

Press release

PERFORMANCE OF THE SIJ GROUP IN THE FIRST HALF OF 2021 EXCEEDED EXPECTATIONS

Ljubljana, Tuesday, 14 September 2021 – **During the economic recovery period after an unpredictable year, the SIJ Group used all trends in the steel market to its benefit; thus, its performance in the first half of the year exceeded all expectations.**

The SIJ Group was well prepared for the period of economic recovery and increased demand, thus achieved better business results than in the same period last year. The company's unaudited financial data shows that the SIJ Group generated EUR 451.6 million in sales revenues in the first half of 2021 (a 24.4 percent increase compared to the first half of 2020), with 85.2 percent of that amount generated in foreign markets. The achieved EBITDA stands at EUR 43.6 million, up 91 percent compared to the first half of 2020. The EBITDA margin of 9.7 percent is 3.4 percentage points higher than in the same period last year. We worked on successfully managing the impact of the epidemic on our operations in 2020, when our liquidity and financial strength were never questionable, despite the crisis. Based on proper strategic guidelines, by focusing on good sales trends and increasing profitability, at the end of the first half of 2021, the SIJ Group reached EUR 10.0 million net profit. The NFD/EBITDA ratio also improved by 1.4 and reached 3.6.

The SIJ Group is present in more than 70 countries and continues to be one of the largest Slovenian exporters. The largest share of sales revenues was, as usual, created in the German market, where we managed to uphold a high 22.7 percent share. Exports to Italy, one of our key markets, also increased by 4.8 percent. We increased the quantity of sales of high-quality steel, steel products and iron waste in our key export markets. We also achieved good operational results in the domestic market. During the period of renewed economic growth and increased demand in the steel market, our capacities have been fully occupied and we have also expanded our pool of employees. In the first half of 2021, the total production of cast steel in the SIJ Group was 16.2 percent higher than production in the same period last year. The production of finished steel products was 14.1 percent higher as well. We continued to increase our sales activities in existing and new markets, improved our supply chains to end customers and optimised our order structure to achieve high added value.

In the first half of 2021, we recorded an increase in demand for steel and steel products in key consumer industries. The demand in individual industrial segments, such as the automobile industry, construction, mechanical engineering, home and kitchen appliances and the chemical industry etc., started to exceed our production capacities. We recorded the greatest increase compared to last year in electric steels, tool and stainless steels, construction steels and special steels as well as iron waste orders. The SIJ Group still ranks among the top three producers of stainless steel sheet metal in the European Union, where it has preserved a 29.4 percent share, among the top three producers of tool steels in the European Union and the top ten producers of industrial knives in the world. We are a reliable and flexible business partner,

and we fulfil the highest quality demands and supply standards, including for the aircraft and nuclear industry.

However, the high price of material still puts quite a lot of pressure on our operations. Besides the risks to a permanent and reliable supply, which is successfully managed at SIJ Group, we faced increased prices of all raw materials in the first half of 2021, but we successfully harmonised the increases with our sales prices. We are monitoring the development of market activities and are searching for new business opportunities in the area of environmentally sustainable steel production. In the first half of 2021, specific energy consumption was down compared to the same period last year. In the first half of 2021, according to the report of the World Steel Association for 2019, the SIJ Group and its carbon footprint were in the top quarter of the most efficient steel producers who took part in the measurements.

We continue to carry out investments following our 2025 strategy. In the first half of 2021, our outflows for investments amounted to EUR 29.1 million or ten million euro more than in the same period last year, when we postponed a part of our investments to subsequent periods due to the coronavirus epidemic and consequently worse operations. With its high share of capital and ensuring long-term sources of financing, the SIJ Group will continue to maintain a stable structure of assets and liabilities in the future to pursue or focus on the production of high quality and technologically advanced steel products with the highest added value in accordance with circular economy principles.

The SIJ Group is Slovenia's largest vertically integrated metallurgy group which incorporates circular economy principles in its operations, allowing its products to maintain leading market positions in European and global niche steel markets. The SIJ Group is among Slovenia's top exporters and is considered a key employer in the Gorenjska and Koroška regions.

Additional information:

SIJ – Slovenska industrija jekla, d.d.

Katja Krumpak, Head of Corporate Communications

Corporate Communications

Telephone: +386 1 242 98 59

Mobile phone: +386 41 814 041

E-mail: katja.krumpak@sij.si