,042	-100,264	-105,438	-1,230,988	-1,274,576	-6,504,295	-6,640,910
<b>Operating result</b>	<b>8,582,257</b>	<b>7,874,022</b>	<b>-9,101</b>	<b>0</b>	<b>279,745</b>	<b>258,012</b>	<b>-375,876</b>	<b>211,813</b>	<b>191,309</b>	<b>645,479</b>	<b>-165,430</b>	<b>-172,622</b>	<b>8,502,904</b>	<b>8,816,705</b>
Interest income													168,474	447,609
Other financial income													305,983	336,808
Interest expense													643	1,830
Other financial expenses													290,282	108,869
<b>Financial result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>183,532</b>	<b>673,717</b>
Deferred taxes													0	0
Income tax													1,650,423	2,087,893
<b>Net profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,036,012</b>	<b>7,402,529</b>

### 2 Revenue from contracts with customers

Revenue from contracts with customers consists of the sales values of products, merchandise, materials and services sold during the accounting period. A breakdown of net sales revenue by business segment and region is shown below.

	In €	
	JAN..JUN 2024	JAN..JUN 2023
Net revenues from contracts with buyers of products and services	100,109,990	96,080,704
Net revenues from contracts with buyers of merchandise and materials	234,009	342,364
<b>TOTAL</b>	<b>100,343,999</b>	<b>96,423,069</b>

### 3 Other operating income

	In €	
Income	JAN..JUN 2024	JAN..JUN 2023
Gains on sales and write-downs of assets	13,115	3,229
Revenue from reimbursement claims	298,854	0
Recovered written-off receivables	0	1,500
Compensation received	21,857	6,592
Other revenue	8,817	2,126
<b>TOTAL</b>	<b>342,644</b>	<b>13,448</b>

### 4 Costs by natural type

	In €	
	JAN..JUN 2024	JAN..JUN 2023
Cost of materials	51,734,461	63,738,137
Cost of services	8,304,468	7,928,499
Cost of materials and goods sold	72,734	190,175
Other operating expenses	1,041,000	1,009,841
<b>TOTAL</b>	<b>61,152,662</b>	<b>72,866,652</b>

### 5 Labour costs

	In €	
Labour costs	JAN..JUN 2024	JAN..JUN 2023
Salaries and allowances	12,556,261	11,002,619
Social security contributions	1,910,437	1,764,401
Expenses reimbursements and other staff compensation	2,606,638	2,885,877
Supplementary pension insurance	222,349	208,952
<b>TOTAL</b>	<b>17,295,684</b>	<b>15,861,850</b>

As at 30 June 2024, the Company employed 724 persons. The average number of employees was 728.

### 6 Depreciation

The Company depreciates fixed assets on a straight-line basis over the expected useful life of each fixed asset. Depreciation is charged to the cost of each fixed asset.

	In €	
Description	JAN..JUN 2024	JAN..JUN 2023
<b>Depreciation</b>		
- intangible assets	152,900	103,792
- easements	36,172	36,172
- buildings	1,601,773	1,671,811
- production equipment	4,849,228	4,690,367
- other equipment	837	2,152
<b>TOTAL</b>	<b>6,640,910</b>	<b>6,504,295</b>

### 7 Operating expenses

#### Operating expenses

	In €	
Expenses	JAN..JUN 2024	JAN..JUN 2023
Cost of materials and goods sold	72,734	190,175
Cost of materials	51,734,461	63,738,137
Cost of services	8,304,468	7,928,499
Labour costs	17,295,684	15,861,850
Depreciation and amortisation	6,640,910	6,504,295
Other operating expenses	1,041,000	1,009,841
Impairments and write-offs of trade receivables	59	21
<b>TOTAL</b>	<b>85,089,316</b>	<b>95,232,818</b>

**Other operating expenses**

	In €	
<b>Other operating expenses</b>	<b>JAN..JUN 2024</b>	<b>JAN..JUN 2023</b>
Environmental fees and refunds	233,551	234,136
Awards to students and trainees	76,884	58,311
Building land use allowance	481,513	281,060
Revaluation of stocks of materials and goods	1,590	206,876
Loss on sale (disposal) of fixed assets	135,851	9,983
Other costs and expenses	111,611	219,474
<b>TOTAL</b>	<b>1,041,000</b>	<b>1,009,841</b>

**8 Financial income and expenditure**

	In €	
<b>Revenue</b>	<b>JAN..JUN 2024</b>	<b>JAN..JUN 2023</b>
Net exchange differences	226,914	15,700
Interest income	447,703	168,474
Dividend income	931	0
<b>Total financial income</b>	<b>675,548</b>	<b>184,174</b>
Interest expense	-1,831	-643
<b>Total financial expenses</b>	<b>-1,831</b>	<b>-643</b>
<b>Net financial result</b>	<b>673,717</b>	<b>183,531</b>

**9 Income tax**

The income tax charge at the effective tax rate of 22% amounts to €2.1 million.

**10 Intangible assets**

	In €					
Intangible asset group for 2024	Acquisition value		Value adjustment		Undepreciated value	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Property rights	5,416,960	6,161,514	4,434,778	5,093,263	982,183	1,068,251
Assets under acquisition	506,424	516,856	0	0	506,424	516,856
<b>TOTAL</b>	<b>5,923,384</b>	<b>6,678,369</b>	<b>4,434,778</b>	<b>5,093,263</b>	<b>1,488,606</b>	<b>1,585,108</b>

Intangible assets have finite useful lives. The Company reviewed their values and determined that their present value does not exceed their recoverable amount.

**11 Tangible fixed assets**

	In €					
Tangible fixed assets group for 2024	Acquisition value		Value adjustment		Undepreciated value	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Land	10,803,263	10,803,263	1,307,267	1,271,096	9,495,996	9,532,167
Buildings	130,037,970	130,042,752	92,029,048	90,433,245	38,008,922	39,609,507
Equipment	237,469,250	239,932,766	190,579,625	188,822,401	46,889,625	51,110,365
Assets under acquisition	14,335,444	9,603,529	0	0	14,335,444	9,603,529
Advances	938,456	0	0	0	938,456	0
<b>TOTAL</b>	<b>393,584,383</b>	<b>390,382,311</b>	<b>283,915,940</b>	<b>280,526,742</b>	<b>109,668,443</b>	<b>109,855,569</b>

The Company reviewed their values and determined that their present value does not exceed their recoverable amount. The Company does not have any assets under finance leases, nor does the Company have any assets pledged as collateral for any guarantees as at 30 June 2024.

**12 Financial assets**

	In €					
Non-current financial investments group for 2024	Acquisition value		Value adjustment		Fair value	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Other investments	2,077,692	2,077,692	519,161	519,161	1,558,531	1,558,531
<b>TOTAL</b>	<b>2,077,692</b>	<b>2,077,692</b>	<b>519,161</b>	<b>519,161</b>	<b>1,558,531</b>	<b>1,558,531</b>

Investments in shares of Elektro Celje and Elektro Maribor are valued using the fair value model and represent less than 1% of the total shares of these companies.



The members of the Management Board and Supervisory Board have not received any long-term loans. Cinkarna Celje d.d. has no other subsidiaries or associates and does not deal with any related parties.

### 13 Other non-current assets

In €

Other non-current assets group for 2024	Acquisition value		Value adjustment		Undepreciated value	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Emission allowances	105,470	84,444	0	0	105,470	84,444
<b>TOTAL</b>	<b>105,470</b>	<b>84,444</b>	<b>0</b>	<b>0</b>	<b>105,470</b>	<b>84,444</b>

The Company received 40,397 emission allowances free of charge in 2024. It also submitted 19,371 emission allowances in April 2024 for CO<sub>2</sub> emissions in 2023.

### 14 Deferred tax assets and liabilities

In €

	30/06/2024	31/12/2023	Commitments 2024	Commitments 2023
Situation at start of period	1,420,921	1,420,921	194,446	194,446
Increase during the year	369,724	369,724	0	0
Decrease during the year	217,803	217,803	60,649	60,649
<b>Balance at end of period</b>	<b>1,572,842</b>	<b>1,572,842</b>	<b>133,797</b>	<b>133,797</b>
Balancing	-133,797	-133,797	-133,797	-133,797
<b>Situation at end of period</b>	<b>1,439,044</b>	<b>1,439,044</b>	<b>0</b>	<b>0</b>

### 15 Current financial receivables

In €

Current financial receivables group for 2024	Value of investments		Adjustment of investments		Net investments	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Current financial receivables – treasury bills	46,257,376	38,616,117	0	0	46,257,376	38,616,117
Fair value of derivatives	142,333	0	0	0	142,333	0
<b>TOTAL</b>	<b>46,399,709</b>	<b>38,616,117</b>	<b>0</b>	<b>0</b>	<b>46,399,709</b>	<b>38,616,117</b>

### 16 Stocks

In €

Stocks group	30/06/2024	31/12/2023	Negotiable value
Materials	30,740,472	32,611,021	30,740,472
Work in progress	2,354,719	2,469,985	2,354,719
Products	9,654,020	18,434,810	13,673,225
Merchandise	30,324	31,669	30,324
Advances made	33,634	293,996	33,634
<b>TOTAL</b>	<b>42,813,169</b>	<b>53,841,480</b>	<b>46,832,373</b>

Stocks are not pledged as collateral. Advances made represent funds given for the purchase of raw materials and supplies. The net realisable value of inventories as at 30 June 2024 exceeds their carrying amount.

### 17 Trade receivables

#### Current trade receivables

In €

Receivables group for 2024	Value of receivables		Value adjustment		Net receivables	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Buyers in the country	4,119,026	2,841,398	266,985	266,985	3,852,041	2,574,413
Buyers abroad	31,025,134	25,012,549	394,858	394,858	30,630,276	24,617,691
Indirect exporters	157,497	242,410	0	0	157,497	242,410
Receivables on foreign account	2,681	2,681	0	0	2,681	2,681
<b>TOTAL</b>	<b>35,304,337</b>	<b>28,099,037</b>	<b>661,843</b>	<b>661,843</b>	<b>34,642,493</b>	<b>27,437,194</b>

As of 1 June 2021, trade receivables are secured with an external institution.

**Movement in valuation allowances on current trade receivables**

In €

Year 2024	Status 31 Dec 2023	Correction formulated values 2024	Paid written-off receivables	Status 30 Jun 2024
Buyers in the country	266,985	0	0	266,985
Customers abroad	394,858	0	0	394,858
<b>TOTAL</b>	<b>661,843</b>	<b>0</b>	<b>0</b>	<b>661,843</b>

**Trade receivables by maturity by segment**

In €

Trade receivables by maturity	Gross value 30/06/2024	Correction 30/06/2024	Gross value 31/12/2023	Correction 31/12/2023
Not past due	30,890,267	16,944	24,024,487	16,944
Past due up to 15 days	2,907,823	2,050	2,913,989	2,050
Past due from 16 to 60 days	672,374	1,180	432,721	1,180
Past due from 61 to 180 days	168,019	23,954	109,582	23,954
Past due more than 180 days	665,855	617,716	618,259	617,716
<b>TOTAL</b>	<b>35,304,337</b>	<b>661,843</b>	<b>28,099,038</b>	<b>661,843</b>

**Other current receivables**

In €

Receivables group	30/06/2024	31/12/2023
Receivables for VAT	1,684,668	2,210,850
Receivables from government institutions	5,065	77,506
Receivables for aid under ZPGOPEK*	1,521,872	1,521,872
Receivables from employees	5,860	6,771
Other receivables	2,000	290,815
<b>TOTAL</b>	<b>3,219,465</b>	<b>4,107,814</b>

\*The Company is a beneficiary of the ZPGOPEK Act in 2023. On the basis of the application submitted, the Company has a claim on the State as it has not yet received a final decision and payment of the balance up to the full eligible amount by 30 June 2024.

The Company has no claims on members of the Management Board and the Supervisory Board.

**18 Cash and cash equivalents**

In €

Assets group	30/06/2024	31/12/2023
Cash in hand	30	30
Cash in accounts	2,264,534	5,687,775
Short-term deposits at call	6,000,000	10,000,000
Foreign currency balances on accounts	5,451	0
<b>TOTAL</b>	<b>8,270,015</b>	<b>15,687,805</b>

Cash is invested with domestic banks and bears interest at a fixed annual rate.

**19 Other current assets**

Under other current assets, the Company recognises current deferred costs or expenses and VAT on advances received.

In €

Description	30/06/2024	31/12/2023
Prepaid expenses	101,859	142,307
VAT on advances received	0	1,681
Other	0	65,040
<b>TOTAL</b>	<b>101,859</b>	<b>209,028</b>

## 20 Owners' equity

Equity items	30/06/2024	31/12/2023
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Statutory reserves	16,931,435	16,931,435
Reserves for own shares	4,814,764	4,814,764
Own shares	-4,814,764	-4,814,764
Other profit reserves	108,978,765	102,652,061
Fair value reserve	-1,242,486	-1,242,486
Retained earnings	7,408,536	38,374,703
<b>TOTAL EQUITY</b>	<b>196,590,995</b>	<b>221,230,458</b>

The Company's share capital consists of 8,079,770 freely transferable bulk shares of the same class. All of the ordinary shares have the same nominal value and are fully paid up. As at the balance sheet date of 30 June 2024, the value of the share capital amounts to €20,229,770. The Company holds 264,650 treasury shares as at 30 June 2024. The Company did not acquire any treasury shares in the first half of 2024.

On the basis of the resolution of the Extraordinary General Meeting of Cinkarna Celje d.d. of 13 February 2024, the Company paid dividends of €3.2 per share or €25 million from retained earnings generated before 2023 in February, on 23 April 2024. On the basis of the resolution of the 28th Ordinary General Meeting of 19 June 2024, the Company paid dividends of €3.2 per share, or €25 million from retained earnings generated before 2023, on 23 April 2024. At the same time, on the basis of the aforementioned resolution of the Annual General Meeting of 19 June 2024, the Company transferred €6.3 million of retained earnings to other profit reserves, which remain permanently in other profit reserves.

## 21 Non-current liabilities

Non-current liabilities group	30/06/2024	31/12/2023
Provisions for employee benefits	3,585,164	3,843,523
Provisions for the environment	14,175,498	14,233,199
Government grants received - emission allowances	876,669	65,120
Deferred income	105,470	702,294
<b>TOTAL</b>	<b>18,742,801</b>	<b>18,844,136</b>

### Post-employment benefits of employees

Post-employment benefits of employees	30/06/2024	31/12/2023
Provisions for severance payments	2,889,797	3,101,653
Provisions for jubilee awards	695,367	741,870
<b>TOTAL</b>	<b>3,585,164</b>	<b>3,843,523</b>

Post-employment benefits of employees 2024	31/12/2023	Formation	Dedicated spending	30/06/2024
Provisions for severance payments	3,101,653	0	211,856	2,889,797
Provisions for jubilee awards	741,870	0	46,503	695,367
<b>TOTAL</b>	<b>3,843,523</b>	<b>0</b>	<b>258,359</b>	<b>3,585,164</b>

## Provisions

Environmental provisions	Situation as at 31/12/2023	Annual plan of intended use 2024	Consumption 2024	Situation as at 30/06/2024
Provisions for the Za Travnikom landfill site	1,637,234	1,400,000	49,217	1,588,016
Provisions for the Bukovžlak landfill (ONOB)	8,537,531	2,000,000	6,132	8,531,399
Provisions for the Bukovžlak high embankment barrier	1,814,771	75,000	2,352	1,812,419
Environmental provisions - Environmental investment in TiO <sub>2</sub> production	2,243,663	430,000	0	2,243,663
<b>TOTAL</b>	<b>14,233,199</b>	<b>3,905,000</b>	<b>57,701</b>	<b>14,175,498</b>

The use of environmental provisions in 2024 is represented by the cost of work carried out by contractors, amounting to €57,701.

Deferred income

	In €	
Deferred income	30/06/2024	31/12/2023
Deferred contributions for employment of disabled people	10,262	780
Non-current deferred income for equipment	1,345	1,345
Funds received from the EU Fund	105,499	105,499
Emission allowances	105,470	65,120
Photovoltaic subsidies	759,563	594,670
<b>TOTAL</b>	<b>982,139</b>	<b>767,414</b>

22 Current financial liabilities

	In €	
Liabilities group	30/06/2024	31/12/2023
Current financial liabilities - assignments, cessions	136,844	100,651
Current derivative liabilities – futures	0	3,041
<b>TOTAL</b>	<b>136,844</b>	<b>103,692</b>

23 Current payables

	In €	
Liabilities group	30/06/2024	31/12/2023
Current payables to in-country suppliers	11,254,327	12,215,153
Current payables to suppliers abroad	15,624,254	2,435,198
Current payables for unbilled goods and services	204,083	6,203
Current payables against advances	236,816	407,334
Current payables to employees	1,461,415	2,059,725
Current payables for payer's contributions	802,358	1,005,215
Current payables to government and other institutions	242,810	389,631
Other current liabilities	5,313	11,891
<b>TOTAL</b>	<b>29,831,375</b>	<b>18,530,350</b>

24 Income tax liabilities

As at 30 June 2024, the Company has an income tax liability of €1.5 million.

25 Commitments under contracts with customers

	In €	
Commitments under contracts with customers	30/06/2024	31/12/2023
Commitments under contracts with customers	394,782	11,351
<b>TOTAL</b>	<b>394,782</b>	<b>11,351</b>

The obligations under contracts with customers arose from contractual commitments to customers for agreed bulk payments.

26 Other current liabilities

Other current liabilities comprise accrued costs or expenses.

	In €	
Description	30/06/2024	31/12/2023
Accrued unused annual leave entitlement	914,887	914,887
Accrued costs	1,630,712	260,042
VAT on advances made	10,078	16,627
Other	0	4,118
<b>TOTAL</b>	<b>2,555,677</b>	<b>1,195,674</b>

27 Contingent assets and liabilities

	In €	
Description	30/06/2024	31/12/2023
Guarantees given	2,202,183	2,202,183
Futures	13,297,443	1,867,592
VISA and Mastercard payment cards	60,000	40,000
Material in finishing and processing	59,726	59,726
<b>TOTAL</b>	<b>15,619,352</b>	<b>4,169,501</b>

## 28 Fair value

In €

	30/06/2024		31/12/2023	
	Book value	Fair value	Book value	Fair value
Financial assets at fair value through other comprehensive income	1,558,531	1,558,531	1,558,531	1,558,531
Current financial receivables	46,399,709	46,399,709	38,616,117	38,616,117
Trade receivables	34,642,493	34,642,493	27,437,194	27,437,194
Cash and cash equivalents	8,270,015	8,270,015	15,687,805	15,687,805
Financial liabilities	-136,844	-136,844	-103,692	-103,692
Payables to suppliers	-27,082,664	-27,082,664	-14,656,554	-14,656,554
Obligations under contracts with customers	-394,782	-394,782	-11,351	-11,351
<b>Total</b>	<b>63,256,460</b>	<b>63,256,460</b>	<b>68,528,050</b>	<b>68,528,050</b>

Financial investments are classified into three groups based on the fair value calculation:

- Group 1 – assets at market price;
- Group 2 – assets not classified in Group I, whose value is determined directly or on the basis of comparable market data;
- Group 3 – assets for which market data cannot be obtained.

Fair value of assets	30/06/2024				31/12/2023			
	Group 1	Group 2	Group 3	Total	Group 1	Group 2	Group 3	Total
Financial assets at fair value through other comprehensive income	0	1,558,531	0	1,558,531	0	1,558,531	0	1,558,531
<b>Total assets measured at fair value</b>	<b>0</b>	<b>1,558,531</b>	<b>0</b>	<b>1,558,531</b>	<b>0</b>	<b>1,558,531</b>	<b>0</b>	<b>1,558,531</b>
<b>Assets for which fair value is disclosed</b>								
Current financial receivables	0	0	46,399,709	46,399,709	0	0	38,616,117	38,616,117
Trade receivables	0	0	34,642,493	34,642,493	0	0	27,437,194	27,437,194
Cash and cash equivalents	0	0	8,270,015	8,270,015	0	0	15,687,805	15,687,805
<b>Total assets for which fair value is disclosed</b>	<b>0</b>	<b>0</b>	<b>89,312,218</b>	<b>89,312,218</b>	<b>0</b>	<b>0</b>	<b>81,741,116</b>	<b>81,741,116</b>
<b>Total</b>	<b>0</b>	<b>1,558,531</b>	<b>89,312,218</b>	<b>90,870,749</b>	<b>0</b>	<b>1,558,531</b>	<b>81,741,116</b>	<b>83,299,647</b>

In €

Fair value of liabilities	30/06/2024				31/12/2023			
	Group 1	Group 2	Group 3	Total	Group 1	Group 2	Group 3	Total
Financial liabilities	0	0	136,844	136,844	0	0	103,692	103,692
Payables to suppliers	0	0	27,082,664	27,082,664	0	0	14,656,554	14,656,554
Obligations under contracts with customers	0	0	394,782	394,782	0	0	11,351	11,351
<b>Total liabilities for which fair value is disclosed</b>	<b>0</b>	<b>0</b>	<b>27,614,290</b>	<b>27,614,290</b>	<b>0</b>	<b>0</b>	<b>14,771,597</b>	<b>14,771,597</b>

### III CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash equivalents for the financial year as the difference between the balance as at 30 June 2024 and 31 December 2023. It is drawn up using the indirect method from the statement of financial position as at 30 June 2024 and as at 31 December 2023, together with the supplementary information necessary to adjust the income and expenditure and to break down the significant items accordingly. Theoretically possible items are not shown, but values are shown for the current and the prior period.

### IV STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity takes the form of a composite table of changes in all components of equity. Theoretically possible items are not shown. Changes in equity relate to the decision of the General Meeting to allocate the previous year's balance sheet profit to the payment of dividends to owners which have been or will be paid and to the purchase of own shares. Pursuant to Article 64(14) of the Companies Act, a statement of the balance sheet profit was added to the statement of changes in equity.

### V FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

#### Financial risks

##### Liquidity risk

Cinkarna Celje d.d. is a business partner known for its payment discipline both on the domestic and foreign markets, a company with no bank debts and stable cash flows. The Company's business is traditionally conservative with high cash flow. Liquidity management includes, inter alia, planning and covering expected cash commitments, ongoing monitoring of customer solvency and regular collection of overdue receivables. The Company has an AAA credit rating and is rated platinum.

##### Interest rate risk

Interest rate risk is the potential for losses due to adverse movements in market interest rates. The Company does not have any long-term financial commitments and has no measures in place to address this. If this were to change, appropriate measures would be put in place to manage this type of risk.

Due to its favourable financial situation, the Company enters into deposit agreements with banks at positive interest rates in order to increase its financial income. As at 30 June 2024, deposits with a maturity of up to one year amount to €6 million. In order to use cash efficiently, the Company also invests its cash surpluses in treasury bills with a short-term maturity, which amount to €46.3 million at the end of June 2024.

##### Credit risk

The key credit risk of Cinkarna Celje d.d. is the risk that customers will not settle their obligations when they fall due. The risk is limited as we operate mainly with long-standing partners, which are often well-known traditional European industrial companies with a high credit rating. In recent years, we have perceived that payment discipline in Slovenia, the Balkans and Eastern Europe has been relatively poor, but we do not expect any further problems in this geographic area in the coming period or a significant reduction in risk potential. With the realignment/reorganisation of the portfolio of the Company's strategic business areas, specifically the discontinuation of the Graphic Repro Materials programme, the Rolled Titanium Sheet programme, the Anti-Corrosion Coatings programme and the Building Materials programme, the exposure to credit risk has been significantly reduced, as evidenced by the maturity of receivables and the fact that we have virtually no further allowance for doubtful or defaulted receivables from reported customers.

For many years, Cinkarna Celje has been carrying out internal credit control for individual customers, who have been assigned an individual credit limit based on their payment discipline, credit rating and good performance with the Company. The credit risk monitoring and management process was further enhanced in mid-2021 with the introduction of receivables insurance with an external institution, where credit limits are set, monitored and changed on a daily basis.

In addition to the regular monitoring of the credit limit for each customer, the customer's payment discipline and the publications on AJPES regarding the publication of proceedings under the Act on Financial Management, Insolvency and Compulsory Winding-up Proceedings (ZFPPIPP) are monitored on a daily basis. The customer is also reminded of the due date of the receivable by a reminder, first by telephone and then by letter, and interest is

charged from the due date until the date of repayment, which is subject to late payment. The process of regular monitoring and control of the portfolio of trade receivables is a permanent feature of the Company, resulting in a small proportion of write-offs or impairments of receivables in relation to the proportion of sales.

The carrying amount of financial assets most exposed to credit risk at the reporting date was as follows:

In €			
	Explanatory notes	30/06/2024	31/12/2023
Financial assets at fair value through other comprehensive income	12	1,558,531	1,558,531
Financial receivables	15	46,399,709	38,616,117
Trade receivables	17	34,642,493	27,437,194
Cash and cash equivalents	18	8,270,015	15,687,805
<b>TOTAL</b>		<b>90,870,749</b>	<b>83,299,647</b>

The Company has a healthy trade receivables structure, as can be seen in Note 17 Trade receivables in the table of trade receivables by maturity and in the table of movements in the valuation allowance for current trade receivables.

### Currency risk

Cinkarna Celje d.d. purchases and sells on the world market and is therefore exposed to the risk of unfavourable cross-currency exchange rates. In particular, the €/ \$ exchange rate. As most sales are made in euro, the exposure is particularly acute for dollar purchases of titanium-bearing raw materials and, exceptionally, sulphur and copper compounds. The exposure is significantly lower in dollar-denominated sales.

We continuously monitor movements and forecasts regarding the dynamics of the €/ \$ currency pair. In essence, we limit the short-term risk of adverse changes in the €/ \$ exchange rate through the standardised and consistent use of financial instruments (dollar futures). We achieve virtually complete coverage of relevant business events involving the €/ \$ currency pair.

### Exposure to foreign exchange rate risk

In €				
	30 June 2024		31 December 2023	
	EUR*	USD	EUR*	USD
Financial assets at fair value through other comprehensive income	1,558,531	0	1,558,531	0
Current financial receivables	46,399,709	0	38,616,117	0
Trade receivables	33,642,424	1,076,600	26,386,651	1,160,850
Advances made	972,090	0	301,333	0
Cash and cash equivalents	8,270,015	0	15,687,805	0
Current financial liabilities	-136,844	0	-103,692	0
Current trade payables	-17,352,403	-13,553,318	-14,647,822	-9,649
<b>Statement of financial position exposure (net)</b>	<b>73,353,522</b>	<b>-12,476,718</b>	<b>67,798,922</b>	<b>1,151,201</b>

\*EUR is a functional currency and does not represent an exposure to exchange rate risk. In addition to the functional currency EUR, the Company uses the USD (US Dollar), which was used in the translation of the balance sheet items at 31 December 2024 and is equal to the European Central Bank's reference rate of 1 national currency for EUR 1 at 30 June 2024 of 1.0705 and at 31 December 2023 of 1.1050.

### Sensitivity analysis

A 1% change in the value of the USD against the EUR at 30 June 2024 and 31 December 2023 would change profit before tax by the amounts shown in the table below. The analysis, which is carried out in the same way for both years, assumes that all variables, in particular interest rates, remain constant. In calculating the impact of the change in the US dollar exchange rate, account is taken of the stock of receivables and payables denominated in dollars.

In €				
	30 June 2024		31 December 2023	
	1%	-1%	1%	-1%
USD currency change				
<b>Impact on operating result before tax</b>	<b>115,396</b>	<b>-115,396</b>	<b>12,721</b>	<b>-12,721</b>

Any further change of 1% in the USD against the EUR would result in a further change in profit before tax of the above amounts.

**Capital management**

The primary objective of Cinkarna Celje's capital management is to ensure a high credit rating and adequate funding ratios to ensure the proper development of its business and to maximise value for its shareholders.

Cinkarna Celje aims to keep pace with changes in the economic environment by managing and adjusting its capital structure. Dividends are paid once a year in accordance with the adopted dividend policy and the resolutions of the General Meeting. Cinkarna Celje has no specific employee ownership targets and no share option programme. There were no changes in the way capital is managed in 2024. Cinkarna Celje uses a leverage ratio to control capital, which shows the ratio of net debt to capital and total net debt. Net indebtedness includes financial and operational liabilities less cash and cash equivalents.

	In €	
	30 Jun 2024	31 Dec 2023
Financial liabilities	136,844	103,692
Trade and other current liabilities	34,236,163	19,737,375
Cash and cash equivalents	-8,270,015	-15,687,805
<b>Net indebtedness</b>	<b>26,102,992</b>	<b>4,153,262</b>
Capital	196,590,996	221,230,458
<b>Capital and net indebtedness</b>	<b>222,693,988</b>	<b>225,383,721</b>
<b>Leverage ratio</b>	<b>12%</b>	<b>2%</b>



## 9 MAJOR BUSINESS EVENTS AFTER THE END OF THE PERIOD

On 23 July 2024, a meeting of the Supervisory Board was held at the Company's registered office to form the new composition of the Supervisory Board and the Audit Committee as of 23 July 2024 as follows:

- the composition and functions of the Supervisory Board:
  - President: Tomaž Berločnik,
  - Vice-president: Melita Malgaj,
  - Members: Boštjan Furlan, Mario Gobbo, Jože Koštomaj (staff representative), Aleš Stevanović (staff representative).
  
- the composition and functions of the Audit Committee:
  - Chair of the Audit Committee: Melita Malgaj,
  - Members: Boštjan Furlan, Aleš Stevanović,
  - External independent member: Gregor Korošec.

As of 23.7.2024 Supervisory board is in charge of HR Committee duties.

There are no other significant events that would have an impact on the financial statements as at 30 June 2024.