

sij

# Business Report

of SIJ Group and SIJ d.d. for the First Half of

20  
23



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# Introduction



# Operational Highlights

## THE FIRST HALF OF 2023 IN FIGURES



## STRATEGIC GOALS

### Niche Market Orientation

By 2025, the SIJ Group will maintain leading market shares in steel market niches.

**Top 3**

We are **among the top three manufacturers of tool steels in the EU**. We sustain our market position with nine proprietary product brands.

We remain **among the top three producers of stainless-steel heavy plates in the EU**.

### Efficiency

By 2025, the SIJ Group will be financially robust, with above-industry-average profitability.

### Employees

By 2025, the SIJ Group will be a desirable employer with engaged employees.

### Sustainability

SIJ Group will reduce CO2 intensity by 51% by 2030.  
SIJ Group will achieve carbon neutrality by 2050.

With customer orientation, higher value-added products and engaged employees we will achieve sustainable growth and efficiency. This is our **vision**.

Our **mission** is to produce a wide range of steel and steel products by meeting the needs of all involved stakeholders.

# SIJ Group at a Glance

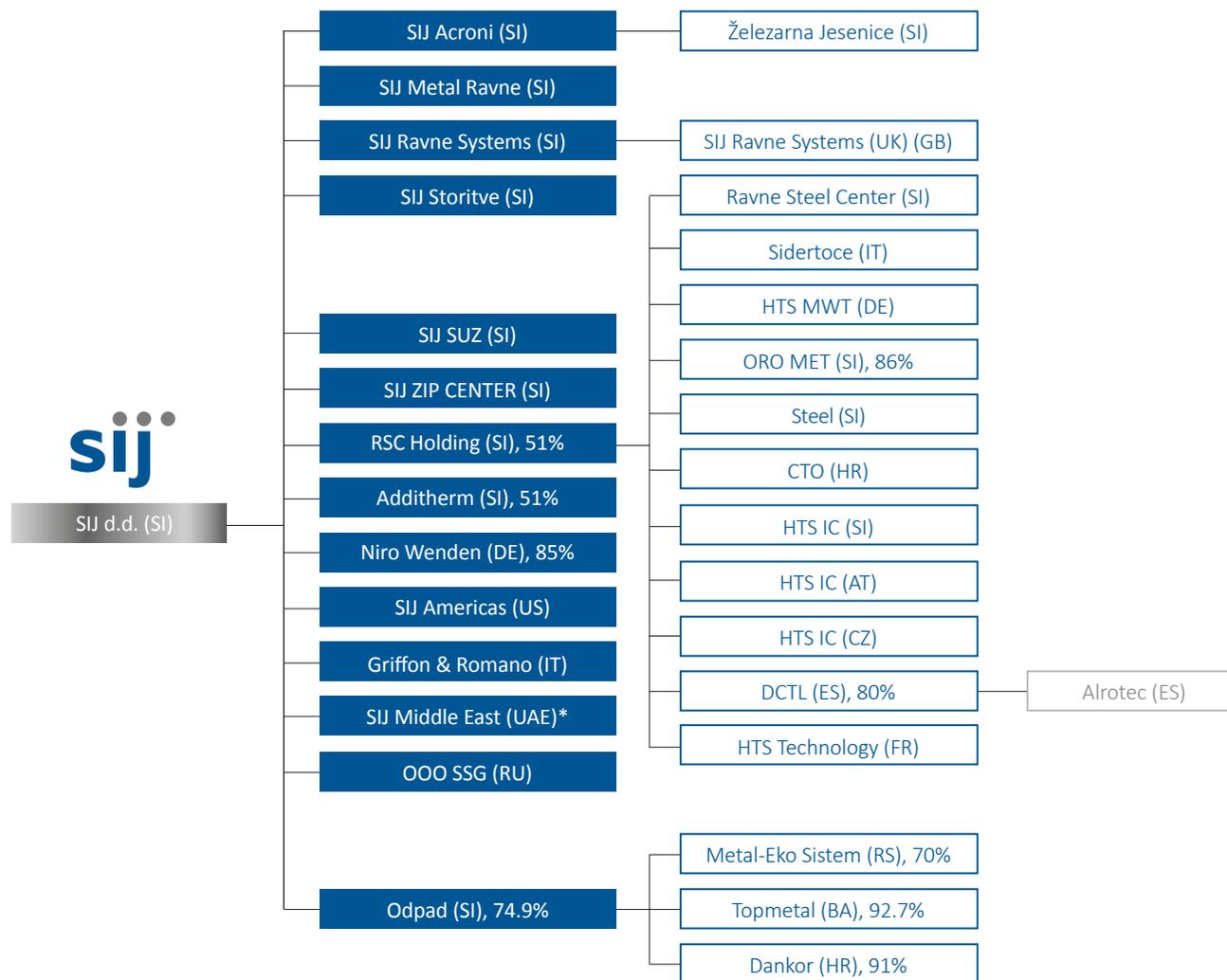
SIJ Group is comprised of 32 companies. SIJ d.d. is the parent company, founder and either the direct or indirect owner of the subsidiaries of SIJ Group, with no registered subsidiaries.

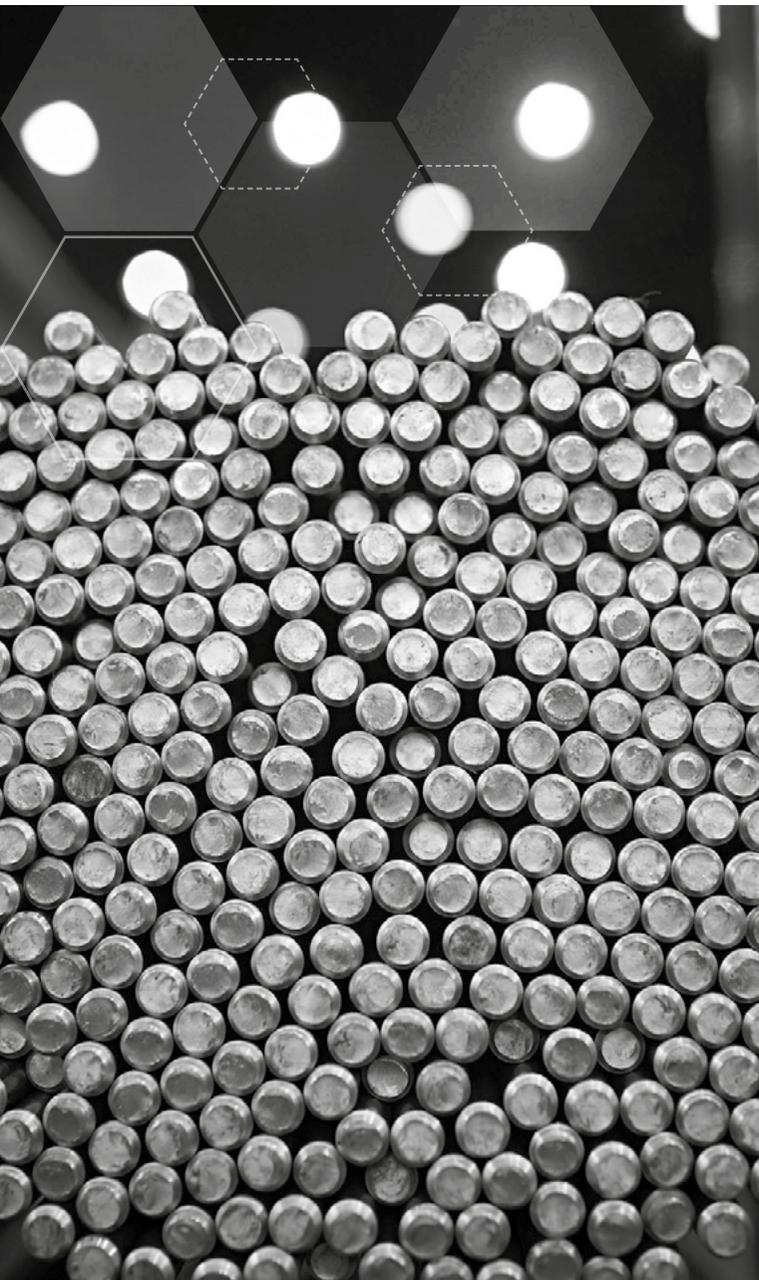
In accordance with the controlling agreement concluded between SIJ d.d. as the parent company and its directly controlled companies in Slovenia have been under the control of the parent company. The Contract on the Governance and Organisation of the Contractual Group brings under the wing of the parent company SIJ d.d. the controlled companies SIJ Acroni, SIJ Metal Ravne, SIJ Storitve, SIJ SUZ, SIJ ZIP CENTER and SIJ Ravne Systems. As a rule, other controlled companies are either 100-percent owned or under the prevalent influence of the parent company.

*Companies where no percentage of ownership is indicated are under 100-percent ownership of either SIJ d.d. or its subsidiaries.*

*\* The new company SIJ Middle East was established in May 2023 in order to expand sales activities in the Middle East.*

## ORGANISATIONAL STRUCTURE



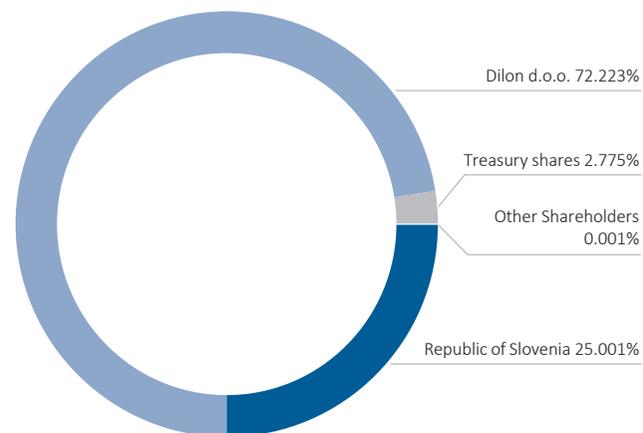


## Overview of the Parent Company SIJ d.d.

### Key Information

Company name:	SIJ – Slovenska industrija jekla, d.d.
Short Company Name:	SIJ d.d.
Registered address:	Gerbičeva ulica 98, 1000 Ljubljana, Slovenia
Core business:	70.100 Activities of head offices
Registered called-up capital:	145,266,065.76 euros
Number of shares:	994,616 ordinary no-par-value shares

### Ownership structure as of 30 June 2023



## MANAGEMENT AND SUPERVISORY BODIES

The Management Board of SIJ d.d. and its executive management team thus represents the management of the entire SIJ Group, which strategically manages, guides and supervises the operations of all SIJ Group companies, both in Slovenia and abroad.

### Management Board



**Andrey Zubitskiy**  
President of the  
Management Board

### Extended Executive Management



**Tibor Šimonka**  
Vice-President



**Viacheslav Korchagin**  
Vice-President and CEO



**Igor Malevanov**  
Vice-President and CFO



**Evgeny Zverev**  
Vice-President  
and Chief Legal and  
Corporate Officer

### Supervisory Board

President of the Supervisory Board:  
**Evgeny Zverev**

Vice-President of the Supervisory Board:  
**mag. Štefan Belingar** until 11 April 2023,  
**Miha Resman** was appointed to the position  
on 18 July 2023

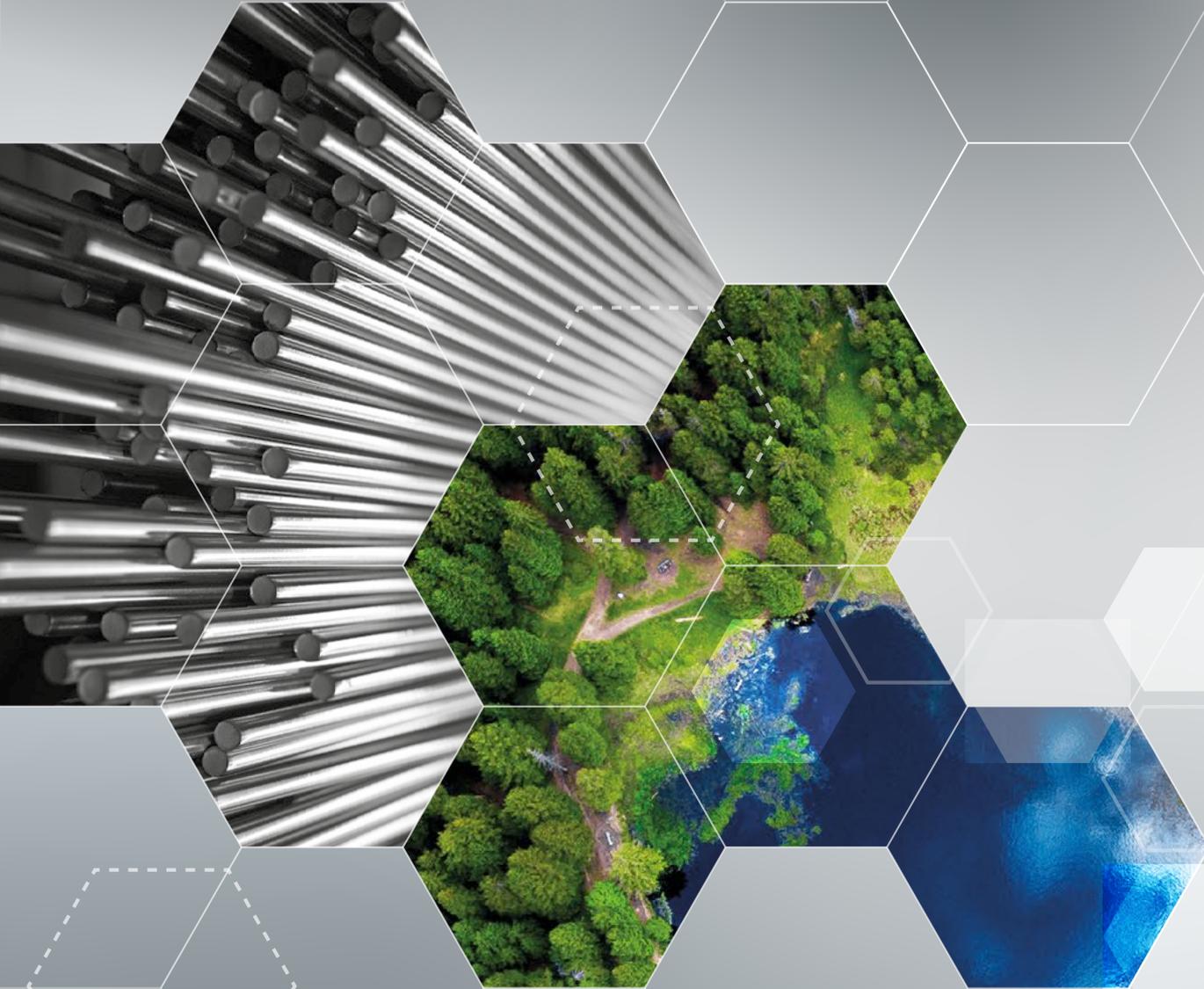
Members of the Supervisory Board:  
**Maria Joye, Matej Bastič, Dmitry Davydov,**  
**Helena Ploj Lajovic, Richard Pochon**

### Audit Committee

President of the Audit Committee:  
**mag. Štefan Belingar** until 11 April 2023,  
**Miha Resman** appointed to the position on  
18 July 2023

Members of the Audit Committee:  
**Richard Pochon, mag. Alan Maher**

# Business Report



# Notable Events and Achievements of the First Half of 2023



MARCH

## **IT and Accounting Functions Incorporated Under the Subsidiary SIJ Storitve**

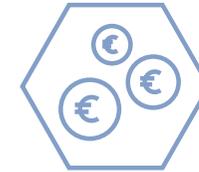
On 1 March, SIJ Group welcomed into its fold a newly-established subsidiary, SIJ Storitve. It will provide centralised accounting services for SIJ's production companies (Steel, Manufacturing) and IT services for all Group companies, except those operating under RSC Holding. Transferring these two functions under one umbrella company will gradually streamline our processes and ensure their standardisation and continuity.



APRIL

## **Annual and Sustainability Report of SIJ Group, Prepared in Accordance with the GRI Standard**

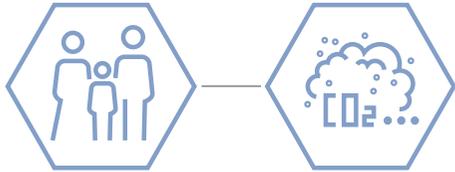
On 21 April 2023, SIJ d.d. released the audited Annual and Sustainability Report of SIJ Group and SIJ d.d. for the year 2022. As part of SIJ Group's sustainability efforts, the Annual and Sustainability Report of SIJ Group and SIJ d.d. for 2022 was prepared for the first time in accordance with the internationally-recognised Global Reporting Initiative (GRI) standard. From now on, SIJ Group will also be including sustainable development indicators in its reports, and by improving said indicators, they will be implementing their strategic objectives. With sales revenues of EUR 1,302.9 million and net profit of EUR 95.4 million in 2022, SIJ Group achieved its best financial result to date.



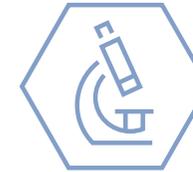
MAY

## **Higher Base Salary Payouts in SIJ Group Production Companies**

As part of the ongoing social dialogue, SIJ Group management, the directors of the production companies and the representative trade unions of SIJ Group reached an important agreement to increase of gross base employee salaries in the collective agreements at the production companies SIJ Metal Ravne, SIJ Acroni, SIJ Ravne Systems and SIJ SUZ. The increase ranges from 8.5% to 12.1%, depending on the different average gross employee base salaries across the companies involved.



MAY



JUNE

### **Introducing Activities to Facilitate Work-life Balance**

At SIJ Group, we are committed to continuously improving the work environment and the well-being of our employees at work. The Family-Friendly Enterprise Certificate, awarded on 15 May, is a major step forward, taking the form of 14 planned activities, which will make it easier for SIJ Group employees to reconcile their work-life balance. These activities will be phased in over the next three years.

### **Senior Vice-President Tibor Šimonka re-elected as President of the Slovenian Chamber of Commerce and Industry**

On 17 May, the Members of the General of the Assembly of the Slovenian Chamber of Commerce and Industry (GZS) re-elected Tibor Šimonka as President of the Chamber of Commerce and Industry for a new four-year term. Šimonka will continue performing his duties as Senior Vice-President of SIJ Group.

### **A Complaints Procedure Introduced at SIJ Group**

SIJ Group has introduced a complaints procedure, which allows community members, organisations, employees and other interested parties to report real or suspected concerns, violations and irregularities in accordance with SIJ Group's Complaints Procedure Policy. Prevention of misconduct is in our interest, as much as it is in the interest of our colleagues, business partners, local communities and all other organisations, groups and individuals who may affect our business operations or the Group's business operations affect them and our relationships with each other, our neighbours and others.

### **44<sup>th</sup> General Assembly of Shareholders**

On 30 May, the General Assembly of Shareholders took note of the Annual and Sustainability Report of SIJ Group and SIJ d.d. for the year 2022 and granted a discharge to the Management Board and the Supervisory Board for the financial year 2022. It decided that EUR 5.8 million of the balance

sheet profit, which totals EUR 102.7 million, would be used to pay dividends, leaving the remainder unallocated.

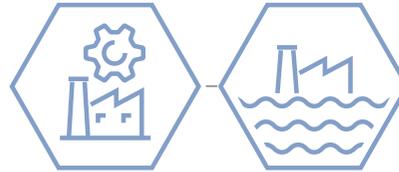
### **SIJ Group Announces Decarbonisation Plan**

With SIJ Group Decarbonisation Plan 2020-2030-2050, which is supported by an investment plan estimated at EUR 70 million, we have set an ambitious new target for ourselves: by 2030, we will have achieved a 51% reduction of steel production-specific emissions, compared to 2020. We aim to achieve carbon neutrality by 2050.

### **Innovation, the Foundation for the Transition to a Low-carbon Society**

SIJ Acroni, SIJ Metal Ravne and SIJ Ravne Systems received two gold and one silver regional innovation awards, awarded by the Slovenian Chamber of Commerce and Industry in recognition of the best and most sustainability-focused innovations. Gold innovation reward winner is the innovative steel SIMAXX 1100, which boasts improved durability. It enables construction of taller and thinner wind turbine towers, used in the generation of renewable energy, with a longer lifetime, which, in turn, reduces greenhouse gas emissions. With our Gold Award-winning innovation in the category of special steels and superalloys used at ITER, the world's largest fusion reactor, we are showing that we are creating solutions for applications that will make a key contribution in the transition to a low-carbon society.

# Significant Business Events Following the Reporting Period



JULY

## **Damage to a rolling mill stand engine at SIJ Acroni**

On 13 July, the main engine of the rolling mill stand suffered major damage at SIJ Acroni's blooming mill. No one was injured in the incident. The incident caused a temporary production outage which is estimated to last up to three months, as well as major commercial damage to the company and to SIJ Group. SIJ Group and SIJ Acroni have adequate insurance coverage to protect against risks of this nature. No lay-offs are foreseen.

## **SIJ Group companies in Carinthia prevent major flood damage**

SIJ Metal Ravne and SIJ Ravne Systems, the largest companies of the SIJ Group in Carinthia, one of the most affected regions in Slovenia, prevented major flood damage. Production was gradually restarted in the first days after the floods, and from 16 August production started in all production facilities of both companies. Other companies in the SIJ Group were not affected by the floods. The SIJ Group also announced solidarity payments for employees ranging from EUR 2,500 (above the collective agreement values) to EUR 10,000 (the maximum tax-free value). Funds for employees are also collected in a humanitarian account at the Lions Club Slovenj Gradec. Employees also receive psychological support. The challenge for the entire Carinthian economy, and thus also for the SIJ Group, remains the establishment of normal transport connections, also suitable for freight traffic, as they cause congestion in deliveries.

Both extraordinary events will not affect the timely fulfilment of the obligations of either the of SIJ Group companies. Given SIJ Group's high liquidity and strong performance in 2022, which continued into the first half of 2023, we will continue to meet our obligations according to plan. The events will also not have a significant adverse impact on the business operations of the SIJ Group.

## Analysis of Operations

Due to unfavourable forecasts from the European Steel Association and other reliable sources, SIJ Group expected a drastic drop in demand in the first quarter of 2023, and therefore adjusted its production and procurement plans, and optimised inventories to offset the anticipated decrease in sales at the beginning of the year. However, market conditions soon shifted, and the negative forecasts did not materialise. Exceeding all expectations, there was a surprisingly high market demand that production has not been able to match within such a short amount of time. As a result, production and sales volumes in the first quarter were lower than the preceding year, impacting the Group's overall performance in the first half of 2023

### SIJ Group – Key Performance Figures

	Unit of Measure	1–6 2022	1–6 2023
Cast steel production	t	264,465	233,959
Net sales revenue	EUR thousand	730,440	601,530
EBIT	EUR thousand	70,462	24,472
EBIT margin	%	9.6	4.1
Amortisation and depreciation	EUR thousand	27,577	28,503
EBITDA	EUR thousand	99,436	53,690
EBITDA margin	%	13.6	8.9
EBITDA per employee	EUR	26,680	14,714
Profit before taxes	EUR thousand	64,839	17,510
Net profit	EUR thousand	52,438	12,717
CapEx	EUR thousand	24,613	28,440

	Unit of Measure	30 Jun. 2022	30 Jun. 2023
Total assets	EUR thousand	1,134,075	1,026,984
Equity	EUR thousand	430,411	457,644
Working Capital	EUR thousand	217,277	201,429
<i>Inventories</i>	<i>EUR thousand</i>	<i>340,504</i>	<i>315,959</i>
<i>Trade receivables</i>	<i>EUR thousand</i>	<i>195,957</i>	<i>142,137</i>
<i>Trade payables</i>	<i>EUR thousand</i>	<i>319,185</i>	<i>256,667</i>
Net financial debt	EUR thousand	256,552	213,541
<i>Non-current financial liabilities</i>	<i>EUR thousand</i>	<i>216,687</i>	<i>163,112</i>
<i>Current financial liabilities</i>	<i>EUR thousand</i>	<i>94,561</i>	<i>90,690</i>
<i>Cash and cash equivalents</i>	<i>EUR thousand</i>	<i>54,696</i>	<i>40,261</i>
NFD/EBITDA		1.6	1.6
Number of employees		3,727	3,649

## CAST STEEL AND FINISHED PRODUCTS MANUFACTURING

SIJ Group’s cast steel production was down 11.5 percent year-on-year during the first half of 2023. Finished products manufacturing was also down 17.8 percent. In line with projections, SIJ Group optimised its production, procurement and inventories to match the expected low sales. Although actual market conditions exceeded expectations, reverting to normal volumes took some time due to longer production lead times required for delivery of high-quality steel products. As a result, production volumes of cast steel, and as a result of the finished products, were lower compared to the same (record-breaking) period in 2022.

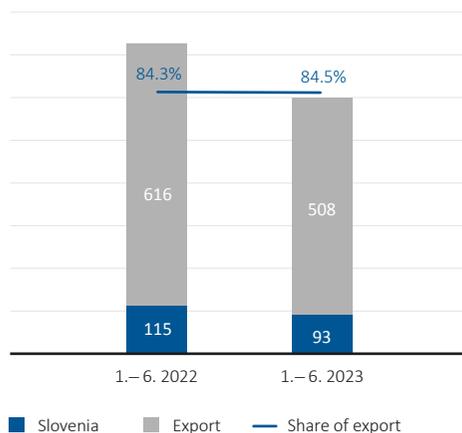
Cast Steel and Finished Products Manufacturing (in tonnes)



## LOWER NET SALES REVENUE, STABLE EXPORTS

In the first half of 2023, we generated net sales revenue of EUR 601.5 million, a decrease of 17.6% compared to the same period in 2022. The two key drivers of decreasing sales revenue are lower quantities of goods sold and lower sales prices. The decrease in raw materials, energy and transport prices also lowered our selling prices, based on our sales pricing adjustment model. The share of exports remains steadily above 84% of total sales.

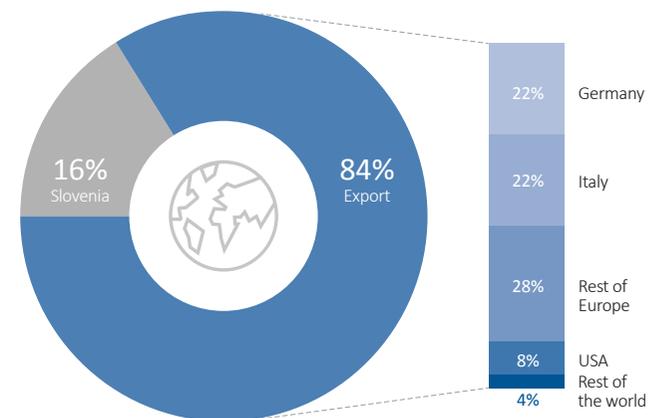
Net Sales Revenues (in EUR million) and Share of Exports (as a percentage)

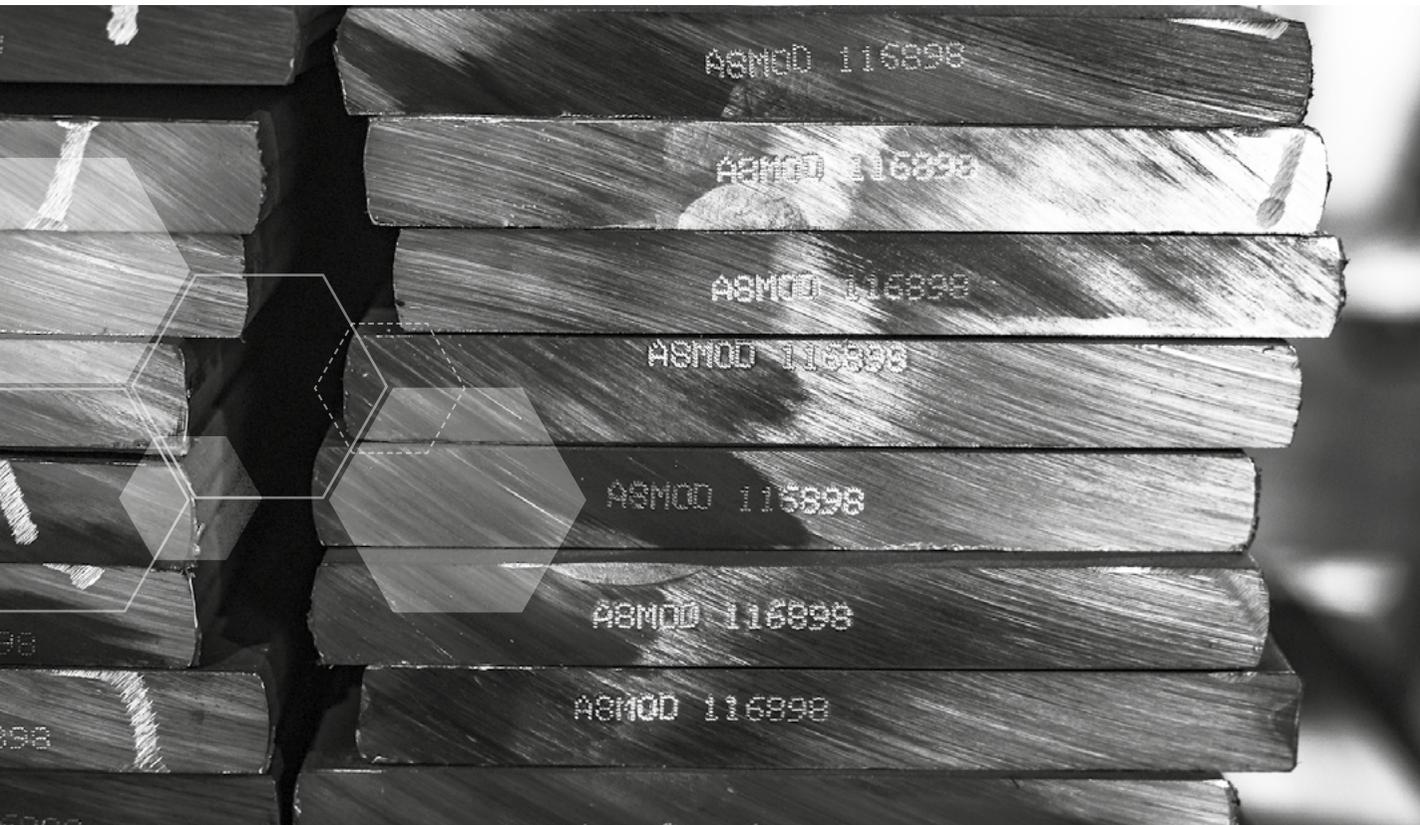


With a market presence in over 70 countries worldwide, SIJ Group remains ranked at the very top among Slovenia’s leading exporters. In the first half of 2023, we generated EUR 508.1 million on foreign markets and kept our share of exports high – at 84.5 percent. Over the entire past decade, we have kept our share of exports steady, well above 80 percent.

Germany, Italy, and other European countries remain our main export markets. Exports to Italy have increased by 2 percentage points, while exports to the USA increased by 1.6 percentage points. Exports to Germany have decreased by 1.0 percentage points year-on-year. Our exports to other European markets decreased by 3.2 percent.

Share of Revenues by Market (in percentages)





## LEADING MARKET SHARES IN NICHE STEEL MARKETS

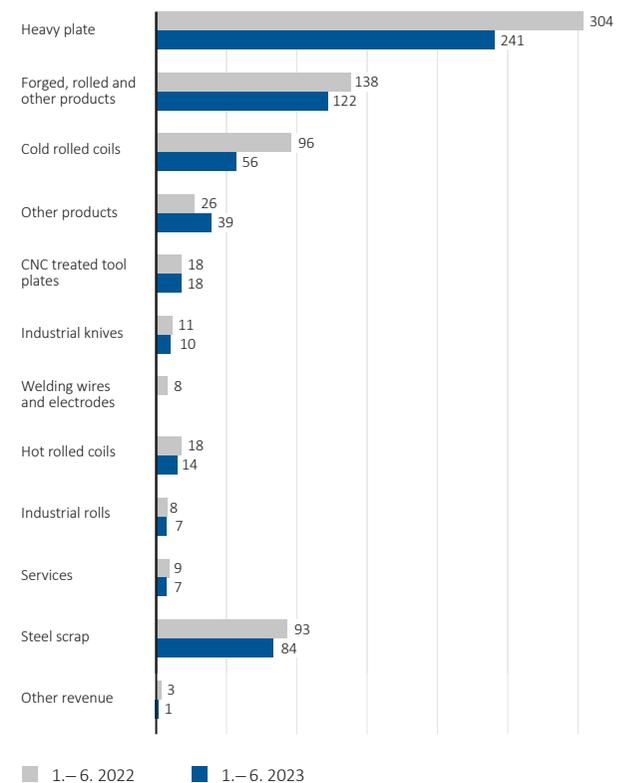
SIJ Group dedicates a sizeable portion of its resources to the development of new higher value-added steels. We are constantly working on improving our products, which comply with the highest of standards.

Holding an over 27% market share despite lower volumes, SIJ Group is ranked among the top 3 leading producers of stainless-steel quarto plates in the European Union. We are also the third-largest producer of tool steels in the EU.

Due to lower volumes and decreased demand compared to the previous year, sales in the first half of this year were lower compared to the record-breaking result achieved in the same period last year. The breakdown of sales by product groups remains on par with last year.

<sup>1</sup> European Steel Association – EUROFER. July 2023. Data sourced from the Association's member database, interim data.

Sales by Product Groups (in EUR million)



## COMMODITY PRICES COOL OFF

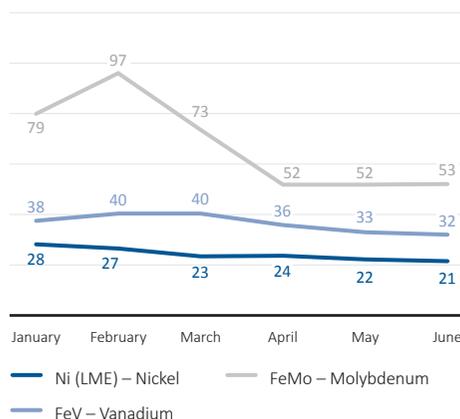
Key raw materials prices have shown a wide range of movements. Faced with high cost pressures, the small number of ferroalloy producers have either downsized or shut down their production operations in Europe. Thus, despite seeing a lower demand at the beginning of the year, we did not see a surplus of raw materials on the European market.

Compared to last year, which was marked by volatility, **steel scrap** was significantly more stable, with lower month-on-month changes. Decreased economic activity levels had an impact on the internal steel scrap. Thus, available levels did not exceed the decreased level of demand in the steel industry. Seasonal fluctuations are expected again this year; higher winter and lower summer price levels are expected.

**Nickel** is relatively stable compared to last year. Average monthly prices followed a negative trend in the second quarter. Despite a series of measures taken at the LME, liquidity remains tight, leading to increased short-term price volatility. The gap between the primary nickel and nickel not traded on the exchange widened in the first quarter.

Unlike the other alloys, **Molybdenum**, which was the most stable of all the alloys in 2022, peaked in the first quarter of this year. Supply-side shortages caused by a series of extraordinary events and speculative buys caused prices to double. The rapid surge was followed by a steep decrease, however, prices ultimately settled at a relative high level.

Changes in Prices of Key Raw Materials Used in the Production of Stainless and Tool Steels (in USD per kilogramme)



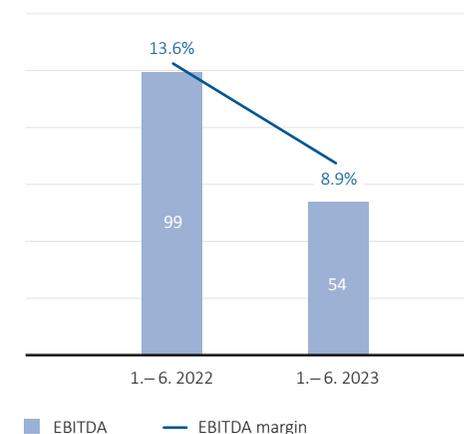
Changes in Prices of Steel Scrap (in EUR per tonne)



## EBITDA LOWER, BUT ABOVE THE HISTORICAL AVERAGE

SIJ Group had an EBITDA of EUR 53.7 million in the first half-year period of 2023. The intentional reduction in production volumes at the beginning of the year due to lower sales forecasts and the resulting lower volumes generated a lower EBITDA compared to the exceptional year 2022, where it stood at EUR 99.4 million. However, it was still higher compared to 2021, where it stood at EUR 43.6 million. Due to higher revenues driven by higher input prices of raw materials, the EBITDA margin stands at 8.9%, down from 9.7% in 2021.

EBITDA (in EUR million) and EBITDA Margin (in percentages)



The Steel Division has the greatest effect on SIJ Group's EBITDA. As previously mentioned, the EUR 47.3 million decrease in EBITDA is mainly caused by lower volumes of goods sold in the amount of EUR 24.3 million, and the effect of higher variable costs, where the cost of energy is the greatest contributor, is EUR 13.2 million.

EBITDA is also negatively impacted by lower volumes in the Steel Processing and Distribution Divisions, which constitute an extended arm of the Steel Division.

Despite higher volumes, the Scrap Division has had a negative impact on EBITDA due to slow demand in the first half of the year.

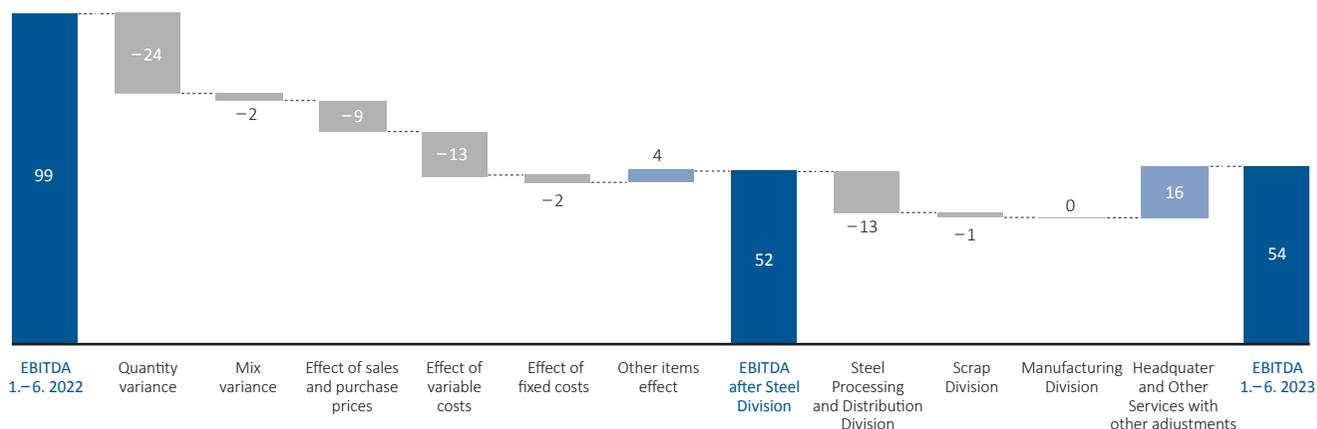
The Manufacturing Division has a neutral effect, although this is due to the discontinuation of the electrodes and welding wires production programme in 2022. Without the latter, the EBITDA in 2023 would have been lower by EUR 1.4 million, also due to lower volumes.

The effect of the Headquarters and Other Services Division involves profit in inventories within the Group, other consolidation adjustments and the cost of labour.

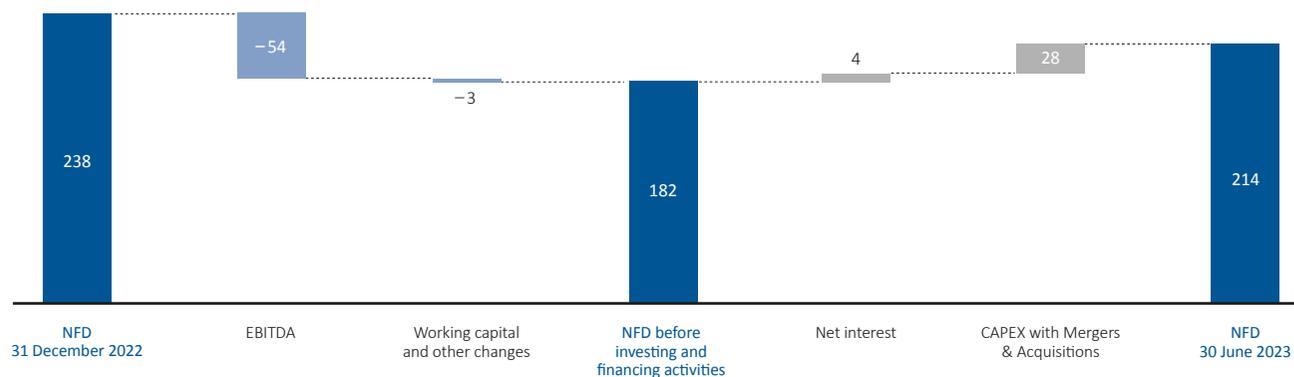
### NET FINANCIAL DEBT

SIJ Group's net financial debt decreased by EUR 24.2 million in the first half of 2023 and stands at EUR 213.6 million. All regular operations and investments amounting to EUR 28.6 million were financed through EBITDA. This is possible thanks to SIJ Group's solid financials and financial stability.

EBITDA Bridge (in EUR million)



NFD Bridge (in EUR million)

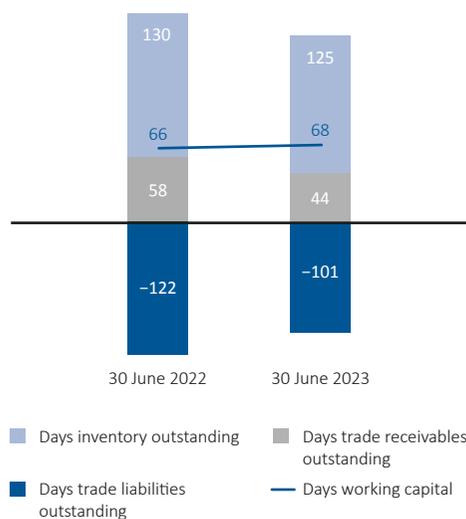


## STABLE MANAGEMENT OF WORKING CAPITAL

SIJ Group dedicates particular attention to the management of its working capital. Changes in working capital over the course of the year are managed using our approved credit lines, and effective day-to-day monitoring of receivables and liabilities.

Working capital decreased from EUR 217 million to EUR 201 million compared to the same period last year, mainly due to lower sales. In the first half-year period of 2023, the Days Working Capital figure increased from 66 to 68 days compared to the same period last year. The increase in working capital is mainly due to a decrease in trade payables and consequently shorter Days Payables Outstanding compared to the same period last year. This comes as a result of lower production volumes and the decrease in prices of raw materials and energy. The decrease in trade receivables comes as a result of tightening market conditions. In spite of this, we were able to lower Days Sales Outstanding through active management of our receivables. Lower sales, decreasing prices of raw materials and energy, and careful management and optimisation of inventories have led to a reduction in Days in Inventory.

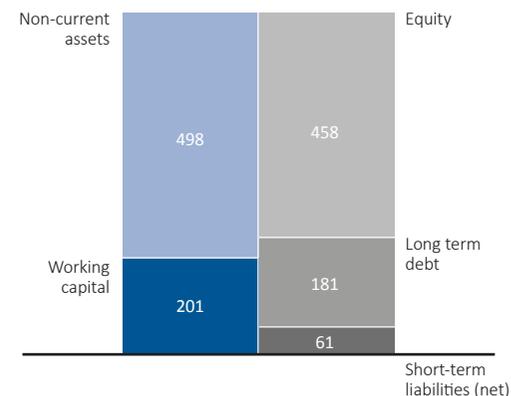
Days Working Capital from Operations as at 30 June



## HIGH SHARE OF CAPITAL AND LONG-TERM SOURCES

SIJ Group uses long-term financing for long-term development, while short-term sources of financing are used to balance seasonal fluctuations in working capital. By maintaining a financial policy based on a high share of equity and adequate long-term sources, we maintain a stable structure of assets and sources. Long-term sources cover all our non-current assets, and as much as 70 percent of our working capital.

Structure of Financial Position as at 30 June 2023  
(in EUR million)

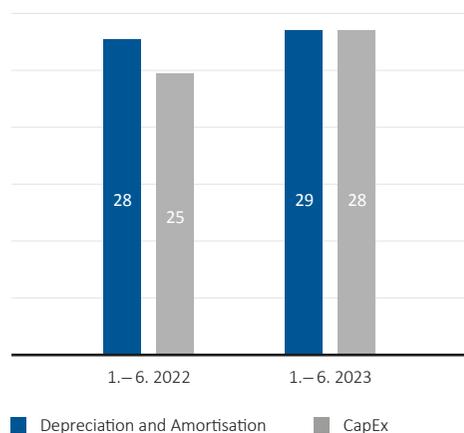


## INVESTMENTS

In the first half-year period of 2023, we allocated EUR 28.4 million to investments, which is an increase of EUR 4.2 million compared to the same period last year, however it is on par with the amortisation and depreciation.

Amortisation and depreciation remain high due to the activation of extensive projects in the past and current periods.

### Costs of Depreciation and Amortisation and CAPEX (in EUR million)



## ALTERNATIVE PERFORMANCE INDICATORS

SIJ Group also reports its performance results based on to alternative performance indicators defined by the European Securities and Markets Authority (ESMA). The Net Sales Revenue and Net Profit or Loss indicators are defined according to International Financial Reporting Standards.

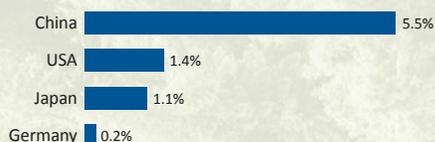
### Notes to the Performance Indicators

Indicator	Explanation of the calculation	Use
Net sales revenue	Net sales revenue in the statement of comprehensive income (Disclosure 1)	Net sales revenue is part of the EBITDA margin and share of exports indicators.
Share of exports	Non-domestic net sales revenue compared to overall net sales revenue in the statement of comprehensive income (Disclosure 1)	The Share of Exports indicator Shows the level of integration in international exchanges and measures the share of exports of goods.
EBIT	Operating profit or loss in the statement of comprehensive income	EBIT Shows the operating result and is part of the EBITDA indicator.
EBITDA	Operating profit or loss in the statement of comprehensive income before depreciation and amortisation (Disclosure 2) and impairments (profit/loss) of operating receivables in the statement of comprehensive income and impairment of tangible assets and impairment of inventories (Disclosure 4), and before accounting for extraordinary events.	EBITDA is one of the indicators of the Group's performance, and it represents the average cash flows from its core business operations. A higher value means a higher operating cash flow, which translates to a lower risk for investors.
EBITDA margin	Share of EBITDA in net sales revenue in the statement of comprehensive income.	As a relative indicator, the EBITDA margin is used in comparative analyses with similar companies in the industry.
Net profit or loss	Net profit or loss for the period in the statement of comprehensive income.	Net profit and loss equals the mathematical difference between the total profit or loss, levied income tax and deferred taxes, and it represents the profit available for use.
Net financial debt	The sum total of non-current and current financial liabilities minus cash and cash equivalents on the balance sheet.	Net financial debt is part of the NFD/EBITDA indicator.
NFD/EBITDA	NFD/EBITDA	The debt ratio shows the ratio of net financial debt to EBITDA. A lower value of this indicator means that the Group is able to repay its debts to a greater extent and faster, with a lower risk of default vis-a-vis investors.  For half-year data, the EBITDA for the past 12 months is used.

# Impacts of the External Environment and SIJ Group Activities

## GLOBAL ECONOMIC OUTLOOK

### Economic Growth Projections for 2023



### Economic Growth Projections for 2023 and 2024



### Observations and Trends

**2.8%** global growth (GDP) in 2023

**3.1%** global growth (GDP) in 2024

### Activities of SIJ Group

- Building stronger relationships with existing customers in the face of the general increase in prices of energy products and raw materials.
- Building a local presence and increasing sales in the USA.
- Increasing sales activities in existing and new markets.
- Improving the supply chain leading to the end-buyers.

## NEW STEEL DEMAND TRENDS

### Projection of the Growth in Steel Consumption



### Projected Growth in Steel Demand



### Observations and Trends

**-0.4%** decline in EU steel demand (2023)

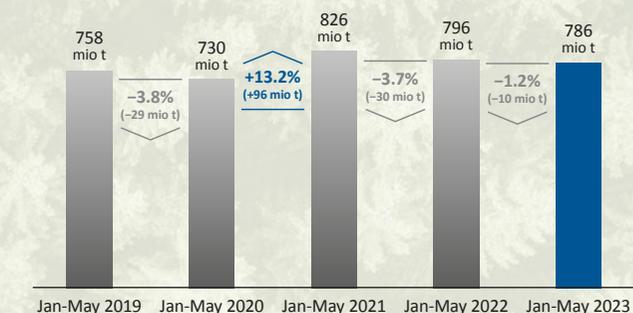
**-7.0%** average decline in steel prices in 2023

### Activities of SIJ Group

- Efficient adjustment of the Group's business activities to account for the declining market prices of steel products.
- Making adjustments and looking for opportunities as prices of energy products and raw materials decrease.
- Keeping track of development-focused activities on the market and looking for new business opportunities leaning towards environmentally sustainable production of steel.

## RECOVERY & SUSTAINABLE DEVELOPMENT

### Global Growth in Steel Production in the January-May Period



### Observations and Trends

**1.2%** decline in EU steel production in the first five months of 2023

**0.3%** decline in global steel production in the first four months of 2023

### Activities of SIJ Group

- Maintaining high production rates to meet the needs of the market.
- Product mix optimisation.
- Strengthening and solidifying relations with existing customers.

#### Sources:

1. European Commission. May 2023. European Economic Forecast, Spring 2023. Available [at this link](#). 18 July 2023.
2. SMR – Steel and Metals Market Research. July 2023. Stainless steel quarto plates market data. Member data. 17 July 2023.
3. SMR – Steel and Metals Market Research. July 2023. Alloyed tool steels market data. Member data. 18 July 2023.
4. Macquarie. March 2023. Commodities Compendium 2023. Member data. 15 July 2023.
5. World Steel Association. July 2023. July construct steel newsletter. Available [at this link](#). 18 July 2023.

## Procurement

Key raw materials for steel production are steel scrap, alloy steel scrap and ferroalloys, whereas for the Manufacturing Division companies, key raw materials consist of steels and welding materials. The **energy crisis, inflation, increased cost of financing and the general increase in costs weakened the European industry sector in the first half of the year**, including the steel industry. The **commodities market** has been affected, and the ongoing Russia-Ukraine conflict has also had an impact on the supply chains. The weakening of economic activity in China, which is both the world's largest producer and consumer of steel raw materials, is also a major contributing factor to the overall economic downturn.

**In the first quarter of this year, pessimistic forecasts** for commodity demand in Europe **did not materialise** to the extent predicted in the final quarter of the previous year. This led to higher-than-expected market demand for raw materials, which provided a **temporary boost to prices at the beginning of the year**. However, the overall negative economic predictions did manifest **as the negative pricing trend of the second quarter**.

## Sales

The first half of this year was characterised by uncertainties about further developments in the European and global steel markets and by the customers' conservative approach to making purchasing decisions. Despite the prices of energy products being contained, the **steel market has not yet stabilised in the first half of this year** due to weak steel demand and high inventories of steel across the supply chain. High inflation persists in the European markets. The significant rise in interest rates and resulting higher liquidity cost further increase liquidity risks and cause customers to delay their purchasing decisions. Additional downward pressure on selling prices is also created by the high share of steel imports from Asian countries, which is increasing strongly year-on-year.

Besides the general decrease in demand for steel, the reduction in order volumes in the first half of the year compared to the same period last year was also affected by the decision to temporarily reduce production volumes in the fourth quarter of 2022, as a result of an inability to further increase selling prices driven by rising energy prices. As energy prices stabilised in March and February this year, we gradually started releasing production capacities and filling them with new orders.

Under the given conditions, SIJ Group stayed in direct contact with all customers, especially with the key strategic customers. In the first half of the year, we were able to keep order volumes in line with our sales targets, in spite of extremely volatile and tight market conditions on the global markets, thanks to our prompt response to customer de-

mand and flexible pricing. **We work toward our strategic business goal to maintain leading market shares in niche steel markets.**

In the face of the global steel demand cooling off, **sales activities are being intensified towards markets and industries where steel demand is not depressed** (e.g. the USA, Canada, Middle East, and industries such as Oil & Gas, Power, and Green Transition applications) **and to niche market segments**, where the demand for high-quality specialty steels with special mechanical, anti-corrosion and high-temperature properties is higher and the downward pressure on selling prices is lower compared to general consumer-grade steels.

We have increased our trade fair activities and pursued activities to break into new, prospective market segments, such as the aviation industry, heavy construction machinery and construction of infrastructural facilities, recycling, e-mobility, and those applications that will make key contributions in the transition to a low-carbon society.

As has been proven many times in the past, in the case of downsizing and fragmentation of orders with short delivery times, **our small size and flexibility have emerged as a major competitive advantage compared to our European competitors. We have a highly loyal customer base and a wide range of products.**

Based on market forecasts and customer input across various industries, **we anticipate that the market situation will start to improve in the last quarter of this year**, and that demand for steel and steel products in Europe will begin to recover. The same forecast was also made by the relatively reliable Oxford Economics.

# Sustainable Development

Sustainable steel production is the foundation of SIJ Group's important decisions and actions. This ranges from raw material sourcing to product manufacturing and recycling, from employee training and continuous professional development to occupational health and safety and maintaining inclusive relations with all SIJ Group stakeholders.

As Slovenia's leading steel group, with a global presence in over 70 markets worldwide and with a headcount of approximately 3,800 employees, we are keenly aware of our economic, environmental and social responsibility.

Our business objectives and goals have long been interwoven with sustainability. We are committed to achieving climate goals on a global and EU level, and operate according to the principles of circular economy. Our steels and our products establish us as a partner for Europe's green transition.

## Foundations of Sustainable Action

In 2022, we set down SIJ Group's concrete commitments into the Sustainable Development Strategy up to the year 2030, which is aligned with our business strategy. The strategic documents were developed on the basis of broader social agreements in the steel industry.

We are pursuing the aims of the Paris Agreement on climate change. We will be contributing to eight out of the seventeen Sustainable Development Goals of the United Nations.



Eight UN targets that we will contribute to

### 3 GOOD HEALTH AND WELL-BEING

We care about the health and wellbeing of SIJ Group employees as well as the people living close to our facilities.

### 4 QUALITY EDUCATION

At SIJ Group, we ensure equal access to high quality training and promote lifelong learning.

### 5 GENDER EQUALITY

We are committed to gender equality and strengthening the role of women in SIJ Group.

### 6 CLEAN WATER AND SANITATION

At SIJ Group, we ensure all employees have unrestricted access to water and sanitary facilities, and we are committed to the sustainable management of water resources.

### 8 DECENT WORK AND ECONOMIC GROWTH

SIJ Group promotes sustainable economic growth and provides sound work opportunities.

### 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SIJ Group invests to ensure a resilient infrastructure that promotes inclusive and sustainable industrialisation and fosters innovation.

### 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

At SIJ Group, we are committed to sustainable production and consumption.

### 13 CLIMATE ACTION

SIJ Group is committed to making progress in mitigating the effects of climate change, reducing climate impact and implementing climate initiatives.



## Decarbonisation Plan

In the first half of this year, we underpinned our commitments to sustainable operations and development with the 2020-2030-2050 Decarbonisation Plan. Our two steel companies are ranked among Europe’s modern recycling steelworks. We produce steel from secondary raw materials and from our own steel scrap using electric arc furnaces.

Even now, our specific CO<sub>2</sub> emissions are already lower than the global average - our environmental footprint is lower than 70% of the world's steel producers. By shutting down the blast furnaces and introducing recycling technol-

ogy we already reached more than three decades ago the level of CO<sub>2</sub> emissions now considered a benchmark for the steel industry under the principles of the circular economy.

Nevertheless, the targets enshrined in the Paris Agreement on climate change, as an umbrella social document, are binding upon all steelworkers, including those already operating under the principles of the circular economy.

The plan includes measures for all scopes of emissions - emissions for which we are directly responsible (Scope 1), indirect emissions (Scope 2) and the effect of our activities on emissions along the supply chain (Scope 3). The carbon footprint is calculated in accordance with the international standard ISO 14404:2013.

**“ By 2030, we will have achieved a 51% reduction of steel production-specific emissions, compared to 2020.**

They will continue modernising and streamlining the production process and increasing energy efficiency to reduce specific emissions. The most important planned measures include the modernisation of furnaces and combustion technology, substitution of natural gas with electricity, replacing natural gas with hydrogen, utilisation of waste heat, use of biomass and streamlining production processes using advanced IT tools.

**We will be disclosing sustainability targets achieved in SIJ Group and SIJ d.d. Annual and Sustainability Report for the year 2023. In line with the GRI standard, we will transparently report on the economic, environmental and social aspects of our business, including a report on environmentally sustainable economic activities and investments for SIJ Group and SIJ d.d. (taxonomy).**



## Implementation of the Sustainability Strategy Action Plan

This year, we continued to implement action plans stemming from the Sustainability Strategy and the Decarbonisation Plan and all the activities necessary to obtain the ResponsibleSteel certificate, to reduce environmental, social and corporate risks across the steel supply chain, all the while promoting steel as a sustainable material.

After successfully completing the stringent **ResponsibleSteel standard certification procedure**, expected by the end of 2023, SIJ Group will be ranked as one of the most responsible and sustainable steel producers in the world. In this context, we have adopted, among others, a new **SIJ Group Operating Policy**, which incorporates and emphasises all elements of sustainability, and a single **SIJ Group Code of Ethics**, which ensures that all employees are guided by ethical principles and that a high standard of integrity is maintained in the agreed working procedures.

We have introduced a **complaints procedure** for SIJ Group employees as well as external stakeholders, such as the local communities, business partners and other parties, in case of perceived violations and irregularities which cannot be resolved within our team, department or company. This ensures compliance with policies, codes, laws, SIJ Group's internal rules and standards, thus creating an environment of fairness and respect in the working environment and in other business relations. In the first half of 2022, we also introduced an **anonymous whistle-blowing process** in selected SIJ Group companies, which will be implemented across all SIJ Group companies by the end of this year.

We intensified our cooperation with suppliers, revised SIJ Group Supplier Code of Ethics, and adopted **SIJ Group Sustainable Purchasing Policy**, thus establishing the foundations for ensuring sustainability along our supply chain.

All activities and new developments were communicated to employees and to the public through various channels. Notable activities include training over 1,600 employees on sustainability topics in the first half of this year.

## Employees

	30 June 2022	30 June 2023
Number of employees	3,727	3,649
Average age (in years)	43.0	43.2
Share of women (%)	16.5	16.5
Number of persons with disabilities	327	317
Accident count*	53	30
Accident frequency factor (F2)*	19.2	13.4

*\*Figures for the first half of 2023 are for companies based in Slovenia: SIJ Acroni, SIJ Metal Ravne, SIJ Ravne Systems and SIJ SUZ. Figures for the first half of 2022 are for all companies of the SIJ Group except HTS.*

SIJ Group is ranked one of Slovenia's most important employers, especially in the Gorenjska and Koroška regions. Even in the face of unpredictable circumstances, we faced in recent years, we have proven ourselves as a reliable and stable employer and as a reliable partner for the future.

As at the end of the half-year period, SIJ Group had a headcount of 3,648 employees. The average age of employees stood at 43.2 years in the first half of the year. Due to the specific nature of the work process, our employees are predominantly male (only 16.5% women). Sickness absenteeism in the first half of the year was 9.1% in key SIJ Group companies and 8.6% overall in SIJ Group. We recorded 30 workplace accidents, an almost 50% reduction year-on-year.

*1 Sustainability reporting applies to six key SIJ Group companies: SIJ d.d., SIJ Acroni, SIJ Metal Ravne, SIJ Ravne Systems, SIJ SUZ, SIJ ZIP CENTER.*

At SIJ Group, **we are preserving jobs** and creating new ones, even in an **unpredictable economic environment**. In the first half of 2023, we increased our employee count by 234 employees, of which over 70 percent was recruited for work in production. Despite this, we have not yet fully fulfilled our needs for new employments and are facing a shortage of qualified and professional staff across the board. This has been identified as an operational risk.

This year, despite the economic slowdown, we found reserves in our operations and **increased base salaries for the majority of employees falling under collective bargaining agreements** in SIJ Group companies where a unified wage and remuneration system is in force, by an average of 8.5%.

SIJ Group has **finalised the implementation of a new salary and bonus system across all key companies** in the first half of 2023, including SIJ Ravne Systems in April 2023. The pay system is simple, clear for all employees, flexible and transparent. The main advantage is that it allows comparability of jobs and salaries between different SIJ Group companies.

We continue using other forms of employee remuneration, bonuses and incentives, such as the **monthly variable pay** based on the business performance of specific facilities and based on the achievement of shared company KPIs, we have a maximum tax-free meal allowance of EUR 7.96 and the payout of the difference between the cost of the organised meal and the maximum tax-free allowance, payment of an **optional extra pension insurance premium** and the payment of a **supplementary health insurance premium**.

We have obtained the **Family Friendly Company** basic **certificate**, which will help to create good workplace conditions, as we are aware of the importance of work-life balance. The Family-Friendly Company certificate is a concrete step, which takes the form of 14 actions that we have managed to develop despite the complexity of our industry, and which also brings **us closer to our strategic goal of becoming an employer of choice**.

“ **The Family Friendly Company certification reinforces our efforts to achieve our strategic goal of becoming an employer of choice.** ”

## Partnerships with Local Communities

SIJ Group’s activities are inseparably linked to the local communities where our production facilities are located. SIJ Group is a large Slovenian corporation, whose production facilities based in local urban environments is inextricably linked to local communities. Local communities, including local governance bodies, local and district communities, individuals, non-governmental organizations, the media, civic initiatives, interest groups, organisations and societies and clubs active in fields such as education, sport, culture and technological heritage, humanitarian organisations and others, all have different views, expectations and influences on our business, as we affect the quality of life in local communities.

### ENGAGING AND COMMUNICATING WITH COMMUNITIES

The aim of proactive engagement and communication with local communities is to integrate SIJ Group into the local community, raise its community profile and reputation as a socially responsible and sustainable enterprise that helps improve the quality of life.

A positive corporate reputation, built through implementation of a proactive community relations strategy, can play a decisive role in a crisis situation or when we are faced with potentially negative consequences of our presence in the community.

In the first half of 2023, we engaged with our local communities through various communication channels. We also **organised meetings with local communities** in both locations where our production facilities are located, **with the aim of exchanging views and opinions**. In June, we also performed the **first quantitative survey** to measure how our companies are perceived in terms of their impact on the quality of life within local communities, the desired forms of inclusion and participation, as well as other topics of relevance to locals. We will use the results as a starting point to prepare a local communities engagement manual for SIJ Group, and to upgrade the community inclusion action plan.

For the fourth consecutive time, in the context of **Community Partnership Day** with the slogan “Steel Bonds Between Us”, SIJ Group employees engaged in community work in Jesenice, Ravne na Koroškem and Ljubljana, including various sustainability-focused charity activities. **133 volunteers**, including athletes from sports clubs sponsored by SIJ Group, donated over **270 hours of volunteer work**.

Inspired by the species of bee native to Slovenia, the Carniolan honey bee, we decided to make bees-related activities the central theme of this year’s Community Partnership Day. **The purity of honey produced by these bees is an indicator of a clean environment**. At SIJ Group, we will also demonstrate our commitment to sustainability, as enshrined in the decarbonisation strategy and plan, by **installing beehives on our company land or in nearby areas** and by planting honey plants. Our efforts to reduce our environmental impact will be monitored, among other things, by **analysing our honey yields in collaboration with the Slovenian Beekeepers’ Association**. We will also present the results to our local communities.

“ **The purity of honey is an indicator of a clean environment. At SIJ Group, we will also demonstrate our commitment to sustainability by analysing the honey produced in beehives installed on our land or in the surrounding area.** ”

### PARTNERSHIPS

We designed uniform guidelines for sponsorships and donations, which apply to the entire SIJ Group and related companies belonging to the Group. Key areas of our involvement include sports, culture, education and humanitarian projects.

When it comes to sports, SIJ Group has maintained partnerships with all sports organisations on the local level and in the local communities, which are part of our strategic sponsorships portfolio. Visible activities are planned for the second half of 2023.

We are also bringing our sustainable practices to the field of partnerships in sports. In cooperation with the Slovenian Olympic Committee- Association of Sports Federations and other partners, we will continue to raise awareness of steel as a material with universal applications, including in sports and sports infrastructure, and to promote creative applications of industrial steel by-products: by the year 2026, we will have built **10 steel outdoor gyms** in local communities across Slovenia, **including two this year, and we will continue to build sustainable pump tracks from the leftover by-product of slag. Two will be built in 2023.**

The purpose of participation in socially relevant projects



# Risk Management

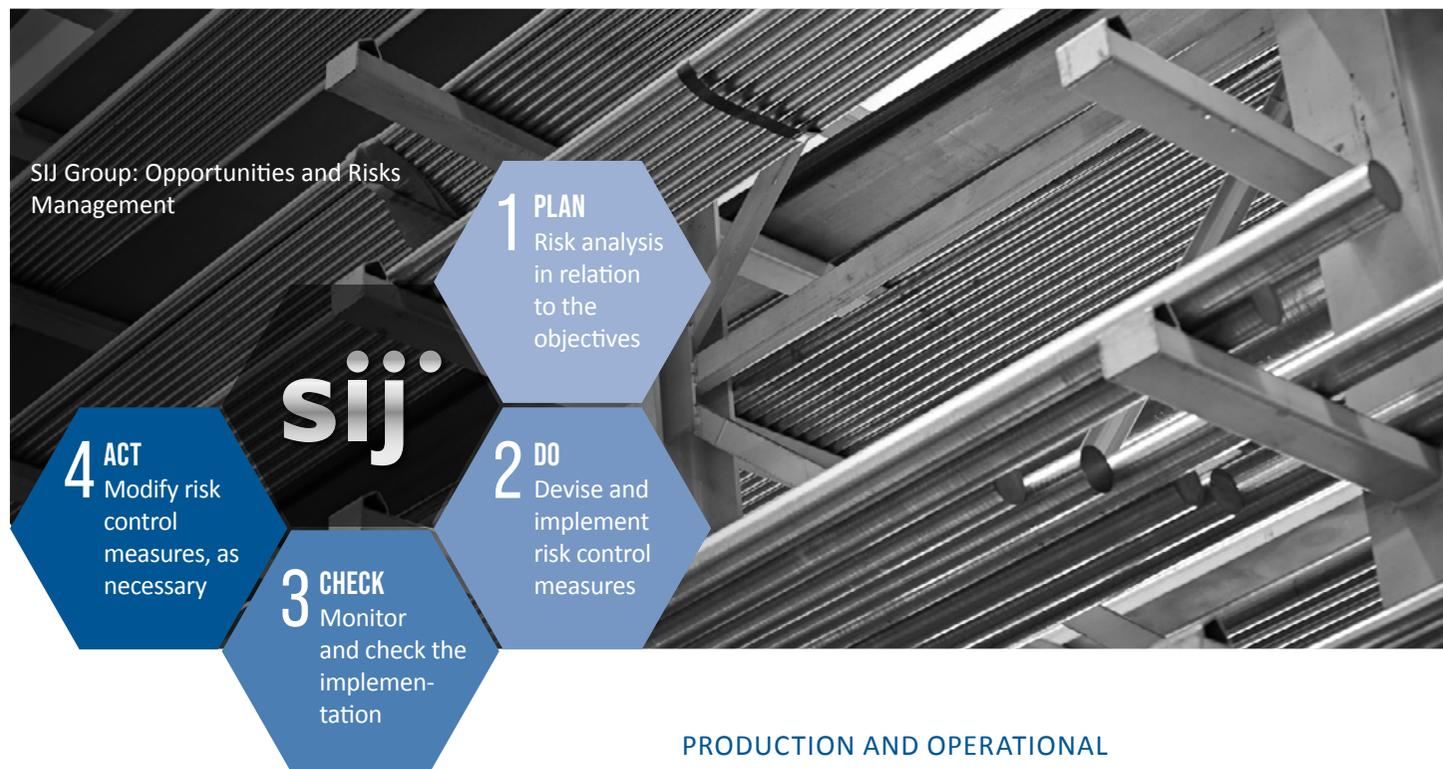
SIJ Group's comprehensive risk management system ensures that risks are addressed both in the subsidiaries and at the Group level. The centralised risk management system includes all subsidiaries belonging to the Steel and Manufacturing Division, along with the parent company. By identifying and assessing risks and opportunities at all levels in a timely manner, we retain our ability to achieve SIJ Group's strategy.

The system is based on a cycle of planning, coordination, and reporting, and includes the identification and implementation of risk mitigation measures, as well as monitoring the effectiveness of these measures.

Each company maintains its own risk catalogue separately, whereas significant risks are compared between subsidiaries. Equally significant risk exposures identified in multiple subsidiaries are categorised under Group-level risk exposures, with an escalation allowance. Besides escalated risks, SIJ Group also recognises, assesses and manages strategic risks which potentially directly impact the activities, reputation and business operations of SIJ Group as a whole.

## ASSESSMENT OF OPPORTUNITIES

Risk assessment is constantly associated with identifying and assessing opportunities that enhance our ability to meet and exceed our goals. In our assessment efforts, we consider a broad range of products destined for different markets, the diversification of business divisions and their vertical integration, as well as the restrictions present in



specific geographic regions. We adjust our strategic plans and decisions with all this in mind..

## Overview of Key Risks

At the end of 2022, and especially in the first half of this year, SIJ Group has experienced a significant increase in risks in the area of human resources, and we have also newly identified risks related to the decarbonisation of SIJ Group, which we have added to our risk catalogue in the first half of this year.

### PRODUCTION AND OPERATIONAL TECHNOLOGICAL RISKS

SIJ Group considers the **unavailability of production resources, mainly energy and raw materials**, as its highest risk exposure. Geopolitical and other external circumstances can potentially lead to a partial or complete outage of energy and raw materials.

The risks with a relatively high identified level of severity include the **risk of unavailability of infrastructural resources** and **unavailability of working equipment** due to limited ability to invest in modernisation, due to inadequate maintenance of minor infrastructure or work equipment in the past, and due to unforeseen breakdowns or malfunctions. Both can lead to the inability to fill customer orders within the anticipated timeframe.



## ECONOMIC AND COMMERCIAL RISKS

SIJ Group's second highest-rated risk is the commercial risk associated with the uncertain energy situation. The **pricing volatility of electricity and natural gas** beyond our control could lead to enormous increases in our own product prices, which we would not be able to fully pass on into product prices, according to our business model.

## BUSINESS RISKS WITH MANAGEMENT AND GOVERNANCE RISKS

A very high-rated risk at SIJ Group is the **risk of staff shortages**.

This is exacerbated by demographic factors, the declining population in their prime working age, and the economic conjuncture, which in turn is reflected in a declining supply of qualified labour and may also become a limiting factor for SIJ Group's further economic growth.

There are opportunities to increase the domestic labour supply (earlier entry into the labour market, longer duration of active employment and activation of unemployed and inactive persons), however, these opportunities have been very limited in the last year due to a low rate of unemployment, which falls below the natural unemployment rate.

Potential additional domestic capacities were identified mainly in the segment of students who will enter the labour market after finishing school (this is being addressed through our active scholarship policy) and in the over 55 age bracket. For them, we will develop individual exit ca-

reer plans with a focus on skills transfer, workload adjustments, working hours and gradual transition to retirement.

In recent years, the lack of domestic labour has already been mitigated by recruiting foreign workers, but labour shortages are also being reported in other EU countries, which are more attractive to migrant workers compared to Slovenia.

With the expected continuation of these demographic and economic trends, labour shortages will increasingly pose a challenge for SIJ Group, which we are actively facing today, and which we intend to address with the following measures:

- automation and robotisation of production work processes and adjustments to working conditions,
- investments in occupational safety and protection and promotion of healthy lifestyles,
- activation of women of foreign nationalities in the labour market (whereas the steel industry is considered a male-dominated sector),
- recruitment of foreign workers from the wider Europe area, Asia and Africa.

## DECARBONISATION-RELATED RISKS

In SIJ Group's Decarbonisation Plan 2020-2030-2050, we have also identified risks related to the reduction of the carbon footprint. These are mainly related to the development of global technologies and in the legislative requirements of the European Union and the Republic of Slovenia, as well as in the availability of steel scrap as the primary raw material:

- An environmentally sound and at the same time commercially competitive transition of SIJ Group to green steel production technologies will depend on the **timely development of technologies for the production of more environmentally-friendly hydrogen** at competitive prices and the **development of infrastructure that will enable sufficient renewable energy** at competitive prices. Delays in development in these areas constitute the most significant risk for the implementation of SIJ Group's decarbonisation plan.
- Steel producers in the European Union face **more stringent decarbonisation requirements than steel producers in other areas of the world**. Increasing prices for emission allowances (EU ETS), increased emission reporting obligations and higher production costs due to volatile prices (of energy, for example) at the production chain entry points, as well as regulation of production process by-products or waste, make European producers less competitive on the global market. European steel-makers will therefore need help or appropriate actions from the European Union to tackle this risk. The European Union can protect us by introducing protections for us on the European market and thus creating a more level playing field, and by introducing legislation mandating the use of more environmentally-friendly steel grades.
- A significant risk for SIJ Group is posed by **the decarbonisation plans of competing integrated steel plants**, which produce steel in blast furnaces from iron ore. **In the process of its restructuring and introducing recycling technology in their electric arc furnaces**, they will **replace part of the pig iron with steel scrap**. By taking this measure, they intend to reduce investment in new steelmaking processes using hot briquetted and direct reduced iron. This transition will have a negative impact on SIJ Group's business results, as the **price of steel scrap is expected to rise and its availability is expected to decrease**, in line with forecasts. This could force SIJ Group to begin using hot briquetted iron for the production of steel in the electric arc furnaces, which would increase the carbon footprint (Scope 1 and Scope 3) and have a negative impact on achieving the decarbonisation targets.

# Financial Report

for the Six-month Period  
Ending 30 June 2023



# Statement of Management's Responsibility

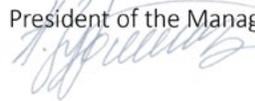
The Management Board is responsible for the preparation of the condensed consolidated financial statements of SIJ Group and the condensed financial statements of SIJ d.d. (hereinafter: condensed financial statements) for the six-month period ended 30 June 2023, together with accounting policies and notes, which give, to the best of its knowledge and belief, a fair view of the development and results of the Group's and the Company's operations and its financial position, including the description of material risks that the Group and the Company are exposed to.

The Management Board confirms that appropriate accounting policies have been applied consistently in the preparation of the condensed financial statements, that accounting estimates were prepared based on the principles of fair value, prudence and sound management and that the condensed financial statements give a true and fair view of the Group's and the Company's financial position and the results of their operations in the six-month period ending 30 June 2023.

The Management Board is also responsible for appropriate accounting and for taking adequate measures to protect the Group's and the Company's property and other assets, and confirms that the condensed financial statements, together with the notes thereto, have been prepared based on the going concern assumption and by applicable legislation and International Financial Reporting Standards as adopted by the European Union.

Anytime within 5 years after the end of the year in which the tax assessment should be made, the tax authorities can inspect the operations of the Group and the Company. This can result in the occurrence of additional tax liabilities, default interests and fines based on corporate income tax or other taxes and duties. No circumstance that could result in this type's possible liability is known to the Management Board.

**Andrey Zubitskiy,**  
President of the Management Board



Ljubljana, 12 September 2023

# Notes to the Condensed Consolidated Financial Statements of SIJ Group and Condensed Financial Statements of SIJ d.d.

## Reporting Entity

SIJ – Slovenska industrija jekla, d. d. (hereinafter: SIJ d.d. or Parent Company or the Company) is a company with a registered office in Slovenia. The address of its registered office is Gerbičeva ulica 98, 1000 Ljubljana.

Given below are the condensed consolidated financial statements of SIJ Group and the condensed financial statements of SIJ d.d. for the six-month period ending 30 June 2023. The condensed financial statements include financial statements of the Parent Company, its subsidiaries, and its shares in associates.

The condensed financial statements for a selected group of subsidiaries are compiled by SIJ d.d. Consolidated financial statements for a broader group of subsidiaries are compiled by DILON Cooperatief U. A. DILON Cooperatief U. A. did not compile condensed financial statements for the six-month period ending 30 June 2023. The consolidated annual report for 2022 is available, when compiled, at the registered office of DILON Cooperatief U. A., John M. Keynesplein 10, 1066EP Amsterdam, the Netherlands.

## Basis of Preparation

### STATEMENT OF COMPLIANCE

The condensed financial statements for the six-month period ending 30 June 2023 have been prepared following the International Financial Reporting Standards (IFRS) with associated notes, adopted by International Accounting Standards Board (IASB), and the interpretations of the IFRS Interpretations Committee (IFRIC), adopted by the EU.

This financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by SIJ d.d. during the six-month period ended 30 June 2023.

In the preparation of the condensed financial statements for the period ending 30 June 2023, the same accounting policies were considered as in the preparation of financial statements for 2022.

The condensed financial statements are presented in thousands of euros. Due to the rounding of the value amounts, there may be insignificant deviations to the sums given in tables.

### BASIS OF MEASUREMENT

The condensed financial statements have been prepared based on historical cost, except for the financial instruments which are measured at their fair value or amortised cost.

### FUNCTIONAL AND PRESENTATION CURRENCY

The condensed financial statements in this report are presented in thousands of euros. The euro is also the functional currency of the Parent Company.

### APPLICATION OF ESTIMATES AND JUDGMENTS

The preparation of condensed financial statements requires the management to make estimates based on judgments and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the

condensed financial statements. They also may affect the reported amounts of income and expenses during the reporting period.

The Management uses historical experience and all available information to make these estimates and regularly evaluates the judgements and assumptions used in its estimates. Due to the impact of future events and new data, the actual results can differ from those estimated.

The estimates and assumptions include:

- estimate of the useful life of assets subject to amortisation or depreciation;
- impairment test for goodwill;
- impairment test of assets;
- estimation of the fair value of assets;
- estimate of provisions for employee post-employment and other long-term benefits;
- estimate of the possibility for realisation of deferred tax assets.

The Group and the Company have reviewed the estimates and concluded that the accounting estimates used in the preparation of the condensed financial statements for the six-month period ending 30 June 2023 are consistent with those followed in the preparation of their annual financial statements for the year ended 31 December 2022. The estimates of provisions related to employee benefits are only determined annually and have not been evaluated in the condensed financial statements.

## NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies adopted in the preparation of the condensed financial statements for the six-month period ending 30 June 2023 are consistent with those followed in the preparation of the Company's and the Group's annual financial statements for the year ended 31 December 2022. All applicable new standards and interpretations effective as of 1 January 2023 have been adopted. There was no significant impact.

## Composition of the Group of Related Parties

The condensed consolidated financial statements of SIJ Group include the financial statements of the Parent Company and the financial statements of the companies in the Group. The group of companies in which the Parent Company holds financial investments includes the following:

in EUR thousand	Activity	% of voting rights as at 30 Jun. 2023	Value of assets as at 30 Jun. 2023	Value of equity as at 30 Jun. 2023	Profit (loss) for the period 1–6 2023
<b>Parent company of the Group</b>					
SIJ – Slovenska industrija jekla, d.d., Gerbičeva ulica 98, Ljubljana, Slovenia	Activities of head offices		400,170	275,363	6,853
<b>SIJ – subsidiaries</b>					
SIJ ACRONI d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	Steel production	100	464,800	212,238	13,971
SIJ METAL RAVNE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Steel production	100	277,576	98,761	(3,836)
SIJ STORITVE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Business and other management consultancy activities	100	1,831	93	(155)
SIJ SUZ d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	Drawn wires production	100	14,373	5,491	(50)
SIJ ZIP CENTER d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Education and training of the disabled	100	2,255	723	(180)
ODPAD d.o.o. Pivka, Velika Pristava 23, Pivka, Slovenija	Recovery of secondary raw materials from scrap	74.90	45,387	11,646	371
NIRO Wenden GmbH, Glück-Auf-Weg 2, Wenden, Germany	Steel cutting, engineering and trade	85	22,359	1,861	664
GRIFFON & ROMANO S.P.A., Via Dossetti 11, Loc. Casinello de Dosso, Italy	Heat processing and special steel trade	100	33,746	6,602	320

Continuation of the table →

Continuation of the table

in EUR thousand	Activity	% of voting rights as at 30 Jun. 2023	Value of assets as at 30 Jun. 2023	Value of equity as at 30 Jun. 2023	Profit (loss) for the period 1–6 2023
SIJ RAVNE SYSTEMS d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Metallurgic machines production	100	55,604	4,397	(1,158)
HOLDING PMP d.o.o., Gerbičeva 98, Ljubljana, Slovenia	Holding activity	100	0	0	24
SIJ AMERICAS Inc., 331 Newman Springs Road Suite, 104, Red Bank, New Jersey, USA	Trade	100	51,234	5,074	767
OOO SSG, Presnenskaya nab. 12, floor 59, office 10, Moscow, Russia	Trade	100	618	420	28
ADDITHERM d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Scientific and technical research	51	3,147	2,989	(6)
RSC HOLDING d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Holding company	51	60,046	53,290	3,164
<b>SIJ ACRONI – subsidiary</b>					
ŽELEZARNA JESENICE, d.o.o., Cesta železarjev 8, Jesenice, Slovenia	Trading with own real estate	100	9,964	9,667	98
<b>ODPAD – subsidiaries</b>					
DANKOR, d.o.o., Vukovarska 436, Osijek, Croatia	Recovery of secondary raw materials from scrap	91	1,330	1,063	112
METAL-EKO SISTEM DOO JAGODINA, Put Kneza Mihaila 9, Jagodina, Serbia	Recovery of secondary raw materials from scrap	70	3,235	2,442	32
"TOPMETAL" d.o.o. Laktaši, Karađorđeva 69, Laktaši, Bosnia and Herzegovina	Recovery of secondary raw materials from scrap	92.70	362	(596)	(28)
<b>RSC Holding – subsidiaries</b>					
Ravne Steel Center d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Wholesale of metals and metal ores	100	19,800	9,240	1,594
SIDERTOCE S. p. A., Via XX. Settembre 198, C. P. 34, Gravellona Toce, Italy	Trade	100	16,660	7,903	272
HTS MWT GmbH, Celsiusstrasse 17, Landsberg am Lech, Germany	Trade	100	3,475	849	113

Continuation of the table →

Continuation of the table

in EUR thousand	Activity	% of voting rights as at 30 Jun. 2023	Value of assets as at 30 Jun. 2023	Value of equity as at 30 Jun. 2023	Profit (loss) for the period 1–6 2023
ORO MET d.o.o., Neverke 56, Košana, Slovenia	Manufacture of tools	86	21,767	13,376	1,256
HTS IC d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Manufacture of metal constructions and their parts	100	9,861	5,532	127
HTS IC GmbH, Wienerbergstrasse 11/12A, Vienna, Austria	Production and trade	100	492	58	(4)
HTS IC s.r.o., Viktora Huga 377/4, Prague, Czech Republic	Trade	100	69	8	(1)
DCTL SL, Avda de les Punes – Nave 3 Constanti, Tarragona, Spain	Production and trade	80	422	(14)	(3)
STEEL podporni center orodjarske industrije d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Manufacture of metal constructions and their parts	100	6,028	1,896	302
CENTAR TOPLINSKE OBRADBE d.o.o., Slavonska avenija 22D, Zagreb, Croatia	Production and trade	100	1,292	626	130
HTS Technology, Lyon Plaza Part Dieu 93 Rue de la Vilette, Lyon, France	Trade	100	111	(137)	(32)
<b>DCTL SL – subsidiary</b>					
ALROTEC SL; Avada de les Punes – Nave 5 (Esquina calle dinamarca) Poligono, Industrial de Consanti, Tarragona, Spain	Production and trade	100	1,494	876	88
<b>SIJ RAVNE SYSTEMS – subsidiary</b>					
SIJ Ravne Systems (UK) Limited, 12 Conqueror Court, Sittingbourne, Kent, Great Britain	Trade	100	364	134	23

In February 2023, the liquidation procedure for SIJ ELEKTRODE JESENICE was winded-up.

In February 2023, "TOPMETAL" bought out its own business share. The share of ODPAD increased to 92.7%.

At the beginning of March 2023, Holding PMP ceased to exist under fast-track procedures.

In May 2023, SIJ established SIJ MIDDLE EAST with a 100% share.

In June 2023, RSC HOLDING acquired an additional share in ORO MET. The share of RSC HOLDING increased to 86%.



# Condensed Consolidated Financial Statements **of SIJ Group**

for the Six-month Period  
Ending 30 June 2023

# Condensed Consolidated Financial Statements of SIJ Group

## Condensed Consolidated Statement of Comprehensive Income

in EUR thousand	Note	1–6 2023	1–6 2022
Revenue	1	601,530	730,440
Cost of sales	2	(488,269)	(555,406)
<b>Gross profit</b>		<b>113,261</b>	<b>175,034</b>
Distribution costs	2	(31,788)	(35,524)
General and administrative expenses	2	(59,390)	(68,615)
Other operating income	3	3,792	2,036
Other operating expenses	3	(946)	(1,937)
Loss from impairment of trade receivables		(457)	(532)
<b>Operating profit</b>		<b>24,472</b>	<b>70,462</b>
Finance income	4	1,478	2,003
Finance expenses	4	(8,440)	(7,626)
<b>Net finance expenses</b>		<b>(6,962)</b>	<b>(5,623)</b>
<b>Profit before tax</b>		<b>17,510</b>	<b>64,839</b>
Income tax	5	(4,794)	(12,401)
<b>Profit for the period</b>		<b>12,716</b>	<b>52,438</b>

Continuation of the table →

Continuation of the table

in EUR thousand	Note	1–6 2023	1–6 2022
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net actuarial gains on pension programs		0	51
Fair value gains (losses) of financial assets at fair value through other comprehensive income		20	(28)
Income tax related to components of comprehensive income		(4)	5
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange rate difference in translating foreign operations		(213)	457
<b>Total other comprehensive income</b>		<b>(197)</b>	<b>485</b>
<b>Comprehensive income</b>		<b>12,519</b>	<b>52,923</b>
<b>Profit for the period, attributed to:</b>			
Owners of the Parent Company		12,716	52,438
Non-controlling interest		2,198	5,003
<b>Comprehensive income attributed to:</b>			
Owners of the Parent Company		12,519	52,923
Non-controlling interest		2,204	5,013

The notes to the condensed consolidated financial statements are an integral part of the condensed consolidated financial statements and should be read in conjunction with them.

## Condensed Consolidated Statement of Financial Position

in EUR thousand	Note	30 Jun. 2023	31 Dec. 2022
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>497,964</b>	<b>499,525</b>
Intangible assets	6	31,684	32,410
Property, plant and equipment	7	385,111	386,511
Investments in associates		0	1,095
Financial assets at fair value through other comprehensive income		1,332	1,312
Financial receivables	9	60,141	55,679
Trade receivables		202	898
Other assets		4,272	5,190
Deferred tax assets		15,222	16,430
<b>Current assets</b>		<b>529,020</b>	<b>464,590</b>
Assets (groups) held for sale		40	42
Inventories	8	315,959	300,627
Financial receivables	9	4,677	7,052
Trade receivables	10	158,309	138,095
Income tax assets		1,749	973
Cash and cash equivalents	11	40,261	16,123
Contract assets		82	137
Other assets	12	7,943	1,541
<b>Total assets</b>		<b>1,026,984</b>	<b>964,115</b>

Continuation of the table →

Continuation of the table

in EUR thousand	Note	30 Jun. 2023	31 Dec. 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>13</b>	<b>457,644</b>	<b>444,915</b>
<b>Equity attributed to the owners of the Parent Company</b>		<b>425,147</b>	<b>414,507</b>
Share capital		145,266	145,266
Capital surplus		11,461	11,461
Other equity reserves		8,615	8,615
Fair value reserves		(361)	(377)
Translation differences		177	367
Retained earnings		259,989	249,175
<b>Non-controlling interest</b>		<b>32,497</b>	<b>30,408</b>
<b>Non-current liabilities</b>		<b>180,989</b>	<b>192,328</b>
Employee benefits		13,474	13,431
Other provisions		414	811
Deferred income		1,979	1,974
Financial liabilities	14	163,112	174,106
Trade payables		891	863
Contract liabilities		961	961
Deferred tax liabilities		158	182
<b>Current liabilities</b>		<b>388,351</b>	<b>326,872</b>
Financial liabilities	14	90,690	79,823
Trade payables	15	280,255	224,925
Income tax liabilities		350	8,365
Contract liabilities		1,296	1,461
Other liabilities	16	15,760	12,298
<b>Total equity and liabilities</b>		<b>1,026,984</b>	<b>964,115</b>

The notes to the condensed consolidated financial statements are an integral part of the condensed consolidated financial statements and should be read in conjunction with them.

# Condensed Consolidated Statement of Changes in Equity

## Condensed Consolidated Statement of Changes in Equity for the Six-Month Period Ending 30 June 2023

in EUR thousand	Equity attributed to the owners of the Parent Company							Total	Non-controlling interest	Total
	Share capital	Capital surplus	Other equity reserves	Fair value reserves	Actuarial losses	Translation differences	Retained earnings			
Balance as at 31 Dec. 2022	145,266	11,461	8,615	403	(780)	367	249,175	414,507	30,408	444,915
Dividends paid	0	0	0	0	0	0	0	0	0	0
Purchase of non-controlling interest	0	0	0	0	0	0	325	325	(115)	210
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>325</b>	<b>325</b>	<b>(115)</b>	<b>210</b>
Profit for the period	0	0	0	0	0	0	10,518	10,518	2,198	12,716
Other changes in comprehensive income	0	0	0	16	0	(190)	(29)	(203)	6	(197)
<b>Total changes in comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>(190)</b>	<b>10,489</b>	<b>10,315</b>	<b>2,204</b>	<b>12,519</b>
Balance as at 30 Jun. 2023	145,266	11,461	8,615	419	(780)	177	259,989	425,147	32,497	457,644

## Condensed Consolidated Statement of Changes in Equity for the Six-Month Period Ending 30 June 2022

in EUR thousand	Equity attributed to the owners of the Parent Company							Total	Non-controlling interest	Total
	Share capital	Capital surplus	Other equity reserves	Fair value reserves	Actuarial losses	Translation differences	Retained earnings			
Balance as at 31 Dec. 2021	145,266	11,461	6,255	460	(3,098)	139	213,843	374,326	25,672	399,998
Dividends paid	0	0	0	0	0	0	(20,994)	(20,994)	(1,516)	(22,510)
Purchase of non-controlling interest	0	0	0	0	0	0	203	203	(203)	0
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(20,791)</b>	<b>(20,791)</b>	<b>(1,719)</b>	<b>(22,510)</b>
Profit for the period	0	0	0	0	0	0	47,434	47,434	5,003	52,438
Other changes in comprehensive income	0	0	0	(23)	51	476	(27)	477	9	486
<b>Total changes in comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(23)</b>	<b>51</b>	<b>476</b>	<b>47,407</b>	<b>47,911</b>	<b>5,013</b>	<b>52,923</b>
Balance as at 30 Jun. 2022	145,266	11,461	6,255	437	(3,047)	615	240,458	401,445	28,966	430,411

The notes to the condensed consolidated financial statements are an integral part of the condensed consolidated financial statements and should be read in conjunction with them.

## Condensed Consolidated Cash Flow Statement

in EUR thousand	Note	1–6 2023	1–6 2022
<b>Cash flow from operating activities</b>			
Profit before tax		17,510	64,839
Adjusted for:			
Depreciation and amortisation	2	28,503	27,577
Interest income	4	(1,355)	(1,907)
Interest expenses	4	5,352	6,086
Impairment of assets		257	866
Creation of allowances and provisions		2,609	2,332
Net other finance and operating expenses (income)		2,922	(961)
<b>Operating cash flow before working capital adjustments</b>		<b>55,798</b>	<b>98,832</b>
<b>Total working capital adjustments</b>			
Increase in trade receivables		(29,305)	(98,731)
Increase in inventories		(17,337)	(58,294)
Increase in trade payables		61,887	57,942
Decrease in taxes other than income tax		(5,004)	(1,300)
<b>Total working capital adjustments</b>		<b>10,241</b>	<b>(100,383)</b>
Receipts from government grant		3,210	1,016
Payments for retirement benefits and loyalty bonuses		(466)	(651)
Income tax paid		(12,320)	(5,138)
<b>Net cash flow used in operating activities</b>		<b>56,463</b>	<b>(6,324)</b>
<b>Cash flow from investing activities</b>			
Payments for investments in subsidiaries (non-controlling interest)		(765)	0
Payments for property, plant and equipment		(25,907)	(20,488)
Receipts from property, plant and equipment		1,621	717
Payments for intangible assets		(662)	(1,347)

Continuation of the table →

Continuation of the table

in EUR thousand	Note	1–6 2023	1–6 2022
Loans issued		(47)	(20)
Receipts from loans issued		35	4,019
Interests received		3	551
Dividends received		65	97
Receipts from other assets		1,195	0
<b>Net cash flow used in investing activities</b>		<b>(24,462)</b>	<b>(16,471)</b>
<b>Cash flow from financing activities</b>			
Receipts from borrowings		261,037	419,464
Payments for borrowings		(262,312)	(362,633)
Payments for lease		(1,905)	(2,990)
Interests paid		(4,438)	(3,226)
Dividends paid		0	(22,510)
<b>Net cash flow (used in) from financing activities</b>		<b>(7,618)</b>	<b>28,105</b>
<b>Cash and cash equivalents as at 1 Jan.</b>		<b>16,123</b>	<b>49,171</b>
Translation differences		(245)	215
Net change in cash and cash equivalents		24,383	5,310
<b>Cash and cash equivalents as at 30 Jun.</b>		<b>40,261</b>	<b>54,696</b>

The notes to the condensed consolidated financial statements are an integral part of the condensed consolidated financial statements and should be read in conjunction with them.

# Notes to Individual Items in the Condensed Consolidated Financial Statements

## 1. REVENUE

in EUR thousand	1–6 2023	1–6 2022
In Slovenia	93,427	114,574
In other countries:	508,103	615,866
- <i>Germany</i>	134,603	170,438
- <i>Italy</i>	134,802	149,060
- <i>USA</i>	47,043	45,646
- <i>Austria</i>	17,909	19,272
- <i>other countries</i>	173,746	231,450
<b>Revenue</b>	<b>601,530</b>	<b>730,440</b>



### Revenue by Products and Segments for the Six-Month Period Ending 30 June 2023

in EUR thousand	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Total segments	Headquarters and Other Services	Total
Quarto plates	201,252	40,079	0	0	241,331	0	241,331
Cold rolled strips and sheets	53,826	2,502	0	0	56,328	0	56,328
Hot rolled strips and sheets	11,421	3,023	0	0	14,444	0	14,444
Forged, rolled, and other products	83,865	32,431	0	5,990	122,286	0	122,286
Industrial knives	0	933	0	9,038	9,971	0	9,971
Industrial rolls	0	0	0	7,207	7,207	0	7,207
Welding wires and electrodes	0	0	0	0	0	0	0
Steel scrap	79	156	83,416	136	83,787	0	83,787
CNC-treated tool plates	0	18,074	0	0	18,074	0	18,074
Services and other revenue	1,839	27,360	97	17,946	47,242	860	48,102
<b>Revenue</b>	<b>352,282</b>	<b>124,558</b>	<b>83,513</b>	<b>40,317</b>	<b>600,670</b>	<b>860</b>	<b>601,530</b>

## Revenue by Products and Segments for the Six-Month Period Ending 30 June 2022

in EUR thousand	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Total segments	Headquarters and Other Services	Total
Quarto plates	255,520	48,711	0	0	304,231	0	304,231
Cold rolled strips and sheets	93,018	2,989	0	0	96,007	0	96,007
Hot rolled strips and sheets	13,911	3,598	0	0	17,509	0	17,509
Forged, rolled, and other products	97,280	33,920	0	7,023	138,223	0	138,223
Industrial knives	0	987	0	9,525	10,512	0	10,512
Industrial rolls	0	483	0	7,638	8,121	0	8,121
Welding wires and electrodes	0	0	0	7,633	7,633	0	7,633
Steel scrap	83	232	92,119	152	92,586	0	92,586
CNC-treated tool plates	0	3,426	0	0	3,426	0	3,426
Services and other revenue	4,281	43,266	55	3,783	51,385	807	52,192
<b>Revenue</b>	<b>464,093</b>	<b>137,612</b>	<b>92,174</b>	<b>35,754</b>	<b>729,633</b>	<b>807</b>	<b>730,440</b>

## 2. OPERATING EXPENSES

in EUR thousand	1–6 2023	1–6 2022
Cost of goods, materials and services	482,773	584,017
Labour costs	79,718	90,663
- wages and salaries	57,812	69,240
- social security costs	10,239	9,679
- other labour costs	11,667	11,744
Depreciation and amortisation costs	28,503	27,577
Other costs	5,974	6,457
Changes in the value of inventories	(17,521)	(49,169)
<b>Operating expenses</b>	<b>579,447</b>	<b>659,545</b>

## Review of Costs by Type for the Six-Month Period Ending 30 June 2023

in EUR thousand	Cost of sales	Distribution costs	General and administrative expenses	Total
Cost of goods, materials and services	439,320	27,551	15,902	482,773
Labour costs	40,433	3,885	35,400	79,718
Depreciation and amortisation costs	24,272	293	3,938	28,503
Other costs	1,765	59	4,150	5,974
Changes in the value of inventories	(17,521)	0	0	(17,521)
<b>Operating expenses</b>	<b>488,269</b>	<b>31,788</b>	<b>59,390</b>	<b>579,447</b>

## Review of Costs by Type for the Six-Month Period Ending 30 June 2022

in EUR thousand	Cost of sales	Distribution costs	General and administrative expenses	Total
Cost of goods, materials and services	538,573	31,337	14,107	584,017
Labour costs	38,671	3,842	48,150	90,663
Depreciation and amortisation costs	23,813	242	3,522	27,577
Other costs	3,518	103	2,836	6,457
Changes in the value of inventories	(49,169)	0	0	(49,169)
<b>Operating expenses</b>	<b>555,406</b>	<b>35,524</b>	<b>68,615</b>	<b>659,545</b>

### 3. OTHER OPERATING INCOME AND EXPENSES

in EUR thousand	1–6 2023	1–6 2022
Income from received subsidies	3,069	1,572
Profit from sale of property, plant and equipment	327	0
Dividends received	106	97
Other income	290	367
<b>Other operating income</b>	<b>3,792</b>	<b>2,036</b>
Expenses for donations and sponsorships	(176)	(145)
Provisions	(204)	(354)
Impairment of property, plant and equipment	0	(394)
Impairment of inventories	(257)	(472)
Loss from sale of property, plant and equipment	0	(117)
Other expenses	(309)	(455)
<b>Other operating expenses</b>	<b>(946)</b>	<b>(1,937)</b>
<b>Other operating income, net</b>	<b>2,846</b>	<b>99</b>

For the preparation of the condensed consolidated financial statements for the six-month period ending 30 June 2023, the Group reviewed, based on individual cash-generating units' performance valuation, the signs of impairment of property, plant, and equipment. Since there were no signs of impairment, the impairment wasn't required.

### 4. FINANCE INCOME AND EXPENSES

in EUR thousand	1–6 2023	1–6 2022
Interest income	1,355	1,907
Exchange rate differences	69	94
Other income	54	2
<b>Finance income</b>	<b>1,478</b>	<b>2,003</b>
Interest expenses	(5,352)	(6,086)
Other expenses	(3,088)	(1,540)
<b>Finance expenses</b>	<b>(8,440)</b>	<b>(7,626)</b>
<b>Net finance expenses</b>	<b>(6,962)</b>	<b>(5,623)</b>

### 5. INCOME TAX

in EUR thousand	1–6 2023	1–6 2022
Current income tax expense	(3,674)	(8,558)
Deferred income tax	(1,120)	(3,843)
<b>Income tax</b>	<b>(4,794)</b>	<b>(12,401)</b>

in EUR thousand	1–6 2023	1–6 2022
<b>Profit before tax</b>	<b>17,510</b>	<b>64,839</b>
Tax at effective tax rate 19% (2022: 19%)	3,327	12,319
Tax effects from:		
- non-taxable income	(4)	(37)
- tax non-deductible expenses	622	622
- tax relief	(764)	(4,321)
- tax losses for which no deferred tax assets were recognised	1,412	2,469
- tax rates in foreign companies	201	1,349
<b>Income tax</b>	<b>4,794</b>	<b>12,401</b>
<b>Effective tax rate</b>	<b>27.4%</b>	<b>19.1%</b>

The tax relief of the Group comprises tax relief realised from the charging of corporate tax and unused tax reliefs for which deferred tax assets were recorded. The companies of the Group can realise unused tax relief in the following years in accordance with the legislation of the state where they operate.

## 6. INTANGIBLE ASSETS

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Software	10,795	12,129
Goodwill	19,252	19,252
Other intangible assets	9	0
Assets under construction	1,628	1,029
<b>Intangible assets</b>	<b>31,684</b>	<b>32,410</b>

The intangible assets are not pledged as security for liabilities.

In the reporting period, the Group recognised acquired intangible assets of EUR 827 thousand (1–6 2022: EUR 2,194 thousand). Major new additions refer to the purchase and set-up of new manufacturing and key business processes management IT systems. In the reporting period, the Group did not capitalise any costs for the development of new products (1–6 2022: EUR 188 thousand). The carrying amount of capitalised costs for development amounts to EUR 1,199 thousand (2022: EUR 1,289 thousand). The Group disposed of assets with a cost of EUR 41 thousand (1–6 2022: EUR 605 thousand) and an allowance of EUR 41 thousand (1–6 2022: EUR 464 thousand).

The Group reviewed the value of intangible assets and established that the carrying amount does not exceed the recoverable amount.

## 7. PROPERTY, PLANT AND EQUIPMENT

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Land	32,299	32,528
Buildings	77,781	78,279
Equipment	238,447	243,116
Other	11,466	10,793
Assets under construction	25,118	21,795
<b>Property, plant and equipment</b>	<b>385,111</b>	<b>386,511</b>

Major new additions and finished investments in property, plant and equipment are a purchase of real estate and machinery, production line upgrade, and current upgrades and repairs in the steel plant. Disposals of property, plant and equipment refer to the sale and write-off of equipment and write-off of unusable and outdated equipment.

In the reporting period, the Group recognised acquired property, plant and equipment of EUR 25,993 thousand (1–6 2022: EUR 19,928 thousand). The Group disposed of assets with a cost of EUR 1,191 thousand (1–6 2022: EUR 7,599) and an allowance of EUR 881 thousand (1–6 2022: EUR 6,795 thousand). Disposals and write-offs of property, plant and equipment mostly refer to the sales and write-offs of unusable and outdated equipment and write-offs of unusable and outdated components of production capacities in all plants.

On 30 June 2023, the Group has EUR 3,124 thousand (2022: EUR 5,461 thousand) of outstanding liabilities to purchase property, plant and equipment, and EUR 24,777 thousand (2022: EUR 26,458 thousand) of contractual commitments for purchase known in advance.

On 30 June 2023, the Group leases assets which include buildings, land, equipment, and cars. The right-of-use asset is not stated as a separate item in the statement of financial position. It is included in property, plant and equipment. On 30 June 2023, the carrying amount of the right-of-use assets amounts to EUR 16,702 thousand (2022: EUR 15,598 thousand). In the first half of 2023, the lease-related finance expenses amounted to EUR 208 thousand (1–6 2022: EUR 166 thousand).

In the reporting period, the Group recognised the right-of-use assets of EUR 2,738 thousand (1–6 2022: EUR 2,759 thousand). There were no material changes to the lease agreements in the reporting period.

The Group follows the exceptions for short-term assets and leases of low-value assets, allowed by IFRS 16. In the first half of 2023, the total expenses related to these leases amounted to EUR 663 thousand (1–6 2022: EUR 508 thousand).

Property, plant and equipment, whose carrying value as at 30 June 2023 is EUR 3,852 thousand (2022: EUR 3,630 thousand), are pledged as security for liabilities.

The Group reviewed the signs of impairment of property, plant, and equipment and found that there was no need for impairment (1–6 2022: EUR 394 thousand).

## 8. INVENTORIES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Raw material	132,993	130,973
Work in progress	102,544	84,892
Finished products	64,012	69,074
Merchandise	16,410	15,688
<b>Inventories</b>	<b>315,959</b>	<b>300,627</b>

On 30 June 2023, no inventories are not pledged as security for liabilities (2022: EUR 0 thousand). On 30 June 2023, the Group reviewed the value of inventories. It found that the net realisable value of finished products is lower than the production value and impaired them by EUR 257 thousand (1–6 2022: EUR 472 thousand).

## 9. FINANCIAL RECEIVABLES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Loans issued	60,141	55,679
<b>Non-current financial receivables</b>	<b>60,141</b>	<b>55,679</b>
Loans issued	3,860	6,960
Other financial receivables	817	92
<b>Current financial receivables</b>	<b>4,677</b>	<b>7,052</b>

Financial receivables mostly refer to loans issued to the majority shareholder of EUR 54,412 thousand (2022: EUR 54,412 thousand) and the related interest of EUR 9,545 thousand (2022: EUR 8,196 thousand). Loans issued to the majority shareholder are repaid from dividends. The interest rate for loans issued to the majority shareholder is fixed and amounts to 5%. The borrowings are not secured.

## 10. CURRENT TRADE RECEIVABLES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Trade receivables	145,166	120,805
Allowances for trade receivables	(3,276)	(2,863)
Receivables from government and other institutions	3,353	7,434
Issued advance payments and cautions	11,769	11,384
Other receivables	1,325	1,365
Allowances for other receivables	(28)	(30)
<b>Current trade receivables</b>	<b>158,309</b>	<b>138,095</b>

Most Group's trade receivables are insured against commercial risks with an insurance company. On 30 June 2023, no trade receivables are pledged as security for liabilities (2022: EUR 0 thousand).

## 11. CASH AND CASH EQUIVALENTS

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Cash in national currency	29,223	9,008
Cash in foreign currency	11,037	7,114
Restricted cash	1	1
<b>Cash and cash equivalents</b>	<b>40,261</b>	<b>16,123</b>

Cash in national currency includes bank deposits amounting to EUR 0 thousand with up to three months maturity (2022: EUR 142 thousand). The interest rate for deposits is fixed.

## 12. OTHER CURRENT ASSETS

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Deferred expenses	7,942	1,522
Accrued revenue	1	19
<b>Other current assets</b>	<b>7,943</b>	<b>1,541</b>

Current deferred expenses refer to advance payments of costs, which in a short time will debit against profit or loss. Since the majority of advance payments are recognised within the financial year, these assets are higher in the reporting period than on 31 December 2022.

## 13. EQUITY

in EUR thousand	30 Jun. 2023	31 Dec. 2022
<i>Equity attributed to the owners of the Parent Company</i>	<i>425,147</i>	<i>414,507</i>
Share capital	145,266	145,266
Capital surplus	11,461	11,461
Reserves	8,431	8,605
Retained earnings	259,989	249,175
<i>Non-controlling interest</i>	<i>32,497</i>	<i>30,408</i>
<b>Equity</b>	<b>457,644</b>	<b>444,915</b>

The share capital of the Parent Company is recognised in the amount of EUR 145,266 thousand and is distributed among 994,616 shares. The face value of each share is EUR 146.05. The number of shares did not change until this financial report was prepared.

In the first half of 2023, the Parent Company paid no dividends (1–6 2022: EUR 20,994 thousand).

### Ownership Structure of the Parent Company

Shareholder	Number of shares 30 Jun. 2023	Number of shares 31 Dec. 2022
DILON, d.o.o., Gerbičeva ulica 98, Ljubljana	718,351	718,351
Republic of Slovenia, Gregorčičeva ulica 20, Ljubljana	248,655	248,655
SIJ d.d., Gerbičeva ulica 98, Ljubljana	27,600	27,600
UNIOR, d. d., Kovaška cesta 10, Zreče	10	10
<b>Total</b>	<b>994,616</b>	<b>994,616</b>

The ownership structure of the Parent Company remained unchanged until the preparation of this interim report.

### Capital Surplus

The capital surplus amounting to EUR 11,461 thousand was formed during the simplified decrease of the Parent Company's capital.

### Reserves

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Legal reserves	10,870	10,870
Treasury shares	(6,009)	(6,009)
Reserves for treasury shares	3,754	3,754
<b>Other equity reserves</b>	<b>8,615</b>	<b>8,615</b>
Fair value reserve due to financial assets at fair value through other comprehensive income	517	498
Deferred tax liabilities	(98)	(95)
<b>Fair value reserve due to financial assets, net</b>	<b>419</b>	<b>403</b>
Net actuarial losses on pension programs	(780)	(780)
<b>Fair value reserves</b>	<b>(361)</b>	<b>(377)</b>
Translation differences	177	367
<b>Reserves</b>	<b>8,431</b>	<b>8,605</b>

### Non-Controlling Interest

On 30 June 2023, the gross value of non-controlling interest amounts to EUR 34,370 thousand (2022: EUR 34,408 thousand). The gross value decreased by EUR 1,873 thousand (2022: EUR 4,000 thousand) corresponding to the carrying amount of the 14% share of the subsidiary OROMET. The Parent Company has entered an option agreement to purchase this share. Under the option agreement, the liability to purchase the 14% share amounts to EUR 1,392 thousand on 30 June 2023 (2022: EUR 3,896 thousand).



## 14. FINANCIAL LIABILITIES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Borrowings	106,961	117,968
Liabilities for bonds issued (SIJ6)	47,994	47,986
Liabilities from lease	8,157	8,152
<b>Non-current financial liabilities</b>	<b>163,112</b>	<b>174,106</b>
Borrowings	53,123	43,195
Liabilities for bonds issued (SIJ7)	32,697	31,560
Liabilities from lease	3,820	3,613
Other financial liabilities	1,050	1,455
<b>Current financial liabilities</b>	<b>90,690</b>	<b>79,823</b>
<b>Total financial liabilities</b>	<b>253,802</b>	<b>253,929</b>

## Maturity of Financial Liabilities as at 30 June 2023

30 Jun. 2023 in EUR thousand	Carrying amount	Contractual cash flows				Total
		Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
Payables to suppliers	260,440	255,918	3,629	893	0	260,440
Financial liabilities	253,802	18,942	79,875	161,331	16,853	277,001
Contract liabilities	2,257	10	1,286	961	0	2,257
Other liabilities, w/o liabilities to the state and employees and advanced payments	2,434	2,400	34	0	0	2,434
<b>Total liabilities</b>	<b>518,933</b>	<b>277,270</b>	<b>84,824</b>	<b>163,185</b>	<b>16,853</b>	<b>542,132</b>

## Maturity of Financial Liabilities as at 31 December 2022

31 Dec. 2022 in EUR thousand	Carrying amount	Contractual cash flows				Total
		Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
Payables to suppliers	202,706	191,100	11,426	0	180	202,706
Financial liabilities	253,929	20,737	65,791	164,209	23,437	274,174
Contract liabilities	2,421	3	1,457	961	0	2,421
Other liabilities, w/o liabilities to the state and employees and advanced payments	1,283	837	53	393	0	1,283
<b>Total liabilities</b>	<b>460,339</b>	<b>212,677</b>	<b>78,727</b>	<b>165,563</b>	<b>23,617</b>	<b>480,584</b>

### Borrowings

Borrowings amounting to EUR 2,152 thousand (2022: 6,202 thousand) are secured with real estate and movable property. Other borrowings are not secured. The interest rate for the majority of borrowings is flexible and based on EURIBOR.

## Liabilities for Bonds Issued

Liabilities for bonds issued refer to the bonds issued with the ticker symbol of SIJ6 and SIJ7, that are traded on the Ljubljana Stock Exchange. The nominal value of SIJ6 bonds amounts to EUR 48,000, they bear a fixed interest rate of 2.8% per annum and fall due on 25 November 2024. The nominal value of SIJ7 bonds amounts to EUR 31,100, they bear a fixed interest rate of 3.9% per annum and fall due on 2 November 2023.

## 15. CURRENT TRADE PAYABLES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Payables to suppliers	259,549	201,843
Liabilities to employees	9,689	6,342
Received advance payments and cautions	4,230	6,099
Tax liabilities	4,353	9,357
Other liabilities	2,434	1,284
<b>Current trade payables</b>	<b>280,255</b>	<b>224,925</b>

## 16. OTHER CURRENT LIABILITIES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Accrued expenses for unused annual leave	4,174	2,233
Accrued expenses for lawsuits	619	658
Accrued expenses for CO2 emissions allowances	3,008	2,352
Liabilities for purchase of a non-controlling interest	1,392	3,896
Other liabilities	4,261	870
Deferred revenues from recording magnetic separation and slag recovery waste	872	1,931
Other deferred income	1,434	358
<b>Other current liabilities</b>	<b>15,760</b>	<b>12,298</b>

On 30 June 2023, other liabilities are higher than at the end of 2022 due to higher accrued expenses for which invoices have not yet been received.

## 17. CONTINGENT ASSETS AND LIABILITIES

On 30 June 2023, contingent liabilities amounted to EUR 132 thousand (2022: EUR 76 thousand) and refer to guarantees for good work performance, customs bond guarantees, and excise guarantees. The Group expects no outflows from the guarantees issued.

On 30 June 2023, the contingent assets amount to EUR 1,799 thousand (2022: EUR 1,835 thousand) and refer to received guarantees and bills for the elimination of errors in the warranty period. The Group expects no inflows from received guarantees.

In July 2020, the Parent Company concluded with the other member an option agreement related to interests in RSC Holding and Additherm, namely: i) call option 1 in favour of the other member to buy a 2% share in RSC Holding and a 51% share in Additherm; ii) call option 2 in favour of the other member to buy a 51% share in Additherm; iii) call option in favour of the Parent Company to buy a 49% share of the other member in RSC Holding and a 49% share of the other member in Additherm; iv) put option 1 in favour of the other member to sell a 49% shares of the other member in RSC Holding and Additherm; v) put option 2 in favour of the other member to sell a 49% share of the other member in RSC Holding. The options can be exercised under the terms and conditions set out in the option agreement. On 30 June 2023, the Parent Company reviewed the fair value of option agreements and assessed that the fair value was minimal or equal to zero. It will review the fair value annually and recognise possible changes in profit or loss.

## 18. SEGMENT REPORTING

Segment Reporting for the Six-Month Period Ending 30 June 2023

in EUR thousand	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Total segments	Headquarters and Other Services	Total	Eliminations	Condensed consolidated financial statement
Operating income (external)	352,282	124,558	83,513	40,317	600,670	860	601,530	0	601,530
Operating income (between segments)	101,471	3,505	18,592	5,160	128,728	10,988	139,716	(139,716)	0
Revenue	453,753	128,063	102,105	45,477	729,398	11,848	741,246	(139,716)	601,530
<b>Operating profit (loss)</b>	<b>18,836</b>	<b>7,734</b>	<b>1,299</b>	<b>(899)</b>	<b>26,970</b>	<b>(2,498)</b>	<b>24,472</b>	<b>0</b>	<b>24,472</b>
Interest income	114	2	1	0	117	2,312	2,429	(1,074)	1,355
Interest expenses	3,627	593	439	421	5,080	1,394	6,474	(1,122)	5,352
Amortisation and depreciation	23,164	2,901	405	1,520	27,990	596	28,586	(83)	28,503
<b>Impairment of assets</b>	<b>357</b>	<b>340</b>	<b>31</b>	<b>(14)</b>	<b>714</b>	<b>0</b>	<b>714</b>	<b>0</b>	<b>714</b>
Property, plant, equipment, and intangible assets	0	0	0	0	0	0	0	0	0
Inventories	257	0	0	0	257	0	257	0	257
Loss (profit) from impairment of trade receivables	100	340	31	(14)	457	0	457	0	457
Purchase of non-current assets	20,142	2,661	272	672	23,747	220	23,967	0	23,967
<b>Non-current business assets based on geographic location</b>	<b>318,332</b>	<b>53,507</b>	<b>10,530</b>	<b>23,947</b>	<b>406,316</b>	<b>10,479</b>	<b>416,795</b>	<b>0</b>	<b>416,795</b>
Slovenia	318,332	37,988	7,338	23,947	387,605	10,479	398,084	0	398,084
Other countries	0	15,519	3,192	0	18,711	0	18,711	0	18,711

Segment Reporting for the Six-Month Period Ending 30 June 2022

in EUR thousand	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Total segments	Headquarters and Other Services	Total	Eliminations	Condensed consolidated financial statement
Operating income (external)	464,093	137,612	92,174	35,754	729,633	807	730,440	0	730,440
Operating income (between segments)	118,770	4,481	33,269	6,355	162,875	8,621	171,496	(171,496)	0
<b>Revenue</b>	<b>582,863</b>	<b>142,093</b>	<b>125,443</b>	<b>42,109</b>	<b>892,508</b>	<b>9,428</b>	<b>901,936</b>	<b>(171,496)</b>	<b>730,440</b>
<b>Operating profit (loss)</b>	<b>59,856</b>	<b>21,855</b>	<b>2,601</b>	<b>(1,193)</b>	<b>83,119</b>	<b>(12,657)</b>	<b>70,462</b>	<b>0</b>	<b>70,462</b>
Interest income	16	16	1	9	42	2,976	3,018	(1,111)	1,907
Interest expenses	4,547	319	241	412	5,519	1,596	7,115	(1,029)	6,086
Amortisation and depreciation	22,509	3,074	373	1,408	27,364	514	27,878	(301)	27,577
<b>Impairment of assets</b>	<b>646</b>	<b>289</b>	<b>46</b>	<b>422</b>	<b>1,403</b>	<b>(5)</b>	<b>1,398</b>	<b>(1)</b>	<b>1,397</b>
Property, plant, equipment, and intangible assets	0	0	0	394	394	0	394	0	394
Inventories	472	0	0	0	472	0	472	0	472
Loss (profit) from impairment of trade receivables	174	289	46	28	537	(5)	532	(1)	531
Purchase of non-current assets	13,306	2,654	775	2,773	19,508	171	19,679	0	19,679
<b>Non-current business assets based on geographic location</b>	<b>318,656</b>	<b>52,827</b>	<b>10,873</b>	<b>24,365</b>	<b>406,721</b>	<b>9,861</b>	<b>416,582</b>	<b>0</b>	<b>416,582</b>
Slovenia	318,656	37,873	7,545	24,365	388,439	9,861	398,300	0	398,300
Other countries	0	14,954	3,328	0	18,282	0	18,282	0	18,282

## Related Parties

Related parties are the Parent Company of the Group, its majority shareholder and the ultimate parent (including companies in their groups), subsidiaries, associates, other related parties and the management of companies.

### Transactions with the Majority Shareholder

in EUR thousand	1–6 2023	1–6 2022
Revenue	1,349	1,902

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Financial receivables	63,973	62,624

### Transactions with Other Related Parties

in EUR thousand	1–6 2023	1–6 2022
Revenue	15,724	9,551
Expenses	1,334	3,129

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Receivables	10,964	4,598
Liabilities	1,183	2,068

## Carrying Amounts and Fair Values of Financial Instruments

The table shows the carrying amounts and fair values of financial assets and financial liabilities. The carrying amounts of financial and trade receivables, cash and cash equivalents, and operating liabilities are an adequate approximation of their fair value.

in EUR thousand	30 Jun. 2023		31 Dec. 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through other comprehensive income	1,332	1,332	1,312	1,312
Financial receivables	64,818	64,818	62,731	62,731
Trade receivables	158,511	158,511	138,993	138,993
Cash and cash equivalents	40,261	40,261	16,123	16,123
Financial liabilities	(253,802)	(257,845)	(253,929)	(257,632)
Trade payables	(281,146)	(281,146)	(225,788)	(225,778)

### Presentation of Financial Assets and Liabilities, Disclosed at Fair Value According to Fair Value Determination Hierarchy

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Financial assets at fair value through other comprehensive income	916	896
Financial assets at fair value of first level	916	896
Financial assets at fair value through other comprehensive income	416	416
Financial assets at fair value of third level	416	416
Bonds and commercial papers	(84,734)	(83,143)
Financial liabilities at fair value of second level	(84,734)	(83,143)
Borrowings	(160,084)	(161,267)
Leases	(11,977)	(11,766)
Other financial liabilities	(1,050)	(1,456)
Financial liabilities at fair value of third level	(173,111)	(174,489)

The third level of liabilities at fair value includes secured loans issued, leases and interest liabilities, representing, according to the valuation model, carrying amounts of discounted expected future payments with the adjusted risk level.

In the first half of 2023, there were no transfers of financial instruments between different levels.

## Events After the Reporting Date

### **DAMAGE TO A ROLLING MILL STAND ENGINE AT SIJ ACRONI**

On 13 July, the main engine of the rolling mill stand suffered major damage at SIJ Acroni's blooming mill. No one was injured in the incident. The incident caused a temporary production outage which is estimated to last up to three months, as well as major commercial damage to the company and to SIJ Group. SIJ Group and SIJ Acroni have adequate insurance coverage to protect against risks of this nature. No lay-offs are foreseen.

### **SIJ GROUP COMPANIES IN CARINTHIA PREVENT MAJOR FLOOD DAMAGE**

SIJ Metal Ravne and SIJ Ravne Systems, the largest companies of the SIJ Group in Carinthia, one of the most affected regions in Slovenia, prevented major flood damage. Production was gradually restarted in the first days after the floods, and from 16 August production started in all production facilities of both companies. The challenge for the entire Carinthian economy, and thus also for the SIJ Group, remains the establishment of normal transport connections, also suitable for freight traffic, as they cause congestion in deliveries. Other companies in the SIJ Group were not affected by the floods.

Both extraordinary events will not affect the timely fulfilment of the obligations of either the of SIJ Group companies. Given SIJ Group's high liquidity and strong performance in 2022, which continued into the first half of 2023, SIJ Group will continue to meet its obligations according to plan. The events will also not have a significant adverse impact on the business operations of the SIJ Group.



# Condensed Financial Statements of SIJ d.d.

for the Six-month Period  
Ending 30 June 2023

# Condensed Financial Statements of SIJ d.d.

## Condensed Statement of Comprehensive Income

in EUR thousand	Note	1–6 2023	1–6 2022
Revenue	1	9,281	7,591
<b>Gross profit</b>		<b>9,281</b>	<b>7,591</b>
General and administrative expenses	2	(10,511)	(12,609)
Other operating income	3	1,253	1,822
Other operating expenses	3	(82)	(189)
<b>Operating loss</b>		<b>(59)</b>	<b>(3,385)</b>
Finance income	4	8,659	3,892
Finance expenses	4	(1,615)	(7,331)
<b>Net finance income (expenses)</b>		<b>7,044</b>	<b>(3,439)</b>
<b>Profit (loss) before tax</b>		<b>6,985</b>	<b>(6,824)</b>
Income tax	5	(132)	0
<b>Profit (loss) for the period</b>		<b>6,853</b>	<b>(6,824)</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value gains (losses) of financial assets at fair value through other comprehensive income		20	(28)
Income tax related to components of other comprehensive income		(4)	5
<b>Total other comprehensive income for the period</b>		<b>16</b>	<b>(23)</b>
<b>Comprehensive income</b>		<b>6,869</b>	<b>(6,847)</b>

The notes to the condensed financial statements are an integral part of the condensed financial statements and should be read in conjunction with them.

## Condensed Statement of Financial Position

in EUR thousand	Note	30 Jun. 2023	31 Dec. 2022
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>325,258</b>	<b>317,975</b>
Intangible assets		340	419
Property, plant and equipment		5,980	6,143
Investments in subsidiaries	6	245,043	239,730
Financial assets at fair value through other comprehensive income		1,320	1,300
Financial receivables	7	71,485	69,290
Deferred tax assets		1,090	1,093
<b>Current assets</b>		<b>74,912</b>	<b>79,781</b>
Assets (groups) held for sale		30	31
Financial receivables	7	60,605	55,978
Trade receivables	8	10,753	23,043
Income tax assets		11	0
Cash and cash equivalents	9	1,530	350
Other assets		1,983	379
<b>Total assets</b>		<b>400,170</b>	<b>397,756</b>

Continuation of the table →

Continuation of the table

in EUR thousand	Note	30 Jun. 2023	31 Dec. 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>10</b>	<b>275,363</b>	<b>268,495</b>
Share capital		145,266	145,266
Capital surplus		11,461	11,461
Other equity reserves		8,615	8,615
Fair value reserves		507	492
Retained earnings		109,514	102,661
<b>Non-current liabilities</b>		<b>61,656</b>	<b>62,106</b>
Employee benefits		881	881
Financial liabilities	11	49,231	49,765
Other liabilities	13	11,544	11,460
<b>Current liabilities</b>		<b>63,151</b>	<b>67,155</b>
Financial liabilities	11	56,846	57,413
Trade payables	12	4,023	7,142
Income tax liabilities		0	911
Other liabilities	13	2,282	1,689
<b>Total equity and liabilities</b>		<b>400,170</b>	<b>397,756</b>

The notes to the condensed financial statements are an integral part of the condensed financial statements and should be read in conjunction with them.

## Condensed Statement of Changes in Equity

Condensed Statement of Changes in Equity for the Six-Month Period Ending 30 June 2023

in EUR thousand	Share capital	Capital surplus	Other equity reserves	Fair value reserves	Retained earnings	Total
<b>Balance as at 31 Dec. 2022</b>	<b>145,266</b>	<b>11,461</b>	<b>8,615</b>	<b>492</b>	<b>102,661</b>	<b>268,495</b>
Dividends paid	0	0	0	0	0	0
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Profit for the period	0	0	0	0	6,853	6,853
Other changes in comprehensive income	0	0	0	16	0	16
<b>Total changes in comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>6,853</b>	<b>6,869</b>
<b>Balance as at 30 Jun. 2023</b>	<b>145,266</b>	<b>11,461</b>	<b>8,615</b>	<b>507</b>	<b>109,514</b>	<b>275,363</b>

Condensed Statement of Changes in Equity for the Six-Month Period Ending 30 June 2022

in EUR thousand	Share capital	Capital surplus	Other equity reserves	Fair value reserves	Retained earnings	Total
<b>Balance as at 31 Dec. 2021</b>	<b>145,266</b>	<b>11,461</b>	<b>6,255</b>	<b>382</b>	<b>108,822</b>	<b>272,186</b>
Dividends paid	0	0	0	0	(20,994)	(20,994)
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(20,994)</b>	<b>(20,994)</b>
Loss for the period	0	0	0	0	(6,824)	(6,824)
Other changes in comprehensive income	0	0	0	(23)	0	(23)
<b>Total changes in comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(23)</b>	<b>(6,824)</b>	<b>(6,847)</b>
<b>Balance as at 30 Jun. 2022</b>	<b>145,266</b>	<b>11,461</b>	<b>6,255</b>	<b>359</b>	<b>81,003</b>	<b>244,344</b>

The notes to the condensed financial statements are an integral part of the condensed financial statements and should be read in conjunction with them.

## Condensed Cash Flow Statement

in EUR thousand	Note	1–6 2023	1–6 2022
<b>Cash flow from operating activities</b>			
<b>Profit (loss) before tax</b>		<b>6,985</b>	<b>(6,824)</b>
Adjusted for:			
Depreciation and amortisation	2	472	423
Interest income	4	(2,282)	(2,986)
Interest expenses	4	1,449	1,724
(Reversal of impairment) impairment of assets	4	(5,579)	5,196
Creation of allowances and provisions		111	216
Net other (income) expenses		(2,348)	2,513
<b>Operating cash flow before working capital adjustments</b>		<b>(1,192)</b>	<b>262</b>
<b>Total working capital adjustments</b>			
Decrease (increase) in trade receivables		10,688	(4,318)
Increase (decrease) in trade payables		1,118	(3,295)
Decrease in taxes other than income tax		(3,751)	(921)
<b>Total working capital adjustments</b>		<b>8,055</b>	<b>(8,534)</b>
Receipts from government grant		52	182
Payments for retirement benefits and loyalty bonuses		(21)	(2)
Income tax (paid) received		(562)	191
<b>Net cash flow from (used in) operating activities</b>		<b>6,333</b>	<b>(7,901)</b>
<b>Cash flow from investing activities</b>			
Payments for investments in subsidiaries	6	(13,000)	(8,000)
Payments for property, plant and equipment		(117)	(57)
Receipts from property, plant and equipment		272	98
Payments for intangible assets		(13)	(58)
Payments for loans issued		(48,525)	(58,555)

Continuation of the table →

Continuation of the table

in EUR thousand	Note	1–6 2023	1–6 2022
Receipts from loans issued		48,558	67,731
Interests received		898	1,648
Dividends received		65	1,675
Receipts from other assets		76	0
<b>Net cash flow (used in) from investing activities</b>		<b>(11,786)</b>	<b>4,482</b>
<b>Cash flow from financing activities</b>			
Receipts from borrowings		50,297	42,900
Payments for borrowings		(44,064)	(25,017)
Receipts from financial services		933	945
Payments for lease		(251)	(234)
Interests paid		(282)	(296)
Dividends paid	10	0	(20,994)
<b>Net cash flow from (used in) financing activities</b>		<b>6,633</b>	<b>(2,696)</b>
<b>Cash and cash equivalents as at 1 Jan.</b>		<b>350</b>	<b>11,111</b>
Net change in cash and cash equivalents		1,180	(6,115)
<b>Cash and cash equivalents as at 30 Jun.</b>		<b>1,530</b>	<b>4,996</b>

The notes to the condensed financial statements are an integral part of the condensed financial statements and should be read in conjunction with them.

# Notes to Individual Items in the Condensed Financial Statements

## 1. REVENUE

in EUR thousand	1–6 2023	1–6 2022
In Slovenia	9,277	7,587
In other countries	4	4
<b>Revenue</b>	<b>9,281</b>	<b>7,591</b>

## 2. OPERATING EXPENSES

in EUR thousand	1–6 2023	1–6 2022
Cost of goods, materials and services	2,224	1,686
Labour costs	7,617	10,310
- wages and salaries	5,924	8,218
- social security costs	991	1,323
- other labour costs	702	769
Depreciation and amortisation costs	472	423
Other costs	198	190
<b>Operating expenses</b>	<b>10,511</b>	<b>12,609</b>

## 3. OTHER OPERATING INCOME AND EXPENSES

in EUR thousand	1–6 2023	1–6 2022
Dividends	106	97
Profit from sale of property, plant and equipment	208	0
Gain from fast-track liquidation of a subsidiary	855	0
Other income	84	1,725
<b>Other operating income</b>	<b>1,253</b>	<b>1,822</b>
Loss from sale of property, plant and equipment	0	(5)
Expenses for donations and sponsorships	(76)	(48)
Other expenses	(6)	(136)
<b>Other operating expenses</b>	<b>(82)</b>	<b>(189)</b>
<b>Other operating income, net</b>	<b>1,171</b>	<b>1,633</b>

## 4. FINANCE INCOME AND EXPENSES

in EUR thousand	1–6 2023	1–6 2022
Interest income	2,282	2,986
Revenues from issued guarantees	769	0
Reversal of impairment of loans issued	5,579	0
Other income	29	906
<b>Finance income</b>	<b>8,659</b>	<b>3,892</b>
Interest expenses	(1,449)	(1,724)
Impairment of loans issued	0	(5,196)
Other expenses	(166)	(411)
<b>Finance expenses</b>	<b>(1,615)</b>	<b>(7,331)</b>
<b>Net finance income (expenses)</b>	<b>7,044</b>	<b>(3,439)</b>



## 5. INCOME TAX

in EUR thousand	1–6 2023	1–6 2022
Current income tax expense	(132)	0
<b>Income tax</b>	<b>(132)</b>	<b>0</b>

in EUR thousand	1–6 2023	1–6 2022
<b>Profit (loss) before tax</b>	<b>6,985</b>	<b>(6,824)</b>
Tax at effective tax rate 19% (2022: 19%)	1,327	(1,297)
Tax effects from:		
- non-taxable income	(1,059)	(295)
- tax non-deductible expenses	84	1,062
- tax relief	(44)	0
- tax losses for which no deferred tax assets were recognised	(176)	530
<b>Income tax</b>	<b>132</b>	<b>0</b>
<b>Effective tax rate</b>	<b>1.89%</b>	<b>0%</b>

## 6. INVESTMENTS IN SUBSIDIARIES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
SIJ ACRONI d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	111,337	111,337
SIJ METAL RAVNE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	80,714	67,714
GRIFFON & ROMANO S.P.A., Via Dossetti 11, Loc. Casinello de Dosso, Italy	0	0
RSC HOLDING d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	31,545	31,545
NIRO Wenden GmbH, Glück-Auf-Weg 2, Wenden, Germany	0	0
SIJ STORITVE d.o.o. Koroška cesta 14, Ravne na Koroškem, Slovenia	505	505
ODPAD d.o.o. Pivka, Velika Pristava 23, Pivka, Slovenia	4,981	4,981
SIJ SUZ d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	616	616
SIJ ZIP CENTER d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	68	68
SIJ RAVNE SYSTEMS d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	6,705	6,705
HOLDING PMP d.o.o., Gerbičeva 98, 1000 Ljubljana, Slovenia	0	7,687
SIJ AMERICAS INC. 331 Newman Springs Road Suite, 104, Red Bank, New Jersey, USA	2,670	2,670
OOO SSG, 119019, Moscow, Novy Arbat, 21, office I, floor 21, room 29, Russia	0	0
ADDITHERM d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	5,902	5,902
<b>Investments in subsidiaries</b>	<b>245,043</b>	<b>239,730</b>

In February 2023, the liquidation procedure for SIJ ELEKTRODE JESENICE was winded-up.

At the beginning of March 2023, Holding PMP ceased to exist under fast-track procedures.

In May 2023, SIJ established SIJ MIDDLE EAST with a 100% share.

## 7. FINANCIAL RECEIVABLES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Loans issued	71,485	69,290
<b>Non-current financial receivables</b>	<b>71,485</b>	<b>69,290</b>
Loans issued	60,228	55,502
Other	377	476
<b>Current financial receivables</b>	<b>60,605</b>	<b>55,978</b>

Financial receivables refer to loans issued to the majority shareholder and subsidiaries and approved for their liquidity purposes. Loans issued to the majority shareholder amount to EUR 54,412 thousand (2022: EUR 54,412 thousand), and the related interest to EUR 9,545 thousand (2022: EUR 8,197 thousand). Loans issued to the majority shareholder will be repaid from dividends. Both the loans issued to subsidiaries, totalling EUR 67,555 thousand (2022: EUR 62,017 thousand), and the related interest, amounting to EUR 201 thousand (2022: EUR 166 thousand), are expected to be repaid from current liquidity.

Interest rates for loans issued are fixed as well as flexible and vary between 1.60 and 7.51%. The disclosed value of loans issued does not exceed their realisable value. The loans issued are not pledged as security for liabilities. The majority of loans issued are secured with bills. Due to identified credit risk and objective signs of impairment, the allowance for loans issued amounts to EUR 15,143 thousand (2022: EUR 20,722 thousand).

## 8. TRADE RECEIVABLES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Trade receivables	10,481	22,887
Receivables from government and other institutions	13	0
Issued advance payments and cautions	99	67
Other receivables	160	89
<b>Current trade receivables</b>	<b>10,753</b>	<b>23,043</b>

The operating receivables are not secured nor pledged as security for liabilities. The disclosed value of trade receivables does not exceed their realisable value.

## 9. CASH AND CASH EQUIVALENTS

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Cash in national currency	1,530	350
<b>Cash and cash equivalents</b>	<b>1,530</b>	<b>350</b>

## 10. EQUITY

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Share capital	145,266	145,266
Capital surplus	11,461	11,461
Other equity reserves	8,615	8,615
Fair value reserves	507	492
Retained earnings	109,514	102,661
<b>Equity</b>	<b>275,363</b>	<b>268,495</b>

The share capital of the Company is recognised amounting to EUR 145,266 thousand and is distributed among 994,616 shares. The face value of each share is EUR 146.05. The number of shares did not change until this financial report was prepared.

In the first half of 2023, the Company paid no dividends (1–6 2022: EUR 20,994 thousand).

### Ownership Structure

Shareholder	Number of shares 30 Jun. 2023	Number of shares 31 Dec. 2022
DILON, d.o.o., Gerbičeva ulica 98, Ljubljana	718,351	718,351
Republic of Slovenia, Gregorčičeva ulica 20, Ljubljana	248,655	248,655
SIJ d.d., Gerbičeva ulica 98, Ljubljana	27,600	27,600
UNIOR, d. d., Kovaška cesta 10, Zreče	10	10
<b>Total</b>	<b>994,616</b>	<b>994,616</b>

## Capital Surplus

The capital surplus amounting to EUR 11,461 thousand was formed during the simplified decrease of the Company's capital.

### Other Equity Reserves

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Legal reserves	10,870	10,870
Treasury shares	(6,009)	(6,009)
Reserves for treasury shares	3,754	3,754
<b>Other equity reserves</b>	<b>8,615</b>	<b>8,615</b>

### Fair Value Reserves

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Fair value reserve due to financial assets at fair value through comprehensive income	517	498
Deferred tax liabilities	(98)	(95)
Net actuarial losses on pension programs	88	89
<b>Fair value reserves</b>	<b>507</b>	<b>492</b>

## 11. FINANCIAL LIABILITIES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Borrowings	500	999
Liabilities for bonds issued (SIJ6)	47,993	47,986
Liabilities from lease	738	780
<b>Non-current financial liabilities</b>	<b>49,231</b>	<b>49,765</b>
Borrowings	23,695	25,418
Liabilities for bonds issued (SIJ7)	31,100	31,128
Liabilities from lease	398	366
Other current financial liabilities	1,653	501
<b>Current financial liabilities</b>	<b>56,846</b>	<b>57,413</b>
<b>Total financial liabilities</b>	<b>106,077</b>	<b>107,178</b>

## Maturity of Financial Liabilities as at 30 June 2023

30 Jun. 2023 in EUR thousand	Carrying amount	Contractual cash flows				Total
		Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
Payables to suppliers	2,703	2,689	12	2	0	2,703
Financial liabilities	106,077	2,532	55,754	50,604	0	108,890
Other liabilities, w/o liabilities to the state and employees and advanced payments	11,544	0	0	11,544	0	11,544
<b>Total liabilities</b>	<b>120,324</b>	<b>5,221</b>	<b>55,766</b>	<b>62,150</b>	<b>0</b>	<b>123,137</b>

## Maturity of financial liabilities as at 31 December 2022

31 Dec. 2022 in EUR thousand	Carrying amount	Contractual cash flows				Total
		Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
Payables to suppliers	1,949	1,915	32	2	0	1,949
Financial liabilities	107,178	6,244	53,695	51,150	0	111,089
Other liabilities, w/o liabilities to the state and employees and advanced payments	11,463	0	3	11,460	0	11,463
<b>Total liabilities</b>	<b>120,590</b>	<b>8,159</b>	<b>53,730</b>	<b>62,612</b>	<b>0</b>	<b>124,501</b>

### Borrowings

Borrowings include borrowings from companies in the Group, commercial banks, and other parties. The interest rates for borrowings are fixed as well as flexible.

### Liabilities for Bonds Issued

Liabilities for bonds issued refer to the bonds issued with the ticker symbol of SIJ6 and SIJ7, that are traded on the Ljubljana Stock Exchange. The nominal value of SIJ6 bonds amounts to EUR 48,000, they bear a fixed interest rate of 2.8% per annum and fall due on 25 November 2024. The nominal value of SIJ7 bonds amounts to EUR 31,100, they bear a fixed interest rate of 3.9% per annum and fall due on 2 November 2023.

## 12. TRADE PAYABLES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Payables to suppliers	2,703	1,949
Liabilities to employees	435	556
Tax liabilities and other liabilities	885	4,637
<b>Current trade payables</b>	<b>4,023</b>	<b>7,142</b>

## 13. OTHER LIABILITIES

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Liabilities for contingent and deferred contribution	11,544	11,460
<b>Other non-current liabilities</b>	<b>11,544</b>	<b>11,460</b>
Accrued expenses for unused annual leave	583	473
Current portion of liability for contingent and deferred contribution	1,200	1,200
Other liabilities	499	16
<b>Other current liabilities</b>	<b>2,282</b>	<b>1,689</b>

Under the shareholders' agreement, the Company recognised an obligation to pay contingent consideration in form of a loan granted to RSC Holding on market terms. The Company must grant the loan within 3 months after the general meeting resolution for the year in which the indicator set out in the shareholders' agreement will be exceeded. The liability is valid from 2022 to 2024. If the indicator set out in the shareholder's agreement will be exceeded in the period from 2025 to 2027, the Company will convert the principal and interest into the capital of the subsidiary as a subsequent payment without the right to demand the return of such subsequent payment.

Under the shareholders' agreement, the Company recognised an obligation to pay contingent consideration in form of additional contributions to the equity of Additherm within 5 years. Additional contributions will be executed in equal annual instalments based on the resolution concluded by both members every time the liability will fall due.

The change in the fair value of the liability to pay contingent consideration based on new information about changes after the acquisition date will be recognised in profit or loss.

## 14. CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities for issued guarantees amount to EUR 171,772 thousand on 30 June 2023 (2022: EUR 181,176 thousand). The total amount of issued guarantees was issued to the companies of the Group. The Company expects no outflows from the issued guarantees.

## Related Parties

Related parties are the majority shareholder and the ultimate parent (including companies in their groups), subsidiaries, associates, other related parties and the management of companies.

### Transactions with the Majority Shareholder

in EUR thousand	1–6 2023	1–6 2022
Revenue	1,349	1,902

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Receivables	63,973	62,624

### Transactions with Subsidiaries

in EUR thousand	1–6 2023	1–6 2022
Revenue	11,039	11,184
Expenses	220	549

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Receivables	93,741	106,250
Liabilities	13,373	25,686

### Transactions with Other Related Companies

in EUR thousand	1–6 2023	1–6 2022
Revenue	10	10
Expenses	61	74

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Receivables	2	2
Liabilities	7,825	7,427

## Carrying Amounts and Fair Values of Financial Instruments

The table shows the carrying amounts and fair values of financial assets and financial liabilities. The carrying amounts of financial and trade receivables, cash and cash equivalents, and operating liabilities are an adequate approximation of their fair value.

in EUR thousand	30 Jun. 2023		31 Dec. 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through other comprehensive income	1,320	1,320	1,300	1,300
Financial receivables	132,090	132,090	125,268	125,268
Trade receivables	10,753	10,753	23,043	23,043
Cash and cash equivalents	1,530	1,530	350	350
Financial liabilities	(106,077)	(111,718)	(107,178)	(111,207)
Trade payables	(15,567)	(15,567)	(18,602)	(18,602)

### Presentation of Financial Assets and Liabilities, Disclosed at Fair Value According to Fair Value Determination Hierarchy

in EUR thousand	30 Jun. 2023	31 Dec. 2022
Financial assets at fair value through other comprehensive income	916	896
<b>Financial assets at fair value of first level</b>	<b>916</b>	<b>896</b>
Financial assets at fair value through other comprehensive income	416	404
<b>Financial assets at fair value of third level</b>	<b>416</b>	<b>404</b>
Bonds and commercial papers	(84,734)	(83,143)
<b>Financial liabilities at fair value of second level</b>	<b>(84,734)</b>	<b>(83,143)</b>
Borrowings	(24,195)	(26,417)
Leases	(1,136)	(1,146)
Other financial liabilities	(1,653)	(501)
<b>Financial liabilities at fair value of third level</b>	<b>(26,984)</b>	<b>(28,064)</b>

The third level of liabilities at fair value includes secured loans issued, leases and interest liabilities, representing, according to the valuation model, carrying amounts of discounted expected future payments with the adjusted risk level.

In the first half of 2023, there were no transfers of financial instruments between different levels.

## Events After the Reporting Date

### **DAMAGE TO A ROLLING MILL STAND ENGINE AT SIJ ACRONI**

On 13 July, the main engine of the rolling mill stand suffered major damage at SIJ Acroni's blooming mill. No one was injured in the incident. The incident caused a temporary production outage which is estimated to last up to three months, as well as major commercial damage to the company and to SIJ Group. SIJ Group and SIJ Acroni have adequate insurance coverage to protect against risks of this nature. No lay-offs are foreseen.

### **SIJ GROUP COMPANIES IN CARINTHIA PREVENT MAJOR FLOOD DAMAGE**

SIJ Metal Ravne and SIJ Ravne Systems, the largest companies of the SIJ Group in Carinthia, one of the most affected regions in Slovenia, prevented major flood damage. Production was gradually restarted in the first days after the floods, and from 16 August production started in all production facilities of both companies. The challenge for the entire Carinthian economy, and thus also for the SIJ Group, remains the establishment of normal transport connections, also suitable for freight traffic, as they cause congestion in deliveries. Other companies in the SIJ Group were not affected by the floods.

Both extraordinary events will not affect the timely fulfilment of the obligations of either the of SIJ Group companies. Given SIJ Group's high liquidity and strong performance in 2022, which continued into the first half of 2023, SIJ Group will continue to meet its obligations according to plan. The events will also not have a significant adverse impact on the business operations of the SIJ Group.

## In Sync with Nature

The steelworks of the SIJ Group's steel operate in an environment with exceptional cultural and natural heritage. The historical ties between the iron and steel industry on the one side and the local environment on the other have instilled in us a corporate social responsibility. In order to support our sustainability strategy and reduce our environmental impact, we cooperate with local communities, which is also where most of our employees live.

### SHOWING RESPECT FOR NATURAL HERITAGE OF GLOBAL IMPORTANCE

We are particularly committed to preserving the heritage in Upper Carniola and Carinthia regions, which is where our steel companies operate. The Jesenice steelworks in Upper Carniola is just a couple of kilometres away from the Triglav National Park, the largest nature conservation area in Slovenia. Our other steelworks is located in Ravne na Koroškem, which is not far from the Karavanke UNESCO Global Geopark.

### SHARING OUR ENVIRONMENT WITH THE CARNIOLAN HONEYBEE

In every corner of Slovenia, culture and nature are brought together magnificently in beekeeping, which is inscribed on the Unesco Representative List of the Intangible Cultural Heritage of Humanity as a way of life.

On Slovenia's initiative, the UN has declared 20 May as World Bee Day. On this day in 1734, Anton Janša, the father of modern beekeeping, was born in Upper Carniola, not far from where the SIJ Acroni steelworks stands today.

Nowadays, one in every two hundred people in Slovenia is a beekeeper. There are more than 10,000 beekeepers in Slovenia taking care of more than 200,000 bee colonies, with up to 100,000 bees per beehive. In Slovenia, beekeepers only breed our indigenous bee species – the Carniolan honeybee.

“ At the SIJ Group, we are aware that we share our natural environment with an indigenous bee species – the Carniolan honeybee. We are similar to the Carniolan honeybee in terms of our shared characteristics, such as adaptability, resilience and profitability.

### INSPIRED BY THE OUR EXCEPTIONAL INDIGENOUS SPECIES OF BEES

The Carniolan honeybee (*Apis mellifica carnica*) is set apart from other bee species by external characteristics and behavioural traits. It has **an excellent sense of orientation**, is **highly productive, adapts quickly** to temperature changes, is **resistant** to diseases and rarely stings.

With our sustainability commitments, the SIJ Group aims to preserve the environment in which the Carniolan honeybee



provides for the future of the planet by pollinating various plants and working to improve our health with its honey products. **The purity of its honey underlines the purity of the environment** in which it thrives. At the SIJ Group, we will further demonstrate our care for the environment by installing beehives on our land or in the surrounding area.



**SIJ – Slovenska industrija jekla, d.d.**

Gerbičeva 98, 1000 Ljubljana

[www.sij.si](http://www.sij.si)

T: +386 (0)1 242 98 00

E: [info@sij.si](mailto:info@sij.si)

**Content design and editing:** SIJ d.d.

**Language check:** Fužinar Ravne, mag. Andreja Čibron Kodrin

**Translation by:** Tadej Reissner

**Layout and implementation:** Media Vox, Andreja Trbuha Kukec

**Sustainability graphic design:** Sans, Andrej Knez

**Photographs by:** Urban Štebljaj (portraits), SIJ Archives, Shutterstock, Istock, Adobe Stock