

sij

# Business report

of SIJ Group and SIJ d.d. for the first half of

20

24

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# 01

## Introduction

# Operational Highlights

## THE FIRST HALF OF 2024 IN FIGURES

<b>Revenue</b> (EUR million) <b>582.1</b> (2023: 601.5)	<b>EBITDA</b> (EUR million) <b>42.2</b> (2023: 53.7)	<b>CAPEX</b> (EUR million) <b>35.8</b> (2023: 28.4)	<b>NFD/EBITDA</b> <b>5.8</b> (2023: 1.6)
<b>Steel production</b> (thousand t) <b>256.5</b> (2023: 228.6)	<b>Share of exports</b> <b>86.1%</b> (2023: 84.5 %)	<b>Employees</b> <b>3,703</b> (2023: 3,649)	<b>Sustainability</b> Signed sustainability charter

Our **vision** is to achieve sustainable growth and efficiency. Both derive from focusing on the customer, a higher added value product offering and employee engagement.

Our **mission** is to produce a broad selection of steels and steel products, while keeping in mind the needs of all key stakeholders.

# Business Strategy Implementation

## BUSINESS OBJECTIVES

By the year 2025, SIJ Group will:

- retain leading market shares in niche steel markets,
- be a financially solid and perform above the industry average,
- be a desired employer with motivated employees.

## SUSTAINABILITY TARGETS

Leading up to the year 2030, we will reduce our carbon emissions by 51% compared to the benchmark year of 2020.

All six SIJ Group companies in Slovenia will be certified under the ISO 45001 standard of occupational health and safety by 2026.

*In the opinion of the independent organisation ISS Corporate Solutions (Second Party Opinion), the targets are set ambitiously, but are achievable. The Sustainable Strategy objectives are further detailed in, and supported by, the Sustainability Financial Framework, SIJ Group's Decarbonisation Plan 2020–2030–2050 and the related CAPEX Plan, the SIJ Group Code of Ethics, and the SIJ Group Business Conduct Policy. These documents were adopted in 2022 and 2023.*

## MARKET POSITION IN 2024

We maintain our market position with our nine proprietary steel brands.



We maintain our position as one of the top three producers of stainless steel quarto plates in the EU.

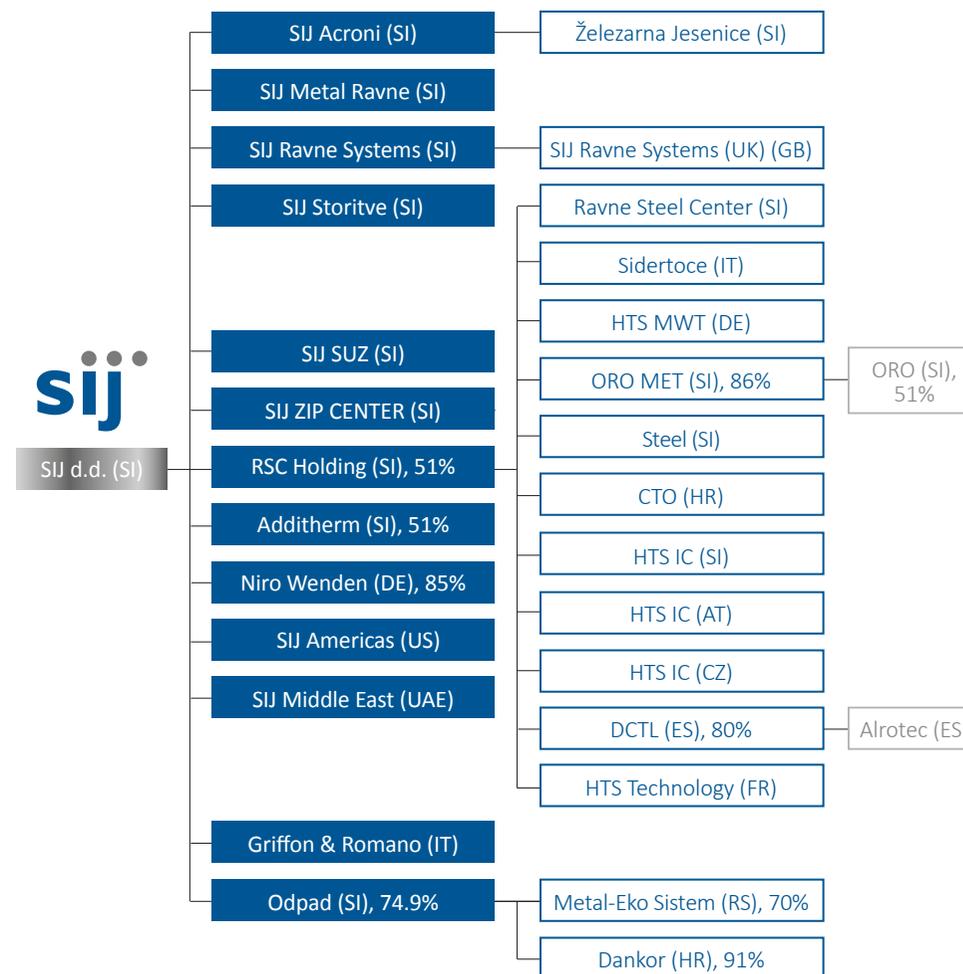
We rank among the European Union's top three leading producers of tool steels in the EU.

# SIJ Group at a Glance

SIJ Group is comprised of 31 companies. SIJ d.d. is the parent company, the founder and either direct or indirect owner of SIJ Group subsidiaries, with no registered branches.

In accordance with the controlling agreement concluded between SIJ d.d. as the parent company and its directly controlled companies, the operations of the main production 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 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.

## Organisational Structure



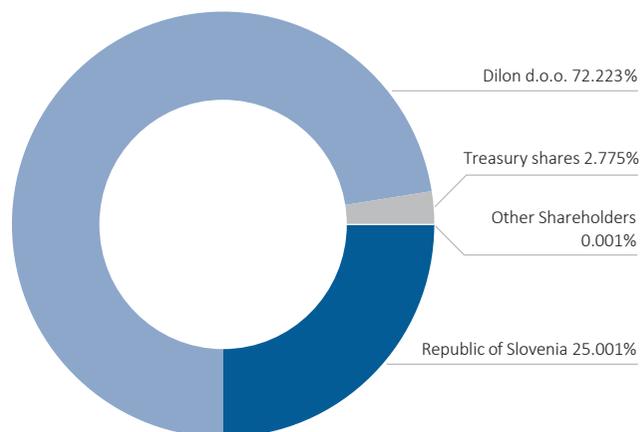
- Companies where no percentage of ownership is indicated are under 100-percent ownership of either SIJ d.d. or its subsidiaries.
- In the first half of 2024, the liquidation process began for the company OOO SSG (RU).
- In the first half of 2024, the liquidation process began for the company Topmetal (BA) and is expected to be completed by the end of 2024.
- After the end of the accounting period, the companies Alrotec (ES) and DCTL (ES) merged.

# Overview of the Parent Company SIJ d.d.

## KEY INFORMATION

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

## Ownership Structure as of 30 June 2024



## 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

President of the Management Board: Andrey Zubitskiy

### Extended Management

Although SIJ Group operates in an international business environment and on the global market, most of the executive team members are local to Slovenia. In accordance with corporate governance rules, the SIJ Group's management team consists of the extended management, which includes the President of the Management Board, Vice-Presidents, and Directors & Managers, who report directly either to the President of the Management Board or to the Vice-Presidents. The extended management team is comprised of 20 people.

### Supervisory Board

President of the Supervisory Board: Evgeny Zverev

Vice-President of the Supervisory Board: Miha Resman

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

### Audit Committee

President of the Audit Committee: Miha Resman

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

# 02

## Business Report

# Notable Events and Achievements of the First Half of 2024

## February

### **Signing of the Worldsteel Sustainability Charter**

SIJ Group first signed the worldsteel Sustainability Charter in 2015. Its primary focus was on reducing the environmental impact of the industry and adhering to the seven commitments. In February of this year, we signed the revised Sustainability Charter, which is aligned with existing sustainability initiatives and standards, including the United Nations (UN) Sustainable Development Goals (SDGs), and addresses the growing importance of some key issues not covered by the previous principles, such as climate change and supply chain management. 40 steel groups around the world have signed the Charter, including SIJ Group.

### **SIJ Ravne Systems under New Management**

SIJ Group's third largest company has a new CEO. Matjaž Hudopisk the company's former CTO, took over the helm of the company on 5 February. Gregor Adler, the former CEO of SIJ Ravne Systems, has taken over the management of a major Slovenian company after a ten-year tenure at SIJ Group.

## April

### **SIJ Group Received ResponsibleSteel Certificate**

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. SIJ Group was certified under the strict ResponsibleSteel standard at the end of March, ranking us among the world's most responsible and sustainability-oriented steel producers.

### **Publication of the Audited Annual Report of SIJ Group and SIJ d.d.**

On 26 April, the SIJ Group published the audited Annual and Sustainability Report of SIJ Group and SIJ d.d. 2023, which was reviewed and adopted by the Supervisory Board at its meeting on 25 April 2024.

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

As of the first of April, we increased collective agreements-based gross base employee salaries at our production companies SIJ Metal Ravne, SIJ Acroni, SIJ Ravne Systems and SIJ SUZ.

## May

### **Sustainably and efficiently meeting customer needs through innovation**

In recognition of the best and most sustainability-focused innovations, SIJ Acroni, SIJ Metal Ravne and SIJ Ravne Systems received six regional accolades awarded by the Slovenian Chamber of Commerce and Industry – four gold, one silver and one bronze. Standing out among these are the gold prize-winning and nationally ranked innovations for stainless ferritic steel for use in the new generation of Solid Oxide Fuel Cells (SOFC) and SIJ Metal Ravne's UTOPTI superalloy, which was developed in partnership with other partners for use in nuclear reactor cartridges.

## June

### **Renovation of the electrical steel production line investment successfully finalised**

On 6 June, SIJ Acroni handed over the EUR 18 million renovated non-oriented electrical steel heat treatment line, creating the conditions for production of cutting-edge SIWATT electrical steels for use in electrical vehicle traction motors.

# Significant Business Events after the Reporting Period

## September

### **Digitalization of energy efficiency and cost management**

SIJ Group and Kolektor sETup signed a contract for the establishment of an information system for monitoring electricity consumption, optimization of electricity consumption and costs, and network fees for the entire SIJ Group.



# Analysis of Operations

In the first half of 2024, SIJ Group's production of cast steel rose by 12.2% compared to the same period the previous year. In the first half of last year, production output was below average, as we expected a significant drop in demand and adjusted our planned production activity accordingly. Demand ended up exceeding expectations, and we were unable to adjust production adequately within such a short timeframe.

Revenue was down on the previous year, mainly due to lower sales prices. These have fallen due to lower energy prices, which were partially passed on to customers through our pass through model, and reduced demand, which has led customers to push for lower prices. Stable raw material input prices combined with lower sales prices created a price gap that negatively affected EBITDA and EBITDA margin.

## SIJ Group Key Performance Figures

	Unit	1-6 2023	1-6 2024
Cast steel production	t	228,633	256,486
Revenue	EUR thousand	601,530	582,086
EBIT	EUR thousand	24,472	13,091
EBIT margin %	%	4.1	2.2
Depreciation and amortisation	EUR thousand	28,503	28,352
EBITDA	EUR thousand	53,690	42,210
EBITDA margin	%	8.9	7.3
EBITDA per employee	EUR	14,714	11,399
Profit before taxes	EUR thousand	17,510	2,134
Net profit	EUR thousand	12,717	1,617
CAPEX	EUR thousand	28,440	35,813

	Unit	30 June 2023	30 June 2024
Total assets	EUR thousand	1,026,984	1,035,062
Equity	EUR thousand	457,644	419,855
Working capital	EUR thousand	201,429	179,125
<i>Inventories</i>	<i>EUR thousand</i>	<i>315,959</i>	<i>315,397</i>
<i>Trade receivables</i>	<i>EUR thousand</i>	<i>142,137</i>	<i>133,964</i>
<i>Trade payables for operating assets</i>	<i>EUR thousand</i>	<i>256,667</i>	<i>270,236</i>
Net financial debt	EUR thousand	213,541	262,075
<i>Non-current financial liabilities</i>	<i>EUR thousand</i>	<i>163,112</i>	<i>123,582</i>
<i>Current financial liabilities</i>	<i>EUR thousand</i>	<i>90,690</i>	<i>159,216</i>
<i>Cash and cash equivalents</i>	<i>EUR thousand</i>	<i>40,261</i>	<i>20,723</i>
NFD / EBITDA		1.6	5.8
Number of employees		3,649	3,703

## CAST STEEL AND FINISHED PRODUCTS PRODUCTION

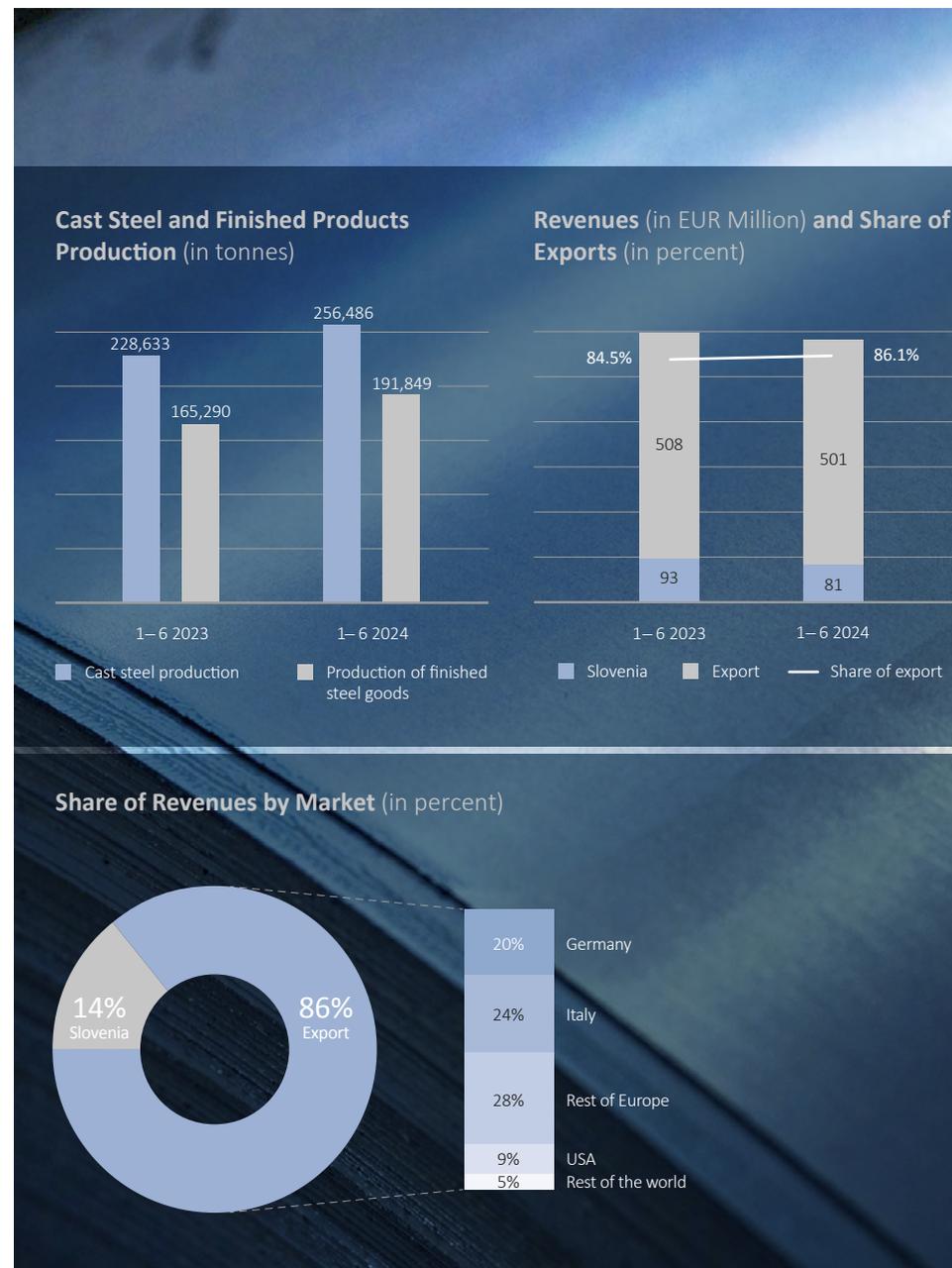
In the Steel Division, production of cast steel has returned to normal levels this year. Finished product production has increased by 16.1% compared to 2023. The growth in finished products outpaces that of cast steel due to the different structure of the final products.

## LOWER REVENUES, STABLE EXPORTS

In the first half of 2024, we generated revenue of EUR 582.1 million, down 3.2% compared to the same period in 2023. The primary reasons for the revenue decline are lower selling prices and declining demand. We increased our export share by 1.9 percentage points by adjusting to demand and focusing on markets and industries where demand remains strong.

The SIJ Group operates in over 70 countries and remains one of Slovenia's leading exporters. In the first half of 2024, we generated EUR 501.3 million in sales revenues on foreign markets and grew our export share to 86.1%. We have maintained a stable export share above 80% for an entire decade.

Italy, Germany and other European countries remain the principal export markets. Share of exports to Italy increased by 1.5 percentage points, while share of exports to the USA rose by 1.1 percentage points. The German market exhibited the most customer restraint due to the uncertain market conditions, resulting in a 2.2 percentage-point drop in share of sales compared to the same period last year. Share of exports to other European countries decreased by 0.3 percentage points.

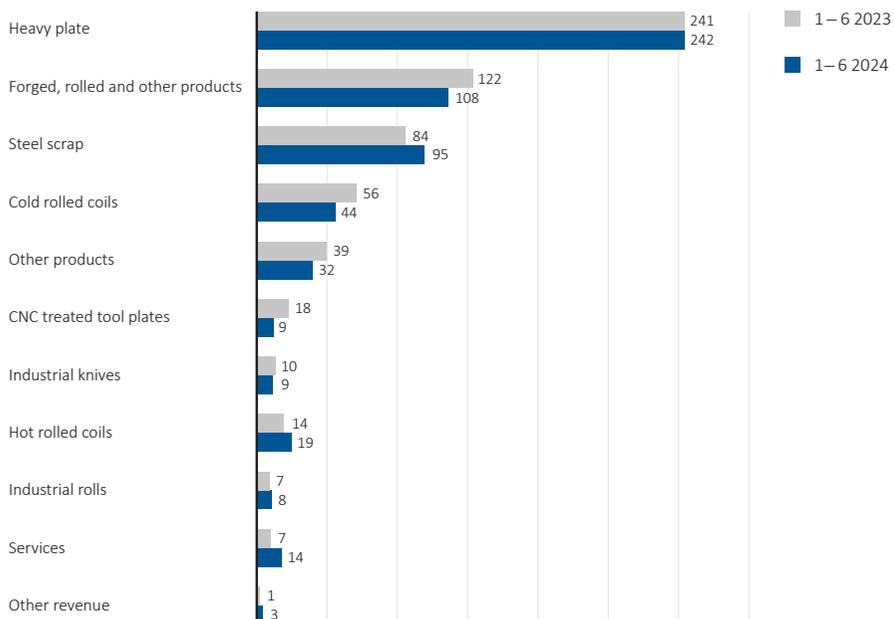


## MARKET UNCERTAINTY

In response to market uncertainties, we have ramped up our trade fair activities and sought new opportunities in promising sectors such as aerospace, heavy construction machinery, infrastructure projects, engineering, medicine, recycling, and e-mobility. We are also focusing on applications that will play a crucial role in transitioning to a low-carbon society. In this dynamic environment, we are constantly adjusting to market changes and staying abreast of the latest trends.

Despite higher sales volumes, revenues from stainless steel heavy plate remained steady compared to last year due to lower selling prices and an increase in Asian steel imports into Europe. Revenue from sales of forged, rolled and other products was also lower due to a fall in volumes sold. Revenue from the sale of steel scrap increased due to higher volumes.

Sales by Product Groups (in EUR million)



## KEY RAW MATERIALS

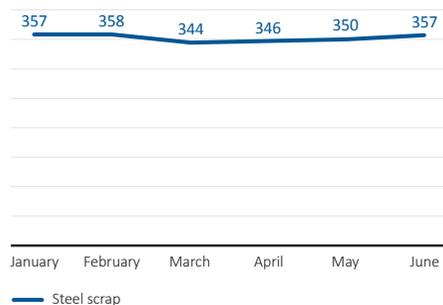
Prices of key raw materials have shown divergent dynamics. Price movements in the first half of the year have been less volatile than in previous periods, and low price levels are already affecting the profitability of alloy producers.

**Steel scrap** has been significantly more stable this year compared to previous years, with lower month-on-month variation. Slower economic activity has an impact on the return of steel scrap. Availability therefore did not keep pace with the demand in the steel industry. Steel scrap prices have not fallen in tandem with the fall in steel prices due to the limited availability.

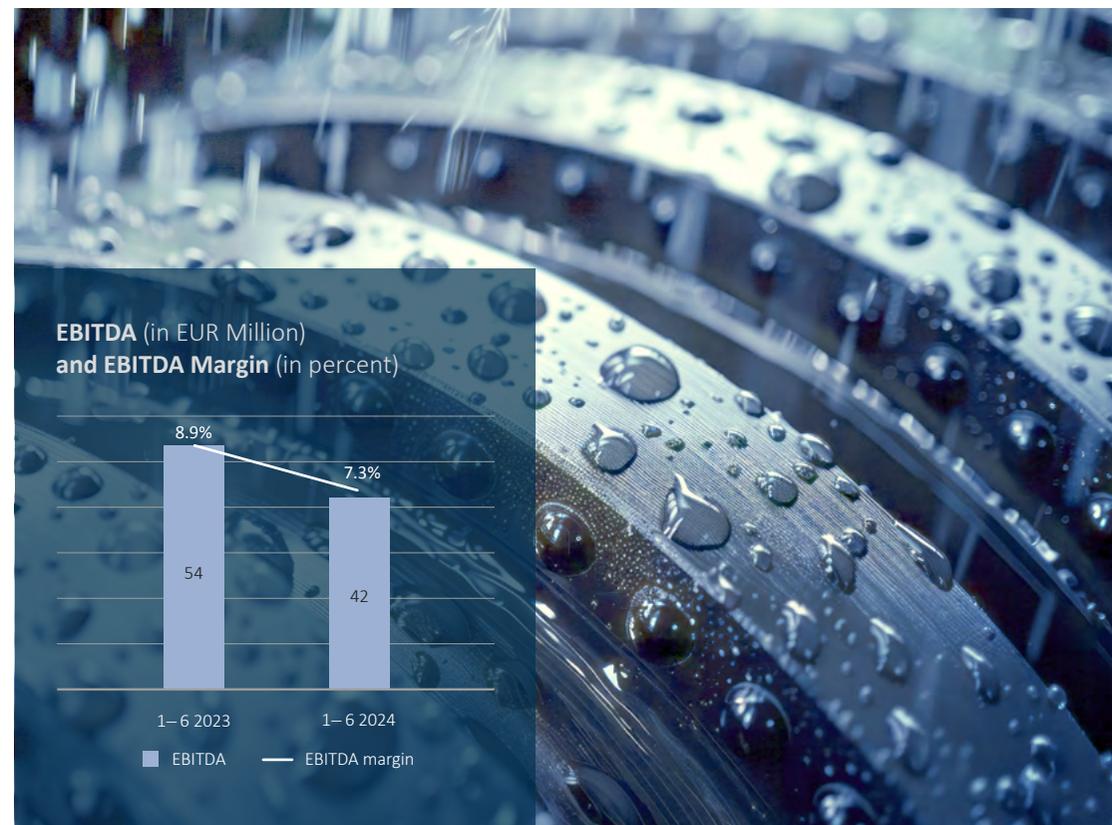
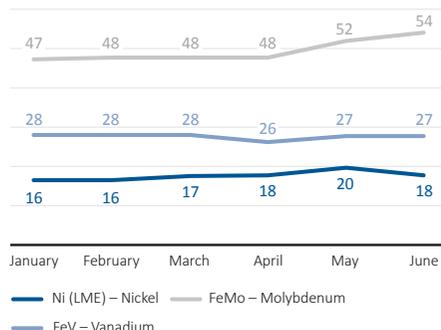
**Nickel** has been relatively stable compared to last year. Average monthly prices followed a positive trend in the second quarter, but this trend reversed in May. While nickel surpluses have been lower than expected, demand has also cooled. There is still a noticeable divergence between the primary and unlisted nickel markets, but the availability of primary nickel has improved significantly. London Metal Exchange (LME) inventories have been rising, mainly on account of newly registered Chinese suppliers.

**Molybdenum** is the only alloy with a markedly positive price trend this year. The reasons are linked to the supply side, which remains vulnerable to extraordinary disruptions. A moderation is expected towards the end of the year or next year.

**Movement of Steel Scrap Prices**  
(in EUR per tonne)



**Movement of Key Raw Material Prices for the Production of Stainless and Tool Steels**  
(in USD per kilogramme)



## LOWER EBITDA

In the first half of 2024, SIJ Group generated EBITDA of EUR 42.2 million, down on the same period in 2023. The main contributor to the drop in EBITDA was, as previously mentioned, the sharp fall in selling prices, the negative impact of which we were not able to fully offset by higher sales volumes.

SIJ Group's EBITDA is primarily driven by the Steel Division. Its negative impact on EBITDA has been EUR 10.0 million. This is mainly due, as already mentioned, to much lower sales prices having a negative impact and lower raw material costs having a positive impact, which together account for a negative impact of EUR 62.8 million. The negative impact was cushioned by an increase in volumes, a EUR 29.9 million reduction in variable costs mainly due to lower electricity prices, and other items effect. Among the other items effect, the two events from 2023 already mentioned – compensation received for damage to the main

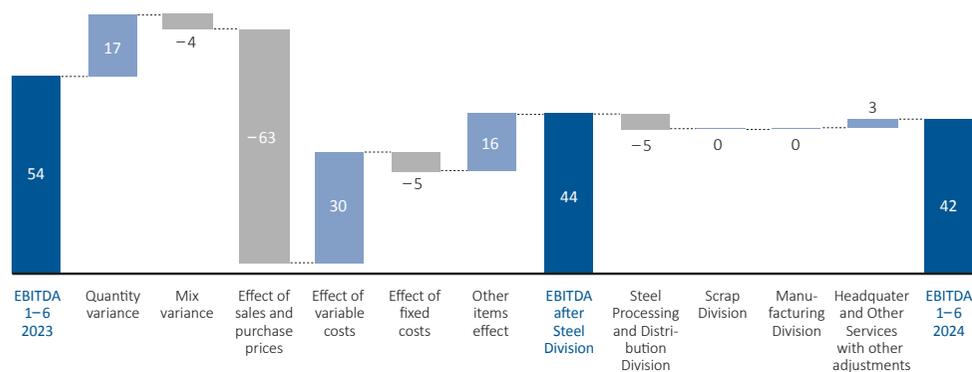
engine of the rolling frame and subventions to companies due to high energy prices – account for the largest share. Labour costs, which have risen due to wage increases, contribute to the negative impact on fixed costs.

EBITDA was also negatively impacted by the Steel Processing and Distribution division, which is an extended arm of the Steel Division and also faced lower demand.

The impact of lower selling prices in the Scrap Division and the Manufacturing Division on the Group's EBITDA is minimal.

The impact of Headquarters and Other Services Division relates to labour costs, intra-group profit on inventories and other consolidation adjustments.

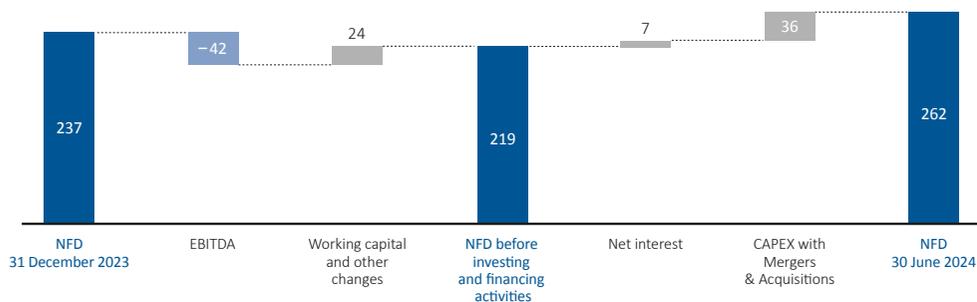
### EBITDA Bridge (in EUR million)



### NET FINANCIAL DEBT

SIJ Group's net financial debt increased by EUR 24.9 million to EUR 262.1 million in the first half of 2024. All business activities, interest expenses, and partially CAPEX were fully covered by EBITDA.

### NFD bridge (in EUR million)

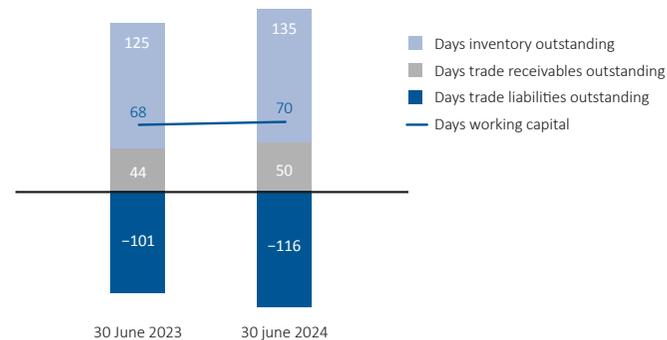


### STABLE MANAGEMENT OF WORKING CAPITAL

SIJ Group dedicates particular attention to the management of its working capital. Year-on-year changes in working capital are managed through committed credit lines and effective day-to-day monitoring of receivables and liabilities.

Working capital decreased by EUR 22.3 million compared to the same period last year, from EUR 201.4 million to EUR 179.1 million, while the number of days of working capital outstanding compared to the same period last year slightly increased from 68 days to 70 days. When comparing working capital to year end 2023 it increased by EUR 15.5 million, due to exceptional low working capital at year end as consequence of damage to the main engine of the rolling frame and flood. The days of inventory outstanding increased because of smaller batches, more demanding specific grades and lower revenues. While the value of inventory remained at the same level because of the drop in raw material and energy prices. The increase in production has led to an increase in payables to suppliers and also in order to compensate slower turnover of inventory and as a consequence increase in days outstanding compared to the same period last year. The decline in trade receivables compared to the same period last year is due to lower revenues, increase in the number of days of customer receivables outstanding from 44 to 50 day is also result of more favourable payment terms to customers in order to increase market share.

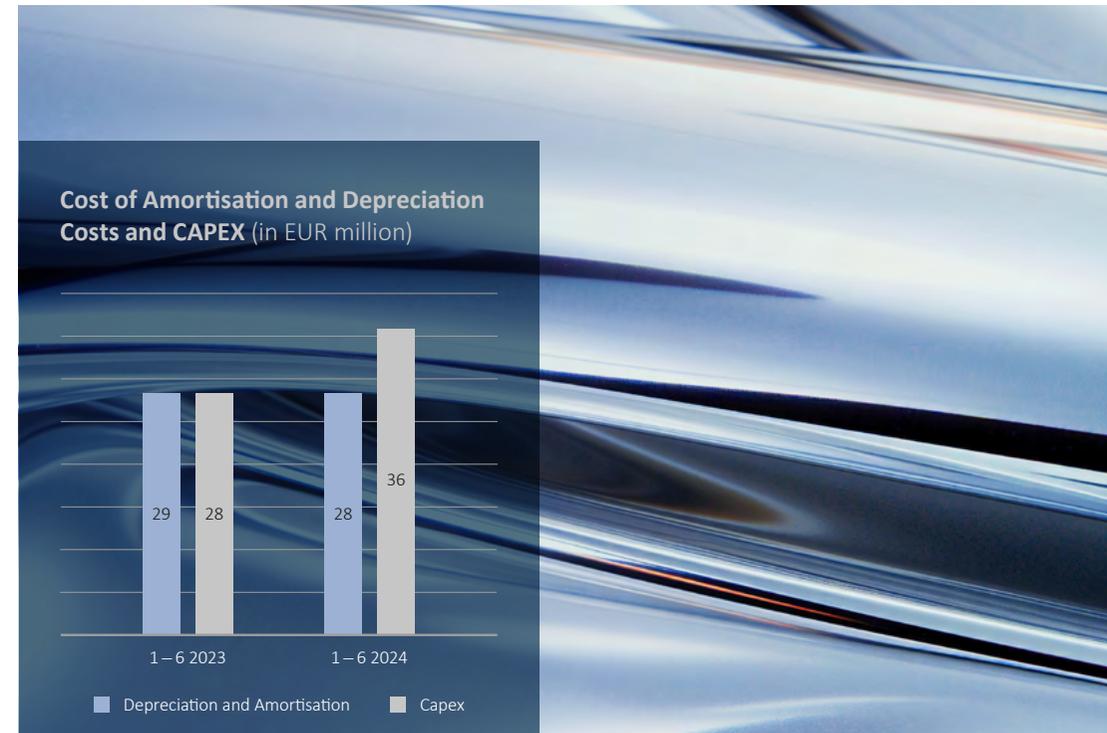
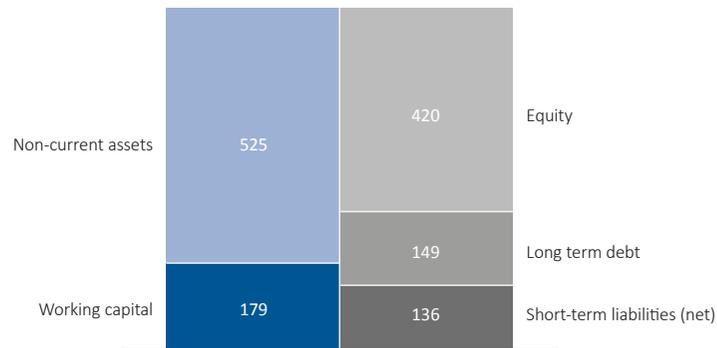
### Days of Operating Working Capital Outstanding as at 30 June



## HIGH SHARE OF CAPITAL AND LONG-TERM SOURCES

The 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 25% of working capital.

### Structure of Financial Position (in EUR Million) as at 30 June 2024



## CAPEX

In the first half of 2024, we allocated EUR 35.8 million for investments, some EUR 7.4 million more than during the same period last year. The increased investment is attributable to the deferral of major repairs from the end of last year to the first half of this year.

Amortisation remains elevated due to the activation of large-scale projects in the previous and current.

## ALTERNATIVE PERFORMANCE INDICATORS

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

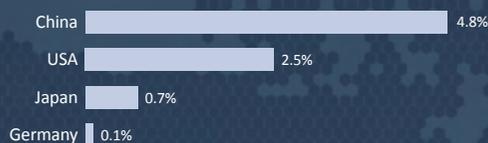
### Explanation of performance indicators

Indicator	Explanation of the calculation	Application
Revenue	Revenue in the statement of comprehensive income (Disclosure 1).	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).	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.	The EBIT shows the operating result and is part of the EBITDA indicator.
EBITDA	Operating profit 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 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 EBITDA in 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.	The net profit or loss is 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 showing the ratio between net financial debt and 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 with regard to investors.  For half-yearly data, EBITDA for the last 12 months is used.

# Impacts of the External Environment and SIJ Group Activities

## GLOBAL ECONOMIC OUTLOOK

### Economic growth projections for 2024



### Economic growth projections for 2024 and 2025



### Observations and trends

**2.6%** global growth (GDP) in 2024

**2.7%** global growth (GDP) in 2025

### 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 US.
- 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

**-1.7%** decline in EU steel demand (2024)

**7.5%** average decline in steel prices in 2024

### 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 identifying opportunities in even more profitable niche products, in the face of an overall decline in demand.
- Keeping track of development-focused activities on the market and looking for new business opportunities due to sustainability-oriented steel production.

## SUSTAINABLE DEVELOPMENT & GEOPOLITICAL CHALLENGES

### Global steel production in the January-June period



### Observations and trends

**1.1%** steel production growth in the EU in the first six months of 2024

**-0.6%** decline in global steel production in the first six months of 2024

### Activities of SIJ Group

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

Sources:

1. European Commission. May 2024. European Economic Forecast, Spring 2024. Available [at this link](#). 26 June 2024.  
2. SMR – Steel and Metals Market Research. July 2024. Stainless steel quarto plates market data. Member data. 24 July 2024.  
3. SMR – Steel and Metals Market Research. July 2024. Alloyed tool steels market data. Member data. 24 July 2024.

4. Macquarie. March 2024. Commodities Compendium 2024. Member data. 23 March 2024.  
5. World Steel Association. July 2024. July construct steel newsletter. Available [at this link](#). 23 July 2024.



## 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. 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 geopolitical situation and trade restrictions are causing occasional supply chain disruptions and affecting commodities market prices.

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. Commodities market activity was stronger than expected, which spurred a temporary price increase at the start of the year. However, the overall negative economic situation did cause a negative pricing trend at the end of the second quarter. This year, price volatility has not been as pronounced compared to the preceding year.

## Sales

Sales-oriented activities in the first half of this year were marked by uncertainties about the market situation in the European and global steel markets, reticence of customers in their purchasing decisions, and a significant decline in consumption and demand in certain sales segments. In the first half of the year, we faced volatility in demand in the European market, where the reticence of German buyers was particularly notable. We noted stable demand in the markets of the U.S.A., India, and Middle East.

Preservation of high interest rates and the resulting higher cost of liquidity financing further increase liquidity risks and cause customers to delay their purchasing decisions. With the demand for steel being weak as it is, the persistently high share of steel imports from Asian countries (China, India), which has increased over the past two years in our core sales segments, i.e. in the long product tool steels and special steels segment and in the stainless steel quarto plates and electrical sheets segment, is also putting considerable downward pressure on the selling prices of steel products.

Under the given conditions, SIJ Group stayed in direct contact with all customers, especially with the key strategic customers. Thanks to our timely response to customer demand and our flexibility in making price adjustments, we were able to keep our order volumes in line with our sales targets in the first six months in almost all of our core steel product segments. Despite the highly volatile global market conditions, we were able to retain leading market shares in the stainless steel quarto plates niche markets, the segment of long specialty steel products for use in the aerospace industry, the energy sector, the nuclear industry, and the petrochemical industry.

In the face of the cooling-off of steel demand in European markets, sales activities are being intensified towards markets and industries where steel demand is not depressed (e.g. the USA, Canada, India and the 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 continue breaking into new, prospective market segments, such as the aviation industry, heavy construction machinery and construction of infrastructural facilities, engineering, medicine, 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 proven to be 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 that the trend of reducing large inventories of steels across the supply chain has stopped as of the end of last year and that the customers' steel inventories kept by end users and distributors have caught up with levels of consumption, we expect the market situation will start to improve in the final quarter of this year, and that demand for steel and steel products in Europe will regain strength. The emergence of logistical bottlenecks in the Suez Canal has also had a positive impact, as customers are reverting from Asian suppliers back to European suppliers, thus reducing pressure on further reductions of selling prices.

### **New addition: the SIPREME 800 superalloy**

In the first half of this year, we added superalloys to SIJ Group's product offering. This is a bold step on the way to increasing the share of technologically advanced and high-profit steel products in the SIJ Group's overall product portfolio. Our superalloys are marketed under the SIPREME brand and they represent an upgrade of the existing stainless steel product range with the aim of increasing profitability and replacing less profitable standard steel products, where there is increasing competitive pressure from Asia each year and where downward pressure on the selling prices is the most pronounced. Namely, superalloys are known for excellent performance at exceedingly high temperatures and for their

increased lifespan under constant loads, which can be much longer still, depending on the application.

Superalloys are suitable for the widest range of applications in high-tech industries, such as the aerospace industry, the energy sector, heating systems industry, petrochemical industry, and hydrogen production. Taking advantage of the technological synergies and complementarities within our steel companies, this is an excellent combination of flat and long stainless steel product segments, and the sales channels are predominantly focused on the end-users rather than retailers. The sales process is also coupled with a stringent supplier validation/certification procedure, which also helps build long term-focused and stable partnership with our customers.



# 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 3,500 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 under the principles of circular economy. Our steels and our products establish us as a partner for Europe's green transition.

## Foundations of Sustainable Action

SIJ Group's sustainability objectives are laid out in the Sustainable Development Strategy up to the Year 2030, which is aligned with our business strategy, and our Decarbonisation Plan 2020-2030-2050. The strategic documents were developed based on broader social agreements in the steel industry.

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

We follow the guidelines of European steel producers (Green Deal on Steel) and the Sustainable Development Policy of the World Steel Association.

In the beginning of this year, we signed the revised Sustainability Charter, which is aligned with existing sustainability initiatives and standards, including the United Nations (UN) Sustainable Development Goals (SDGs), and addresses the growing importance of some key issues not covered by the previous principles, such as climate change and supply chain management. The Charter was signed by 40 steel producers around the world, who are required to report their efforts to achieve the targets in all nine areas of interest to the World Steel Association.

### Principles of Sustainability in the Steel Industry



Source: World Steel Association. Available at the following [link](#) (18 July 2024).

## UN Sustainable Development Goals and SIJ Group's Eight Priority Goals



### 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.

Source: United Nations. Available at the following [link](#) (23 January 2024).

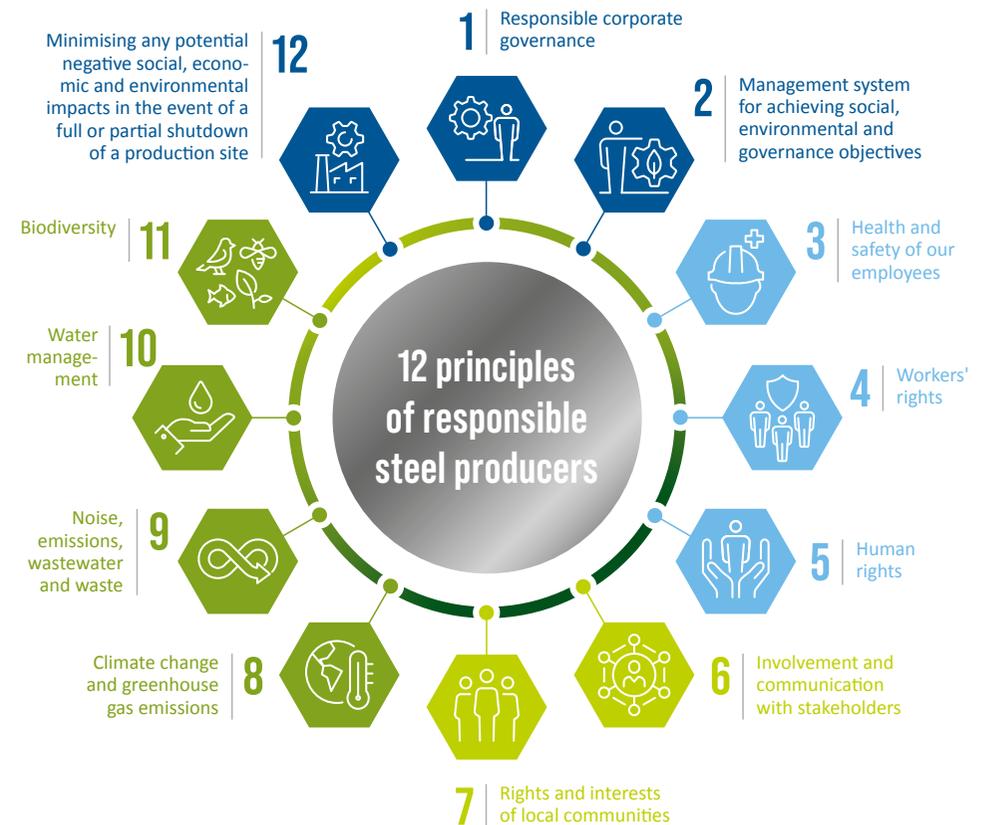
# Implementation of the Sustainability Strategy Action Plan and Decarbonisation Plan

This year, we continued to implement action plans derived 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.

In April, we successfully completed the two-year project of becoming certified under the stringent ResponsibleSteel standard. The SIJ Acroni and SIJ Metal Ravne steel mills and the parent company SIJ d.d. have successfully passed the independent audit conducted by AF-NOR based on to the ResponsibleSteel standard. The standard is based on twelve principles, which include a specific set of criteria and requirements, and the assessment process includes involvement of the company's stakeholders.

Apart from SIJ Group, there are only 15 steel groups in the world that have been certified to the ResponsibleSteel sustainable steel production standard. 6.4% of global steel production comes from facilities certified to this certificate, which means that producers meet strict criteria in terms of environmental, social and governance aspects of their operations and stakeholder relations. The recertification audit will be conducted after one and a half years.

## ResponsibleSteel: the Principles of Responsible Steel Producers



## SUSTAINABILITY GOALS

Leading up to the year 2030, we will reduce our carbon emissions by 51% compared to the benchmark year of 2020.

All six SIJ Group companies in Slovenia will be certified under the ISO 45001 standard of occupational health and safety by 2026.

The Sustainable Strategy objectives are further detailed in, and supported by, the Sustainability Financial Framework, SIJ Group's Decarbonisation Plan 2020–2030–2050 and the related Investment Plan, the SIJ Group Code of Ethics, and the SIJ Group Business Conduct Policy. These documents were adopted in 2022 and 2023.

### Transition to ESRS reporting

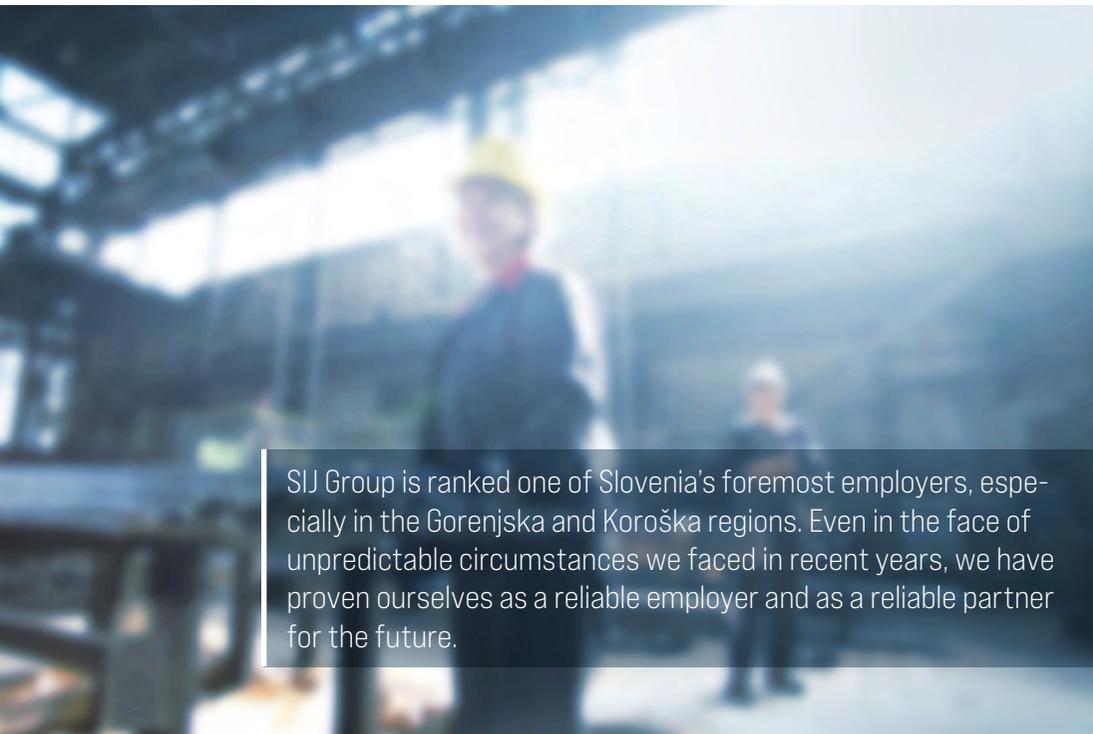
We will be disclosing sustainability targets achieved in SIJ Group and SIJ d.d. Annual and Sustainability Report for the year 2024. We are working intensively on our ESRS 2024 reporting to transparently present the economic, environmental, and social aspects of our business operations. A report on environmentally sustainable economic activities and investments for SIJ Group and SIJ d.d. (taxonomy) will also be included.



## Employees

	30 June 2023	30 June 2024
Number of employees	3,649	3,708
Average age (in years)	43.2	44.1
Share of women (%)	16.5	17.6
Number of persons with disabilities	317	294
Sick leave absenteeism (%)	8.6	8.4
Accident count*	30	42
Accident frequency rate (F2)*	13.4	13.0

\*The data for the first half of 2023 and 2024 pertains to all companies in the SIJ Group except RSC Holding.



SIJ Group is ranked one of Slovenia's foremost 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 employer and as a reliable partner for the future.

As at the end of the half-year period, SIJ Group had a headcount of 3,708 employees. The average age of employees stood at 44.11 years in the first half of the year. Due to the specific nature of the work process, we have a predominantly male workforce (17.6% are women). In the first half-year period, the rate of absenteeism due to sick leave stood at 8.4 percent. We recorded 42 workplace accidents, which is 40 percent more than at this time last year.

At SIJ Group, we have kept all existing jobs and created new ones, as well. In the first half of 2024, we increased our employee count by 258 employees, of which over 80 percent were recruited for positions in the production process. Despite this, we have not yet fully met our recruitment needs and are facing a shortage of qualified and professional staff across the board. This has been identified as an operational risk. An additional 130 people could be employed by the end of 2024.

Once again, this April, increased base salaries for most employees falling under collective bargaining agreements in SIJ Group subsidiaries where a unified wage and remuneration system is in force.

We still have in place other types 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. In May 2024, our employees received a tax-free net annual leave bonus payout of EUR 2,000, an increase of EUR 200 compared to 2023.

#### HR-RELATED TRENDS AND RISKS

Changing demographics, coupled with a growing demand for labour in Slovenia, are putting increasing pressure to providing adequate labour for SIJ Group. This is further exacerbated by demographic factors (declining population in their 20–64 prime working age bracket) and economic conjuncture, which in turn is reflected in a declining availability 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 extremely 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 graduating from school (this is being addressed through implementation of our active scholarship policy) and in the "over 55" age bracket (for these groups we will develop individual exit career plans with a focus on skills transfer, workload adjustments, working hours and gradual transition to retirement).

The labour shortage on the domestic market has already been alleviated in recent years through recruitment of foreign workers, mainly from the Western Balkans region, where the unemployment rate has been relatively high, especially among individuals under 35 years of age. We note that unemployment rates have been declining across all countries of Western Balkan in recent years, but the high share of long-term unemployed in these countries is particularly problematic, as they are less willing to rejoin the labour market. The economic development of recent years has led to a sharp increase in the demand for labour in these countries, which has increased the labour force participation rate and thus diminished the recruitment potential as fewer foreign workers are willing to migrate to Slovenia. What's more, there are also reports of labour shortages coming from other EU Member States, which are more attractive to migrant labour compared to Slovenia. SIJ Group recruited its first 20 workers from Nepal in the first half of 2024, and we expect at least 40 additional workers to arrive from India and Nepal before the year-end.

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 plan to address with the following measures:

- automation and robotisation of production work processes and adjustments to working conditions,
- investments in occupational safety and promotion of a healthy lifestyle,
- 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.



## Community Engagement

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.

## VOLUNTEER WORK

For the fourth consecutive time, in the context of Local 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. 286 volunteers, including athletes from sports clubs sponsored by SIJ Group, donated over 572 hours of volunteer work. This year, we also involved the underprivileged in our activities at all three locations, including 120 children and adolescents and adults with physical and mental disabilities.

This year’s Community Engagement Day also included bee-themed activities. The purity of the honey produced by these bees is an indicator of a clean environment. At SIJ Group, we also prove our sustainability commitments set out in the decarbonisation strategy and plan by installing beehives on our company land or in nearby areas and by planting honey producing plants. We will also monitor the effectiveness of our efforts to reduce our environmental impact by analysing our honey yields in collaboration with the Slovenian Beekeepers’ Association. We also report the results to the local communities. The analysis of this year’s honey will be conducted during the summer months.

We also joined the Community Partnership Day activities with a sustainable used shoelaces collection campaign, which we report on below. We used shoelaces to make bracelets and sustainable keyrings.

## 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 sponsorship portfolio. Some high-exposure activities were carried out in cooperation with the Slovenian Olympic Committee- Association of Sports Federations.

### The Purpose of Participation in Projects with Social Relevance





The five rings that clasp the torch's handle and its crown are made from our own recycled steel, which we have been producing according to the circular economy principles for over 35 years.

## SLOVENIAN TORCH

100 days before the start of the Paris Olympics, the Slovenian torch, which was produced by the SIJ Group in cooperation with the Olympic Committee of Slovenia- Association of Sports Federations, once again set off on a 72-day journey across all municipalities of Slovenia. Along the way, the torch promoted the mind of steel among the people of Slovenia, spreading Olympic values and encouraging care for the future.

The five rings that clasp the torch's handle and its crown are made from our own recycled steel, which we have been producing according to the circular economy principles for over 35 years.

## MIND OF STEEL SUSTAINABILITY BRACELET

Just as we continuously recycle scrap steel into new types of steel, so, too, have we breathed new life into old shoelaces tied to a piece of our recycled steel, creating the Mind of Steel sustainability bracelet. We invited a diverse set of individuals to collect used shoelaces: SIJ employees, members of our partner sports clubs and pupils and teachers from Slovenian primary schools. These sustainable bracelets were made over a period of several months by members of socially vulnerable groups and our local communities, users of five occupational therapy centres and social inclusion programmes.

In addition to the shoelaces collected in this manner, discarded shoelaces from production processes were also used to make the bracelets. 13,500 sustainable bracelets were produced and distributed to all Torchbearers across Slovenia- almost 10,000 in total- and to all SIJ Group employees.

Through our involvement in activities of this type, we strengthen our SIJ corporate brand in Slovenia and raise awareness about the benefits of using steel as a sustainable material in all aspects of our lives, including sports and sports infrastructure.

# Risk Management

With the rapidly changing external environment, SIJ Group systematically addressed risks at the highest level in both 2023 and 2024, including some newly identified risks. The centralised risk management system includes all subsidiaries belonging to the Steel and Manufacturing Division, along with the parent company. By making improvements to the system, which 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, we ensure timely recognition and assessment of risks and opportunities, and thus maintain our ability to implement the SIJ Group strategy.

## SIJ Group: Opportunities and Risks Management



## ESCALATED AND STRATEGIC RISKS

When assessing risks, we consider the speed and likelihood of the risk manifesting itself. Taking into account our vulnerability to a risk manifesting itself, we assess the consequences and options for resolving the situation. The consequences are assessed on two levels: from the perspective of the individual subsidiary and from the perspective of SIJ Group as a whole. Risk exposures which were identified in multiple subsidiaries are categorised under Group-level risk exposures, with an escalation allowance. Besides escalated operational risks, we also recognise, assess, and manage strategic risks which potentially directly impact the activities, reputation, and business operations of SIJ Group as a whole. Based on the assessed severity of identified risks, we put in place numerous systemic safeguards and take action to prevent or manage the risk.

## OVERVIEW OF KEY RISKS

### Production and Operational Technological Risks

The risk of unavailability of the means of production, energy in particular, remains SIJ Group's highest-rated risk. The current geopolitical climate could lead to disruptions or outages in the supply of natural gas, a key energy source for steel production. This could lead to production stoppages and disruptions in the supply of input materials. As updating technological processes is a time-consuming endeavour which requires major investments, this risk cannot be mitigated quickly.

We also assess the risk of unavailability of infrastructural resources and unavailability of work equipment as a high-rated risk. This risk is linked to limited possibilities in the past to upgrade and maintain non-critical infrastructure and equipment, and to possible unpredictable breakdowns and mechanical failures. Both can negatively impact our ability to fill customer orders within the agreed times.

### Economic and Commercial Risks

SIJ Group's second highest-rated risk is a commercial risk. Uncertain conditions surrounding the restructuring of the European industrial sector and the partial cooling-off of the market

could guide the search for sales opportunities of new steel grades, which require development of more advanced grades of steel. Increased market volatility also presents challenges in optimising procurement, production, and logistical planning processes in SIJ Group.

### **Business Risks with Management and Governance Risks**

The third-highest ranked risk for SIJ Group is the lack of suitably qualified human resources. For an extended period, we have been facing a lack of qualified resources on the labour market, combined with a lack of interest in young people to choose professions and work in technical occupations and metallurgy. Retirements and staff transitions between companies (staff turnover) further exacerbate the situation.

### **Climate Change-related Risks**

Risks presented by climate change are divided into risks associated with green transition, which are linked to achieving a low-carbon economy, and physical risks, which include the increased probability and impacts of extreme weather events.

### **Physical Risks Associated with Climate Change**

SIJ Group companies operate in geographic areas where the probability of physical risks manifesting due to climate change is lower from both short- and medium-term perspectives. However, the extensive 2023 flooding in Ravne na Koroškem, where several of SIJ Group's companies operate, has already caused significant disruptions to logistical routes and called into question historical forecasts of extreme weather events at individual SIJ Group sites. We therefore estimate the physical risks of climate change in SIJ Group have a higher level of probability and greater expected impacts.

### **Risks Associated with Green Transition**

Zeleni prehod v nizkoogljično krožno gospodarstvo, ki je ključnega pomena za dolgoročno odpornost družbe, povežujemo s političnimi in pravnimi tveganji, tehnološkimi tveganji in tržnimi tveganji.

### **Other Risks**

In addition to the key high and higher rated risks, SIJ Group also manages risks with a lower assessed probability of occurrence, such as:

- business and governance risks linked to information leaks (uncontrolled distribution of confidential information);
- social risks linked to the employees' health and safety due to partially sub-optimal infrastructural conditions;
- technological risks in the field of research and development, caused by a lack of the human resources and know-how needed to perform and coordinate R&D projects;
- economic risks which might be caused by the needs of our customers due to changed geopolitical and economic circumstances; these risks are linked to the likelihood of insufficient new orders and insufficient fulfilment of our customers' orders; and to the sales risks arising from the increasingly extensive trade protectionism measures enforced on our target markets.

## **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.

# 03

## Financial Report

for the Six-month Period  
Ending 30 June 2024

# Statement of Management's Responsibility

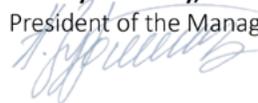
The Management Board is responsible for the preparation of the condensed consolidated financial statements of SIJ Group and the condensed financial statements of SIJ d.d. (hereinafter: condensed financial statements) for the six-month period ended 30 June 2024, together with accounting policies and notes, 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 2024.

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, 6 September 2024

# 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 2024. The condensed financial statements include financial statements of the Parent Company and its subsidiaries.

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., the ultimate parent of SIJ d.d. DILON Cooperatief U. A. did not compile condensed financial statements for the six-month period ending 30 June 2024. The consolidated annual report for 2023 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 2024 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 and in accordance with the Companies Act (ZGD).

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 2023 and any public announcements made by SIJ d.d. during the six-month period ended 30 June 2024.

In the preparation of the condensed financial statements for the period ending 30 June 2024, the same accounting policies were considered as in the preparation of financial statements for 2023.

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 2024 are consistent with those followed in the preparation of their annual financial statements for the year ended 31 December 2023. 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 2024 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 2023. All applicable new standards and interpretations effective as of 1 January 2024 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. 2024	Value of assets as at 30 Jun. 2024	Value of equity as at 30 Jun. 2024	Profit (loss) for the period 1–6 2024
<b>Parent company of the Group</b>					
	SIJ – Slovenska industrija jekla, d. d., Gerbičeva ulica 98, Ljubljana, Slovenia		401,077	270,377	3,337
<b>SIJ – subsidiaries</b>					
	SIJ ACRONI, d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	100	460,803	206,607	6,770
	SIJ METAL RAVNE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	100	268,314	73,210	(6,516)
	SIJ STORITVE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	100	2,120	(27)	117
	SIJ SUZ d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	100	15,144	4,974	(119)
	SIJ ZIP CENTER d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	100	2,268	565	(8)
	ODPAD d.o.o. Pivka, Velika Pristava 23, Pivka, Slovenija	74.90	50,443	12,171	161
	NIRO Wenden GmbH, Glück-Auf-Weg 2, Wenden, Germany	85	20,941	418	(697)
	GRIFFON & ROMANO S.P.A., Via Dossetti 11, Loc. Casinello de Dosso, Italy	100	31,108	4,794	(269)

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in EUR thousand	Activity	% of voting rights as at 30 Jun. 2024	Value of assets as at 30 Jun. 2024	Value of equity as at 30 Jun. 2024	Profit (loss) for the period 1–6 2024
SIJ RAVNE SYSTEMS d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Metallurgic machines production	100	45,983	1,387	(857)
SIJ AMERICAS Inc., 331 Newman Springs Road Suite, 104, Red Bank, New Jersey, USA	Trade	100	51,719	6,105	743
ADDITHERM d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Scientific and technical research	51	3,122	2,970	(26)
RSC HOLDING d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Holding company	51	65,526	48,595	(29)
SIJ MIDDLE EAST- FZCO, DSO-IFZA, IFZA Properties, Dubai Silicon Oasis, Dubai, United Arab Emirates	Trade	100	150	(402)	(145)
<b>SIJ ACRONI – subsidiary</b>					
ŽELEZARNA JESENICE, d.o.o., Cesta železarjev 8, Jesenice, Slovenia	Trading with own real estate	100	10,025	9,891	45
<b>ODPAD – subsidiaries</b>					
DANKOR, d.o.o., Vukovarska 436, Osijek, Croatia	Recovery of secondary raw materials from scrap	91	1,329	1,064	26
METAL-EKO SISTEM DOO JAGODINA, Put Kneza Mihaila 9, Jagodina, Serbia	Recovery of secondary raw materials from scrap	70	4,179	2,845	310
<b>RSC Holding – subsidiaries</b>					
Ravne Steel Center d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Wholesale of metals and metal ores	100	19,036	10,532	886
SIDERTOCE S. p. A., Via XX. Settembre 198, C. P. 34, Gravelona Toce, Italy	Trade	100	16,011	6,444	(283)
HTS MWT GmbH, Celsiusstrasse 17, Landsberg am Lech, Germany	Trade	100	3,075	729	(34)
ORO MET d.o.o., Neverke 56, Košana, Slovenia	Manufacture of tools	86	21,888	14,838	729

Continuation of the table →

Continuation of the table

in EUR thousand	Activity	% of voting rights as at 30 Jun. 2024	Value of assets as at 30 Jun. 2024	Value of equity as at 30 Jun. 2024	Profit (loss) for the period 1–6 2024
HTS IC d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Manufacture of metal constructions and their parts	100	9,545	5,477	(23)
HTS IC GmbH, Wienerbergstrasse 11/12A, Dunaj, Austria	Production and trade	100	546	112	47
HTS IC s.r.o., Viktora Huga 377/4, Praga, Czech Republic	Trade	100	46	11	2
DCTL SL, Avda de les Punes – Nave 3 Constanti, Tarragona, Spain	Production and trade	80	420	(22)	(3)
STEEL podporni center orodjarske industrije d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Manufacture of metal constructions and their parts	100	5,369	2,108	138
CENTAR TOPLINSKE OBRADBE d.o.o., Slavonska avenija 22D, Zagreb, Croatia	Production and trade	100	1,637	787	50
HTS Technology, Lyon Plaza Part Dieu 93 Rue de la Vilette, Lyon, France	Trade	100	165	(177)	(15)
<b>ORO MET – subsidiary</b>					
ORO PRECIZNE CNC OBDELAVE d.o.o., Neverke 68, Košana, Slovenia	Production and trade	51	3,436	1,508	18
<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	1,856	1,137	180
<b>SIJ RAVNE SYSTEMS – subsidiary</b>					
SIJ Ravne Systems (UK) Limited, 12 Conqueror Court, Sittingbourne, Kent, Great Britain	Trade	100	389	146	(7)

In 2024, the liquidation processes for the subsidiaries »Topmetal« and OOO SSG are ongoing. In August, Alrotec and DCTL merged.



# Condensed Consolidated Financial Statements of SIJ Group

for the Period Ending 30 June 2024

# Condensed Consolidated Financial Statements of SIJ Group

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

in EUR thousand	Note	1–6 2024	1.–6. 2023
Revenue	1	582,086	601,530
Cost of sales	2	(488,424)	(488,269)
<b>Gross profit</b>		<b>93,662</b>	<b>113,261</b>
Distribution costs	2	(32,776)	(31,788)
General and administrative expenses	2	(56,977)	(59,390)
Other operating income	3	10,708	3,792
Other operating expenses	3	(1,406)	(946)
Loss from impairment of trade receivables		(120)	(457)
<b>Operating profit</b>		<b>13,091</b>	<b>24,472</b>
Finance income	4	1,884	1,478
Finance expenses	4	(12,841)	(8,440)
<b>Net finance income (expenses)</b>		<b>(10,957)</b>	<b>(6,962)</b>
<b>Profit before tax</b>		<b>2,134</b>	<b>17,510</b>
Income tax	5	(517)	(4,794)
<b>Profit for the period</b>		<b>1,617</b>	<b>12,716</b>

Continuation of the table →

Continuation of the table

in EUR thousand	Note	1–6 2024	1–6 2023
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value gains of financial assets at fair value through other comprehensive income		25	20
Income tax related to components of comprehensive income		(5)	(4)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange rate difference in translating foreign operations		326	(213)
<b>Total other comprehensive income</b>		<b>346</b>	<b>(197)</b>
<b>Comprehensive income</b>		<b>1,963</b>	<b>12,519</b>
<b>Profit for the period, attributed to:</b>			
Owners of the Parent Company		737	10,518
Non-controlling interest		880	2,198
<b>Comprehensive income attributed to:</b>		<b>1,963</b>	<b>12,519</b>
Owners of the Parent Company		1,080	10,315
Non-controlling interest		883	2,204

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.

## Consolidated Statement of Financial Position

in EUR thousand	Note	30 Jun. 2024	31 Dec. 2023
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>525,421</b>	<b>526,209</b>
Intangible assets	6	29,480	30,572
Property, plant and equipment	7	402,637	403,800
Investment property		4,211	4,324
Financial assets at fair value through other comprehensive income		1,335	1,310
Financial receivables	9	58,898	57,626
Trade receivables		5	526
Other assets		3,855	3,761
Deferred tax assets		25,000	24,290
<b>Current assets</b>		<b>509,641</b>	<b>441,500</b>
Assets (groups) held for sale		30	30
Inventories	8	315,397	311,294
Financial receivables	9	3,989	4,228
Trade receivables	10	155,490	89,592
Income tax assets		2,093	6,099
Cash and cash equivalents	11	20,723	26,705
Contract assets		1,248	883
Other assets	12	10,671	2,669
<b>Total assets</b>		<b>1,035,062</b>	<b>967,709</b>

Continuation of the table →

Continuation of the table

in EUR thousand	Note	30 Jun. 2024	31 Dec. 2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>13</b>	<b>419,855</b>	<b>417,892</b>
<i>Equity attributed to the owners of the Parent Company</i>		<i>387,695</i>	<i>386,563</i>
Share capital		145,266	145,266
Capital surplus		11,461	11,461
Other equity reserves		8,838	8,838
Fair value reserves		(1,159)	(1,178)
Translation differences		350	26
Retained earnings		222,939	222,150
<b>Non-controlling interest</b>		<b>32,160</b>	<b>31,329</b>
<b>Non-current liabilities</b>		<b>148,502</b>	<b>60,987</b>
Employee benefits		14,456	14,400
Other provisions		429	994
Deferred income		9,239	9,461
Financial liabilities	14	123,582	35,240
Trade payables		361	426
Contract liabilities		407	407
Deferred tax liabilities		28	59
<b>Current liabilities</b>		<b>466,705</b>	<b>488,830</b>
Financial liabilities	14	159,216	228,647
Trade payables	15	292,366	249,896
Income tax liabilities		274	248
Contract liabilities		3,191	1,498
Other liabilities	16	11,658	8,541
<b>Total equity and liabilities</b>		<b>1,035,062</b>	<b>967,709</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.

## Consolidated Statement of Changes in Equity

### Consolidated Statement of Changes in Equity for the Period Ending 30 June 2024

in EUR thousand	Equity attributed to the owners of the Parent Company							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. 2023	145,266	11,461	8,838	399	(1,577)	26	222,150	386,563	31,329	417,892
Dividends paid	0	0	0	0	0	0	0	0	0	0
Purchase of non-controlling interest	0	0	0	0	0	0	52	52	(52)	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>52</b>	<b>52</b>	<b>(52)</b>	<b>0</b>
Profit for the period	0	0	0	0	0	0	737	737	880	1,617
Other changes in comprehensive income	0	0	0	19	0	324	0	343	3	346
<b>Total changes in comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>0</b>	<b>324</b>	<b>737</b>	<b>1,080</b>	<b>883</b>	<b>1,963</b>
Balance as at 30 Jun. 2024	145,266	11,461	8,838	418	(1,577)	350	222,939	387,695	32,160	419,855

### Consolidated Statement of Changes in Equity for the Period Ending 30 June 2023

in EUR thousand	Equity attributed to the owners of the Parent Company							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

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.

## Consolidated Statement of Cash Flows

in EUR thousand	Note	1–6 2024	1–6 2023
<b>Cash flow from operating activities</b>			
Profit before tax		2,134	17,510
Adjusted for:			
Depreciation and amortisation	2	28,352	28,503
Interest income	4	(1,552)	(1,355)
Interest expenses	4	8,964	5,352
Impairment of assets		647	257
Accrual of allowances and provisions		2,175	2,609
Net other finance and operating expenses (income)		(6,610)	2,922
<b>Operating cash flow before working capital adjustments</b>		<b>34,110</b>	<b>55,798</b>
<b>Total working capital adjustments</b>			
Increase in trade receivables		(69,517)	(29,305)
Increase in inventories		(4,298)	(17,337)
Increase in trade payables		49,831	61,887
Decrease in taxes other than income tax		(1,486)	(5,004)
<b>Total working capital adjustments</b>		<b>(25,470)</b>	<b>10,241</b>
Receipts from government grant		5,248	3,210
Payments for retirement benefits and loyalty bonuses		(793)	(466)
Income tax received (paid)		2,681	(12,320)
<b>Net cash flow generated from operating activities</b>		<b>15,776</b>	<b>56,463</b>
<b>Cash flow from investing activities</b>			
Payments for investments in subsidiaries (non-controlling interest)		0	(765)
Payments for property, plant and equipment		(32,054)	(25,907)
Receipts from property, plant and equipment		3,971	1,621
Payments for intangible assets		(401)	(662)

Continuation of the table →

Continuation of the table

in EUR thousand	Note	1–6 2024	1–6 2023
Loans issued		(13)	(47)
Receipts from loans issued		11	35
Interests received		277	3
Dividends received		108	65
Receipts from other assets		0	1,195
<b>Net cash flow used in investing activities</b>		<b>(28,101)</b>	<b>(24,462)</b>
<b>Cash flow from financing activities</b>			
Receipts from borrowings		262,996	261,037
Payments for borrowings		(246,899)	(262,312)
Payments for lease		(3,078)	(1,905)
Interests paid		(7,072)	(4,438)
<b>Net cash flow generated (used in) from financing activities</b>		<b>5,947</b>	<b>(7,618)</b>
<b>Cash and cash equivalents as at 1 Jan.</b>			
		<b>26,705</b>	<b>16,123</b>
Translation differences		396	(245)
Net change in cash and cash equivalents		(6,378)	24,383
<b>Cash and cash equivalents as at 30 Jun.</b>		<b>20,723</b>	<b>40,261</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 2024	1–6 2023
In Slovenia	80,834	93,427
In other countries:	501,252	508,103
- Germany	117,439	134,603
- Italy	139,029	134,802
- USA	51,963	47,043
- Austria	11,376	17,909
- other countries	181,445	173,746
<b>Revenue</b>	<b>582,086</b>	<b>601,530</b>

### Revenue by Products and Segments for the Six-Month Period Ending 30 June 2024

in EUR thousand	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Total segments	Headquarters and Other Services	Total
Quarto plates	204,401	37,202	0	0	241,603	0	241,603
Cold rolled strips and sheets	42,218	2,102	0	0	44,320	0	44,320
Hot rolled strips and sheets	15,831	3,556	0	0	19,387	0	19,387
Forged, rolled, and other products	68,380	33,368	0	5,817	107,565	0	107,565
Industrial knives	0	735	0	8,040	8,775	0	8,775
Industrial rolls	0	0	0	8,028	8,028	0	8,028
Steel scrap	34	402	94,684	141	95,261	0	95,261
CNC-treated tool plates	0	8,956	0	0	8,956	0	8,956
Services and other revenue	2,990	30,510	117	13,684	47,301	890	48,191
<b>Revenue</b>	<b>333,854</b>	<b>116,831</b>	<b>94,801</b>	<b>35,710</b>	<b>581,196</b>	<b>890</b>	<b>582,086</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
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>

## 2. OPERATING EXPENSES

in EUR thousand	1–6 2024	1–6 2023
Cost of goods, materials and services	470,033	482,773
Labour costs	82,005	79,718
- <i>wages and salaries</i>	59,107	57,812
- <i>social security costs</i>	10,648	10,239
- <i>other labour costs</i>	12,250	11,667
Depreciation and amortisation costs	28,352	28,503
Other costs	5,842	5,974
Changes in the value of inventories	(8,055)	(17,521)
<b>Operating expenses</b>	<b>578,177</b>	<b>579,447</b>

## Review of Costs by Type for the Six-Month Period Ending 30 June 2024

in EUR thousand	Cost of sales	Distribution costs	General and administrative expenses	Total
Cost of goods, materials and services	426,897	28,174	14,962	470,033
Labour costs	44,276	4,193	33,536	82,005
Depreciation and amortisation costs	23,550	312	4,490	28,352
Other costs	1,756	97	3,989	5,842
Changes in the value of inventories	(8,055)	0	0	(8,055)
<b>Operating expenses</b>	<b>488,424</b>	<b>32,776</b>	<b>56,977</b>	<b>578,177</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	<b>482,773</b>
Labour costs	40,433	3,885	35,400	<b>79,718</b>
Depreciation and amortisation costs	24,272	293	3,938	<b>28,503</b>
Other costs	1,765	59	4,150	<b>5,974</b>
Changes in the value of inventories	(17,521)	0	0	<b>(17,521)</b>
<b>Operating expenses</b>	<b>488,269</b>	<b>31,788</b>	<b>59,390</b>	<b>579,447</b>

### 3. OTHER OPERATING INCOME AND EXPENSES

in EUR thousand	1–6 2024	1–6 2023
Income from received subsidies	2,974	3,069
Profit from sale of property, plant and equipment	181	327
Dividends received	108	106
Other income	7,445	290
<b>Other operating income</b>	<b>10,708</b>	<b>3,792</b>
Expenses for donations and sponsorships	(258)	(176)
Provisions	(97)	(204)
Impairment of inventories	(647)	(257)
Other expenses	(404)	(309)
<b>Other operating expenses</b>	<b>(1,406)</b>	<b>(946)</b>
<b>Other operating income (expenses), net</b>	<b>9,302</b>	<b>2,846</b>

For the preparation of the condensed consolidated financial statements for the six-month period ending 30 June 2024, 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 2024	1–6 2023
Interest income	1,552	1,355
Exchange rate differences	328	69
Other income	4	54
<b>Finance income</b>	<b>1,884</b>	<b>1,478</b>
Interest expenses	(8,964)	(5,352)
Other expenses	(3,877)	(3,088)
<b>Finance expenses</b>	<b>(12,841)</b>	<b>(8,440)</b>
<b>Finance income (expenses), net</b>	<b>(10,957)</b>	<b>(6,962)</b>

### 5. INCOME TAX

in EUR thousand	1–6 2024	1–6 2023
Current income tax expense	(1,378)	(3,674)
Deferred income tax	861	(1,120)
<b>Income tax</b>	<b>(517)</b>	<b>(4,794)</b>

in EUR thousand	1–6 2024	1–6 2023
<b>Profit before tax</b>	<b>2,134</b>	<b>17,510</b>
Tax at effective tax rate 22% (2023: 19%)	469	3,327
Tax effects from:		
- non-taxable income	(14)	(4)
- tax non-deductible expenses	552	622
- tax relief	(960)	(764)
- tax losses for which no deferred tax assets were recognised	420	1,412
- tax rates in foreign companies	50	201
<b>Income tax</b>	<b>517</b>	<b>4,794</b>
<b>Effective tax rate</b>	<b>24.2%</b>	<b>27.4%</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. 2024	31 Dec. 2023
Software	8,703	9,862
Goodwill	18,966	18,966
Assets under construction	1,811	1,744
<b>Intangible assets</b>	<b>29,480</b>	<b>30,572</b>

In the reporting period, the Group recognised acquired intangible assets of EUR 503 thousand (1–6 2023: EUR 827 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 capitalised costs for the development of new products in amount of EUR 40 thousand (1–6 2023: EUR 0 thousand). The carrying amount of capitalised costs for development amounts to EUR 1,092 thousand (2023: EUR 1,199 thousand). The Group disposed of assets with a cost of EUR 3 thousand (1–6 2023: EUR 41 thousand) and an allowance of EUR 3 thousand (1–6 2023: EUR 41 thousand). The intangible assets are not pledged as security for liabilities.

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. 2024	31 Dec. 2023
Land	31,594	31,603
Buildings	77,933	78,612
Equipment	254,561	241,559
Other	13,394	14,155
Assets under construction	25,155	37,871
<b>Property, plant and equipment</b>	<b>402,637</b>	<b>403,800</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 26,679 thousand (1–6 2023: EUR 25,993 thousand). The Group disposed of assets with a cost of EUR 4,553 thousand (1–6 2023: EUR 1,191) and an allowance of EUR 2,721 thousand (1–6 2023: EUR 881 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 2024, the Group has EUR 4,899 thousand (2023: EUR 11,942 thousand) of outstanding liabilities to purchase property, plant and equipment, and EUR 10,304 thousand (2023: EUR 24,777 thousand) of contractual commitments for purchase known in advance.

On 30 June 2024, 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 2024, the carrying amount of the right-of-use assets amounts to EUR 23,734 thousand (2023: EUR 16,702 thousand). In the first half of 2024, the lease-related finance expenses amounted to EUR 359 thousand (1–6 2023: EUR 208 thousand).

In the reporting period, the Group recognised the right-of-use assets of EUR 4,822 thousand (1–6 2023: EUR 2,738 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 2024, the total expenses related to these leases amounted to EUR 703 thousand (1–6 2023: EUR 663 thousand).

Property, plant and equipment, whose carrying value as at 30 June 2024 is EUR 3,907 thousand (2023: EUR 3,852 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 2023: EUR 0 thousand).

## 8. INVENTORIES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Raw material	133,176	130,228
Work in progress	99,323	83,563
Finished products	66,376	81,583
Merchandise	16,522	15,920
<b>Inventories</b>	<b>315,397</b>	<b>311,294</b>

On 30 June 2024, no inventories are pledged as security for liabilities (2023: EUR 0 thousand). On 30 June 2024, 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 647 thousand (1–6 2023: EUR 257 thousand).

## 9. FINANCIAL RECEIVABLES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Loans issued	58,898	57,626
<b>Non-current financial receivables</b>	<b>58,898</b>	<b>57,626</b>
Loans issued	3,840	3,838
Other financial receivables	149	390
<b>Current financial receivables</b>	<b>3,989</b>	<b>4,228</b>

Financial receivables mostly refer to loans issued to the majority shareholder of EUR 51,162 thousand (2023: EUR 51,162 thousand) and the related interest of EUR 11,552 thousand (2023: EUR 10,280 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. 2024	31 Dec. 2023
Trade receivables	136,573	76,065
Allowances for trade receivables	(2,608)	(2,680)
Receivables from government and other institutions	4,120	7,965
Issued advance payments and cautions	9,208	6,227
Other receivables	8,226	2,041
Allowances for other receivables	(29)	(24)
<b>Current trade receivables</b>	<b>155,490</b>	<b>89,592</b>

Most Group's trade receivables are insured against commercial risks with an insurance company. On 30 June 2024, no trade receivables are pledged as security for liabilities (2023: EUR 0 thousand).

## 11. CASH AND CASH EQUIVALENTS

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Cash in national currency	8,236	22,465
Cash in foreign currency	12,486	4,239
Restricted cash	1	1
<b>Cash and cash equivalents</b>	<b>20,723</b>	<b>26,705</b>

On 30 June 2024, the Group has no deposits placed with banks with a maturity of up to three months. (2023: EUR 0 thousand).

## 12. OTHER CURRENT ASSETS

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Deferred expenses	8,778	2,098
Accrued revenue	1,893	571
<b>Other current assets</b>	<b>10,671</b>	<b>2,669</b>

Current deferred expenses relate to advance payments, which will be charged to profit or loss within a short term period. Since most of these advance payments are recognized within the financial year, these assets are higher in the reporting period compared to 31 December 2023.

## 13. EQUITY

in EUR thousand	30 Jun. 2024	31 Dec. 2023
<i>Equity attributed to the owners of the Parent Company</i>	<i>387,695</i>	<i>386,563</i>
Share capital	145,266	145,266
Capital surplus	11,461	11,461
Reserves	8,029	7,686
Retained earnings	222,939	222,150
<i>Non-controlling interest</i>	<i>32,160</i>	<i>31,329</i>
<b>Equity</b>	<b>419,855</b>	<b>417,892</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 2024, the Parent Company did not pay any dividends. (1–6 2023: EUR 0 thousand).

## Ownership Structure of the Parent Company

Shareholder	Number of shares 30 Jun. 2024	Number of shares 31 Dec. 2023
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. 2024	31 Dec. 2023
<i>Legal reserves</i>	<i>11,093</i>	<i>11,093</i>
<i>Treasury shares</i>	<i>(6,009)</i>	<i>(6,009)</i>
<i>Reserves for treasury shares</i>	<i>3,754</i>	<i>3,754</i>
Other equity reserves	8,838	8,838
<i>Fair value reserve due to financial assets at fair value through other comprehensive income</i>	<i>521</i>	<i>493</i>
<i>Deferred tax liabilities</i>	<i>(103)</i>	<i>(94)</i>
<i>Fair value reserve due to financial assets, net</i>	<i>418</i>	<i>399</i>
<i>Net actuarial losses on pension programs</i>	<i>(1,577)</i>	<i>(1,577)</i>
Fair value reserves	(1,159)	(1,178)
Translation differences	350	26
<b>Reserves</b>	<b>8,029</b>	<b>7,686</b>

## Non-Controlling Interest

On 30 June 2024, the gross value of non-controlling interest amounts to EUR 34,237 thousand (2023: EUR 33,304 thousand). The gross value decreased by EUR 2,077 thousand (2023: EUR 1,975 thousand) corresponding to the carrying amount of the 14% share of the subsidiary ORO MET d.o.o. 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 2024 (2023: EUR 1,392 thousand).

## 14. FINANCIAL LIABILITIES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Borrowings	93,000	5,904
Liabilities for bonds issued (SIJ8; SIJ6)	18,940	18,920
Lease liabilities	11,642	10,416
<b>Non-current financial liabilities</b>	<b>123,582</b>	<b>35,240</b>
Borrowings	103,230	174,092
Liabilities for bonds issued (SIJ8; SIJ6)	47,949	47,951
Lease liabilities	5,079	4,868
Other financial liabilities	2,958	1,736
<b>Current financial liabilities</b>	<b>159,216</b>	<b>228,647</b>
<b>Total financial liabilities</b>	<b>282,798</b>	<b>263,887</b>

### Borrowings

Borrowings amounting to EUR 2,412 thousand (2023: EUR 4,943 thousand) are secured by real estate and movable property. Other borrowings are not secured. The interest rate on the majority of borrowings is variable and based on Euribor.

The Group timely received a waiver from the lending banks in February 2024 regarding the compliance with financial covenants under the syndicated loan agreement for the period ending on 31 December 2023. Since the waiver regarding the compliance with financial covenants was received after the reporting date, which is after 31 December 2023, under

IAS 1.74, the non-current portion of financial liabilities totaling EUR 99,250 thousand was classified as at 31 December 2023 as current financial liabilities, despite the timely confirmation of the waiver for financial covenants by the banks. According to the provisions of the syndicated loan agreement, compliance with financial covenants is tested upon delivery of financial statements and corresponding compliance certificates, which shall be submitted to the banks within 90 days after the end of the year (i.e., by 30 March 2024). Since the waiver for financial covenants was obtained before the mandatory submission date of financial statements and reporting compliance with financial covenants to the banks, on 31 December 2023 there was no breach of these covenants concerning the testing period of the covenants for the period ending on the reporting date.

### Liabilities for Bonds Issued

The parent company issued bonds with the ticker symbol of SIJ8 with the total nominal value of EUR 19,000 thousand in November 2023. The entire bond issue contains 190 denominations of EUR 100 thousand. The bond maturity date is 2 November 2026. The interest rate for the bonds is fixed, i.e. 7.0% per annum. If the sustainability conditions are not met, a surcharge of 0.3% per annum applies. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The bonds are traded on the Ljubljana Stock Exchange.

The parent company issued bonds with the ticker symbol SIJ6 with a total nominal value of EUR 40,000 thousand in November 2019. In December 2021, it issued, through a further issue, additional bonds with a total nominal value of EUR 8,000 thousand. The entire bond issue contains 480 denominations of EUR 100 thousand. The bond maturity date is 25 November 2024. The interest rate for the bonds is fixed, i.e. 2.8% per annum. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The bonds are traded on the Ljubljana Stock Exchange.

The parent company repaid the bonds with the ticker symbol SIJ7, amounting to EUR 31,100 thousand, on the maturity day in November 2023.

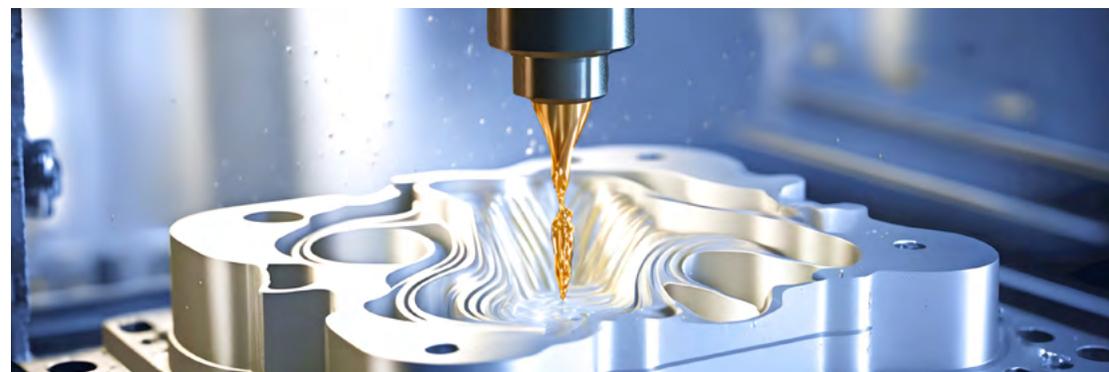
## 15. CURRENT TRADE PAYABLES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Payables to suppliers	275,359	233,069
Liabilities to employees	9,859	6,844
Received advance payments and cautions	2,605	2,902
Tax liabilities	4,299	5,785
Other liabilities	244	1,296
<b>Current trade payables</b>	<b>292,366</b>	<b>249,896</b>

## 16. OTHER CURRENT LIABILITIES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Accrued expenses for unused annual leave	4,825	2,892
Accrued expenses for lawsuits	606	694
Accrued expenses for CO2 emissions allowances	2,364	995
Liabilities for purchase of a non-controlling interest (note 13)	1,392	1,392
Other liabilities	721	1,027
Deferred revenues from recording magnetic separation and slag recovery waste	70	1.358
Other deferred income	1,680	183
<b>Other current liabilities</b>	<b>11,658</b>	<b>8,541</b>

On 30 June 2024, other liabilities are higher than at the end of 2023 due to higher accrued expenses for which invoices have not yet been received.



## 17. CONTINGENT ASSETS AND LIABILITIES

On 30 June 2024, contingent liabilities amounted to EUR 9 thousand (2023: EUR 90 thousand) and relate to guarantees issued for good work performance, customs bond guarantees, and excise guarantees. The Group does not expect any outflows from these guarantees.

On 30 June 2024, contingent assets amounted to EUR 4,470 thousand (2023: EUR 2,164 thousand) and relate to received guarantees and bills for the elimination of errors during the warranty period. The Group does not expect any inflows from these 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 2024, 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 2024

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)	333,854	116,831	94,801	35,710	581,196	890	582,086	0	582,086
Operating income (between segments)	91,154	3,093	17,251	5,050	116,548	12,627	129,175	(129,175)	0
Revenue	425,008	119,924	112,052	40,760	697,744	13,517	711,261	(129,175)	582,086
Operating profit (loss)	9,336	2,547	1,648	(747)	12,784	307	13,091	0	13,091
Interest income	375	225	0	2	602	2,750	3,352	(1,800)	1,552
Interest expenses	6,314	1,024	565	510	8,413	2,406	10,819	(1,855)	8,964
Amortisation and depreciation	22,332	3,455	422	1,591	27,800	606	28,406	(54)	28,352
Impairment of assets	691	51	31	(40)	733	34	767	0	767
Inventories	647	0	0	0	647	0	647	0	647
Loss (profit) from impairment of trade receivables	44	51	31	(40)	86	34	120	0	120
Purchase of non-current assets	21,055	2,975	198	1,552	25,780	243	26,023	0	26,023
Non-current business assets based on geographic location	332,293	60,877	9,376	24,696	427,242	9,085	436,327	0	436,327
Slovenia	332,293	42,908	6,491	24,696	406,388	9,085	415,473	0	415,473
Other countries	0	17,969	2,885	0	20,854	0	20,854	0	20,854

### 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
Operating profit (loss)	18,836	7,734	1,299	(899)	26,970	(2,498)	24,472	0	24,472
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
Impairment of assets	357	340	31	(14)	714	0	714	0	714
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
Non-current business assets based on geographic location	318,332	53,507	10,530	23,947	406,316	10,479	416,795	0	416,795
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

## Financial Instruments

### Maturity of Financial Liabilities as at 30 June 2024

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	275,720	258,952	16,407	361	0	275,720
Financial liabilities	282,798	50,741	118,552	138,659	1,051	309,003
Contract liabilities	3,598	3,191	0	407	0	3,598
Other liabilities, w/o liabilities to the state and employees and advanced payments	243	243	0	0	0	243
<b>Total liabilities</b>	<b>562,359</b>	<b>313,127</b>	<b>134,959</b>	<b>139,427</b>	<b>1,051</b>	<b>588,564</b>

### Maturity of Financial Liabilities as at 31 December 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	223,495	226,350	6,720	426	0	233,496
Financial liabilities	263,887	36,837	100,680	137,435	11,113	286,065
Contract liabilities	1,906	1,499	0	407	0	1,906
Other liabilities, w/o liabilities to the state and employees and advanced payments	1,720	1,294	0	426	0	1,720
<b>Total liabilities</b>	<b>501,009</b>	<b>265,980</b>	<b>107,400</b>	<b>138,694</b>	<b>11,113</b>	<b>523,187</b>

## 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 2024	1–6 2023
Revenue	1,272	1,349

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Financial receivables	62,730	61,457

### Transactions with Other Related Parties

in EUR thousand	1–6 2024	1–6 2023
Revenue	11,522	15,724
Expenses	1,023	1,334

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Receivables	5,930	5,268
Liabilities	2,224	1,585

## 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. 2024		31 Dec. 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through other comprehensive income	1,335	1,335	1,310	1,310
Financial receivables	62,887	62,887	61,854	61,854
Trade receivables	155,495	155,495	90,119	90,119
Cash and cash equivalents	20,723	20,723	26,704	26,704
Financial liabilities	(282,798)	(282,695)	(263,887)	(263,887)
Trade payables	(292,727)	(292,727)	(250,322)	(250,322)

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

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Financial assets at fair value through other comprehensive income	919	894
Financial assets at fair value of first level	919	894
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	(66,785)	(66,871)
Financial liabilities at fair value of second level	(66,785)	(66,871)
Borrowings	(196,230)	(179,996)
Lease liabilities	(16,721)	(15,283)
Other financial liabilities	(2,958)	(1,736)
Financial liabilities at fair value of third level	(215,909)	(197,016)

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 2024, there were no transfers of financial instruments between different levels.

## Events After the Reporting Date

There were no events after the reporting date that could materially affect the consolidated financial statements presented.

# Condensed Financial Statements of **SIJ d.d.**

for the Period Ending 30 June 2024



# Condensed Financial Statements of SIJ d.d.

## Statement of Profit or Loss and Other Comprehensive Income

in EUR thousand	Note	1–6 2024	1–6 2023
Revenue	1	9,305	9,281
<b>Gross profit</b>		<b>9,305</b>	<b>9,281</b>
General and administrative expenses	2	(9,284)	(10,511)
Other operating income	3	176	1,253
Other operating expenses	3	(81)	(82)
Loss from impairment of trade receivables		(27)	0
<b>Operating profit (loss)</b>		<b>89</b>	<b>(59)</b>
Finance income	4	6,116	8,659
Finance expenses	4	(2,741)	(1,615)
<b>Net finance income (expenses)</b>		<b>3,375</b>	<b>7,044</b>
<b>Profit before tax</b>		<b>3,464</b>	<b>6,985</b>
Income tax	5	(127)	(132)
<b>Profit for the period</b>		<b>3,337</b>	<b>6,853</b>

Continuation of the table →

Continuation of the table

in EUR thousand	Note	1–6 2024	1–6 2023
<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		25	20
Income tax related to components of other comprehensive income		(5)	(4)
<b>Total other comprehensive income for the period</b>		<b>20</b>	<b>16</b>
<b>Comprehensive income</b>		<b>3,357</b>	<b>6,869</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.

## Statement of Financial Position

in EUR thousand	Note	30 Jun. 2024	31 Dec. 2023
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>334,857</b>	<b>334,294</b>
Intangible assets		200	282
Property, plant and equipment		5,604	5,669
Investments in subsidiaries	6	244,959	244,959
Financial assets at fair value through other comprehensive income		1,323	1,298
Financial receivables	7	81,483	80,800
Deferred tax assets		1,288	1,286
<b>Current assets</b>		<b>66,220</b>	<b>61,399</b>
Assets (groups) held for sale		30	31
Financial receivables	7	62,312	59,355
Trade receivables	8	3,260	920
Income tax assets		55	0
Cash and cash equivalents	9	262	913
Other assets		301	180
<b>Total assets</b>		<b>401,077</b>	<b>395,693</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	10	<b>270,376</b>	<b>267,020</b>
Share capital		145,266	145,266
Capital surplus		11,461	11,461
Other equity reserves		8,838	8,838
Fair value reserves		387	368
Retained earnings		104,424	101,087

Continuation of the table →

Continuation of the table

in EUR thousand	Note	30 Jun. 2024	31 Dec. 2023
<b>Non-current liabilities</b>		<b>35,007</b>	<b>34,950</b>
Employee benefits		953	953
Financial liabilities	11	23,064	23,007
Other liabilities	13	10,990	10,990
<b>Current liabilities</b>		<b>95,694</b>	<b>93,723</b>
Financial liabilities	11	89,120	87,240
Trade payables	12	4,814	3,454
Income tax liabilities		0	133
Other liabilities	13	1,760	2,896
<b>Total equity and liabilities</b>		<b>401,077</b>	<b>395,693</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.

## Statement of Changes in Equity

### Statement of Changes in Equity for the Six-Month Period Ending 30 June 2024

in EUR thousand	Share capital	Capital surplus	Other equity reserves	Fair value reserves	Retained earnings	Total
<b>Balance as at 31 Dec. 2023</b>	<b>145,266</b>	<b>11,461</b>	<b>8,838</b>	<b>368</b>	<b>101,087</b>	<b>267,020</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	3,337	3,337
Other changes in comprehensive income	0	0	0	19	0	19
<b>Total changes in comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>3,337</b>	<b>3,356</b>
<b>Balance as at 30 Jun. 2024</b>	<b>145,266</b>	<b>11,461</b>	<b>8,838</b>	<b>387</b>	<b>104,424</b>	<b>270,376</b>

### 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>

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

## Statement of Cash Flows

in EUR thousand	Note	1–6 2024	1–6 2023
<b>Cash flow from operating activities</b>			
<b>Profit before tax</b>		<b>3,464</b>	<b>6,985</b>
Adjusted for:			
Depreciation and amortisation	2	503	472
Interest income	4	(2,768)	(2,282)
Interest expenses	4	2,468	1,449
Reversal of impairment of assets	4	(2,384)	(5,579)
Creation of allowances and provisions		86	111
Net other (income) expenses		(769)	(2,348)
<b>Operating cash flow before working capital adjustments</b>		<b>600</b>	<b>(1,192)</b>
<b>Total working capital adjustments</b>			
(Increase) decrease in trade receivables		(2,489)	10,688
(Decrease) increase in trade payables		(46)	1,118
Increase (decrease) in taxes other than income tax		112	(3,751)
<b>Total working capital adjustments</b>		<b>(2,423)</b>	<b>8,055</b>
Receipts from government grant		48	52
Payments for retirement benefits and loyalty bonuses		(6)	(21)
Income tax paid		(321)	(562)
<b>Net cash flow (used in) from operating activities</b>		<b>(2,102)</b>	<b>6,333</b>
<b>Cash flow from investing activities</b>			
Payments for investments in subsidiaries	6	0	(13,000)
Payments for property, plant and equipment		(91)	(117)
Receipts from property, plant and equipment		35	272
Payments for intangible assets		(5)	(13)

Continuation of the table →

Continuation of the table

in EUR thousand	Note	1–6 2024	1–6 2023
Payments for loans issued		(19,475)	(48,525)
Receipts from loans issued		19,574	48,558
Interests received		1,235	898
Dividends received		108	65
Receipts from other assets		0	76
<b>Net cash flow from (used in) investing activities</b>		<b>1,381</b>	<b>(11,786)</b>
<b>Cash flow from financing activities</b>			
Receipts from borrowings		27,124	50,297
Payments for borrowings		(26,625)	(44,064)
Receipts from financial services		932	933
Payments for lease		(286)	(251)
Interests paid		(1,075)	(282)
<b>Net cash flow from financing activities</b>		<b>70</b>	<b>6,633</b>
<b>Cash and cash equivalents as at 1 Jan.</b>			
		<b>913</b>	<b>350</b>
Net change in cash and cash equivalents		(651)	1,180
<b>Cash and cash equivalents as at 30 Jun.</b>		<b>262</b>	<b>1,530</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 2024	1–6 2023
In Slovenia	9,301	9,277
In other countries	4	4
<b>Revenue</b>	<b>9,305</b>	<b>9,281</b>

### 2. OPERATING EXPENSES

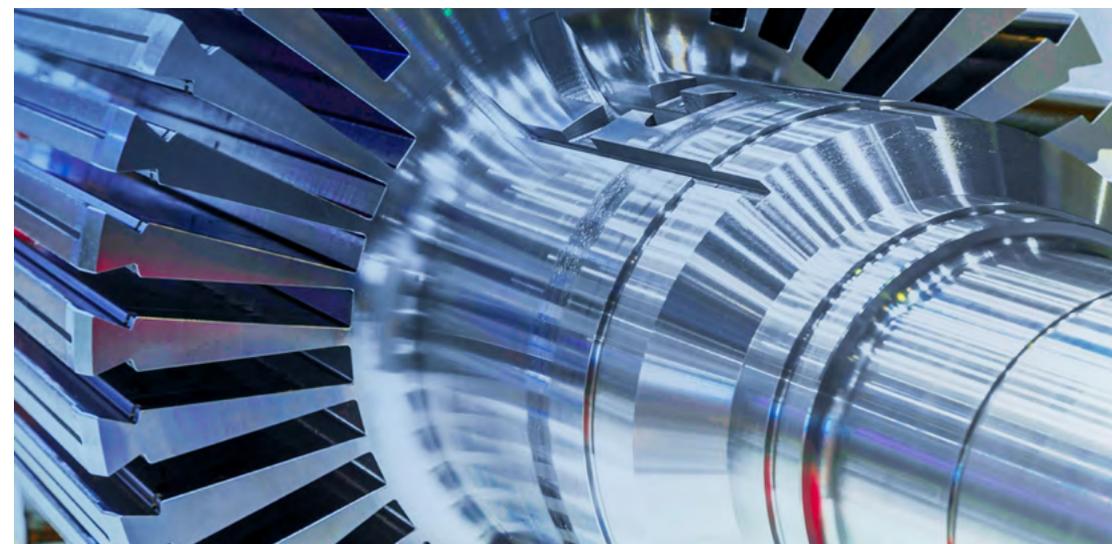
in EUR thousand	1–6 2024	1–6 2023
Cost of goods, materials and services	2,183	2,224
Labour costs	6,337	7,617
- wages and salaries	4,877	5,924
- social security costs	818	991
- other labour costs	642	702
Depreciation and amortisation costs	503	472
Other costs	261	198
<b>Operating expenses</b>	<b>9,284</b>	<b>10,511</b>

### 3. OTHER OPERATING INCOME AND EXPENSES

in EUR thousand	1–6 2024	1–6 2023
Dividends	108	106
Profit from sale of property, plant and equipment	8	208
Gain from fast-track liquidation of a subsidiary	0	855
Other income	60	84
<b>Other operating income</b>	<b>176</b>	<b>1,253</b>
Expenses for donations and sponsorships	(81)	(76)
Other expenses	0	(6)
<b>Other operating expenses</b>	<b>(81)</b>	<b>(82)</b>
<b>Other operating income (expenses), net</b>	<b>95</b>	<b>1,171</b>

### 4. FINANCE INCOME AND EXPENSES

in EUR thousand	1–6 2024	1–6 2023
Interest income	2,768	2,282
Revenues from issued guarantees	728	769
Reversal of impairment of loans issued	2,384	5,579
Other income	236	29
<b>Finance income</b>	<b>6,116</b>	<b>8,659</b>
Interest expenses	(2,468)	(1,449)
Other expenses	(273)	(166)
<b>Finance expenses</b>	<b>(2,741)</b>	<b>(1,615)</b>
<b>Net finance income (expenses)</b>	<b>3,375</b>	<b>7,044</b>



### 5. INCOME TAX

in EUR thousand	1–6 2024	1–6 2023
Current income tax expense	(133)	(132)
Deferred income tax	6	0
<b>Income tax</b>	<b>(127)</b>	<b>(132)</b>

in EUR thousand	1–6 2024	1–6 2023
<b>Profit before tax</b>	<b>3,464</b>	<b>6,985</b>
Tax at effective tax rate 22% (2023: 19%)	762	1,327
Tax effects from:		
- non-taxable income	(536)	(1,059)
- tax non-deductible expenses	111	84
- tax relief	(36)	(44)
- tax losses for which no deferred tax assets were recognised	(174)	(176)
<b>Income tax</b>	<b>127</b>	<b>132</b>
<b>Effective tax rate</b>	<b>3.65%</b>	<b>1.89%</b>

## 6. INVESTMENTS IN SUBSIDIARIES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
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	84,214	84,214
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	5,581	5,581
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	2,519	2,519
SIJ AMERICAS INC., 331 Newman Springs Road Suite, 104, Red Bank, New Jersey, USA	2,670	2,670
ADDITHERM d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	5,902	5,902
SIJ MIDDLE EAST- FZCO, DSO-IFZA, IFZA Properties, Dubai Silicon Oasis, Dubaj, United Arab Emirates	2	2
<b>Investments in subsidiaries</b>	<b>244,959</b>	<b>244,959</b>

In 2024, the liquidation processes for the subsidiaries »Topmetal« and OOO SSG are ongoing. The Group estimates that these liquidation processes will be completed by the end of the financial year 2024.

## 7. FINANCIAL RECEIVABLES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Loans issued	81,483	80,800
<b>Non-current financial receivables</b>	<b>81,483</b>	<b>80,800</b>
Loans issued	61,957	58,814
Other	355	541
<b>Current financial receivables</b>	<b>62,312</b>	<b>59,355</b>

Financial receivables refer to loans issued to the majority shareholder. Loans issued to the majority shareholder amount to EUR 51,162 thousand (2023: EUR 51,162 thousand), and the related interest to EUR 11,552 thousand (2023: EUR 10,280 thousand). Loans issued to the majority shareholder will be repaid from dividends. Both the loans issued to subsidiaries, totaling EUR 92,162 thousand (2023: EUR 77,890 thousand), and the related interest, amounting to EUR 542 thousand (2023: EUR 281 thousand), are expected to be repaid from current liquidity in line with long-term business projections.

Interest rates for loans issued are variable as well as fixed, ranging from 1.60 to 7.85%. 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 11,991 thousand (2023: EUR 14,375 thousand).

## 8. TRADE RECEIVABLES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Trade receivables	3,165	955
Allowances for trade receivables	(151)	(123)
Issued advance payments and cautions	18	24
Other receivables	228	64
<b>Current trade receivables</b>	<b>3,260</b>	<b>920</b>

The operating receivables are not secured nor pledged as security for liabilities.

## 9. CASH AND CASH EQUIVALENTS

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Cash in national currency	262	913
<b>Cash and cash equivalents</b>	<b>262</b>	<b>913</b>

## 10. EQUITY

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Share capital	145,266	145,266
Capital surplus	11,461	11,461
Other equity reserves	8,838	8,838
Fair value reserves	387	368
Retained earnings	104,424	101,087
<b>Equity</b>	<b>270,376</b>	<b>267,020</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 2024, the Company paid no dividends (1–6 2023: EUR 0 thousand).

### Ownership Structure

Shareholder	Number of shares 30 Jun. 2024	Number of shares 31 Dec. 2023
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. 2024	31 Dec. 2023
Legal reserves	11,093	11,093
Treasury shares	(6,009)	(6,009)
Reserves for treasury shares	3,754	3,754
<b>Other equity reserves</b>	<b>8,838</b>	<b>8,838</b>

## Fair Value Reserves

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Fair value reserve due to financial assets at fair value through comprehensive income	521	492
Deferred tax liabilities	(103)	(93)
Net actuarial losses on pension programs	(31)	(31)
<b>Fair value reserves</b>	<b>387</b>	<b>368</b>

## 11. FINANCIAL LIABILITIES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Borrowings	3,500	3,500
Liabilities for bonds issued (SIJ8; SIJ6)	18,940	18,920
Lease liabilities	624	587
<b>Non-current financial liabilities</b>	<b>23,064</b>	<b>23,007</b>
Borrowings	38,844	38,355
Liabilities for bonds issued (SIJ8; SIJ6)	47,949	47,951
Lease liabilities	467	412
Other current financial liabilities	1,860	522
<b>Current financial liabilities</b>	<b>89,120</b>	<b>87,240</b>
<b>Total financial liabilities</b>	<b>112,184</b>	<b>110,247</b>

## Borrowings

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

### Liabilities for Bonds Issued

The company issued bonds with the ticker symbol of SIJ8 with the total nominal value of EUR 19,000 thousand in November 2023. The entire bond issue contains 190 denominations of EUR 100 thousand. The bond maturity date is 2 November 2026. The interest rate for the bonds is fixed, i.e. 7.0% per annum. If the sustainability conditions are not met, a surcharge of 0.3% per annum applies. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The bonds are traded on the Ljubljana Stock Exchange.

The company issued bonds with the ticker symbol SIJ6 with a total nominal value of EUR 40,000 thousand in November 2019. In December 2021, it issued, through a further issue, additional bonds with a total nominal value of EUR 8,000 thousand. The entire bond issue contains 480 denominations of EUR 100 thousand. The bond maturity date is 25 November 2024. The interest rate for the bonds is fixed, i.e. 2.8% per annum. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The bonds are traded on the Ljubljana Stock Exchange.

The company repaid the bonds with the ticker symbol SIJ7, amounting to EUR 31,100 thousand, on the maturity day in November 2023.

## 12. TRADE PAYABLES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Payables to suppliers	3,420	2,204
Liabilities to employees	476	443
Tax liabilities and other liabilities	918	807
<b>Current trade payables</b>	<b>4,814</b>	<b>3,454</b>

## 13. OTHER LIABILITIES

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Liabilities for contingent and deferred contribution	10,990	10,990
<b>Other non-current liabilities</b>	<b>10,990</b>	<b>10,990</b>
Accrued expenses for unused annual leave	539	481
Current portion of liability for contingent and deferred contribution	1,200	2,400
Other liabilities	21	15
<b>Other current liabilities</b>	<b>1,760</b>	<b>2,896</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 206,559 thousand on 30 June 2024 (2023: EUR 194,637 thousand). The total amount of issued guarantees was issued to the companies of the Group. The Company expects no outflows from the issued guarantees.

## Financial Instruments

### Maturity of Financial Liabilities as at 30 June 2024

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	3,420	3,397	23	0	0	3,420
Financial liabilities	112,184	9,677	81,750	25,926	0	117,353
Other liabilities, w/o liabilities to the state and employees and advanced payments	10,990	0	0	10,990	0	10,990
<b>Total liabilities</b>	<b>126,594</b>	<b>13,074</b>	<b>81,773</b>	<b>36,916</b>	<b>0</b>	<b>131,763</b>

### Maturity of financial liabilities as at 31 December 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	2,204	2,192	10	2	0	2,204
Financial liabilities	110,248	15,766	74,765	25,921	0	116,452
Other liabilities, w/o liabilities to the state and employees and advanced payments	10,990	0	0	10,990	0	10,990
<b>Total liabilities</b>	<b>123,442</b>	<b>17,958</b>	<b>74,775</b>	<b>36,913</b>	<b>0</b>	<b>129,646</b>

## 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 2024	1–6 2023
Revenue	1,272	1,349

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Receivables	62,730	61,457

### Transactions with Subsidiaries

in EUR thousand	1–6 2024	1–6 2023
Revenue	11,591	11,039
Expenses	630	220

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Receivables	96,164	93,945
Liabilities	11,257	22,163

### Transactions with Other Related Companies

in EUR thousand	1–6 2024	1–6 2023
Revenue	1	10
Expenses	63	61

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Receivables	1	2
Liabilities	7,825	7,833

## 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. 2024		31 Dec. 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through other comprehensive income	1,323	1,323	1,298	1,298
Financial receivables	143,795	143,795	140,154	140,154
Trade receivables	3,260	3,260	920	920
Cash and cash equivalents	262	262	913	913
Financial liabilities	(112,184)	(112,080)	(110,248)	(110,248)
Trade payables	(15,804)	(15,804)	(14,444)	(14,444)

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

in EUR thousand	30 Jun. 2024	31 Dec. 2023
Financial assets at fair value through other comprehensive income	919	894
<b>Financial assets at fair value of first level</b>	<b>919</b>	<b>894</b>
Financial assets at fair value through other comprehensive income	404	404
<b>Financial assets at fair value of third level</b>	<b>404</b>	<b>404</b>
Bonds and commercial papers	(66,785)	(66,871)
<b>Financial liabilities at fair value of second level</b>	<b>(66,785)</b>	<b>(66,871)</b>
Borrowings	(42,344)	(41,855)
Leases	(1,091)	(999)
Other financial liabilities	(1,860)	(523)
<b>Financial liabilities at fair value of third level</b>	<b>(45,295)</b>	<b>(43,377)</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 2024, there were no transfers of financial instruments between different levels.

## Events After the Reporting Date

There were no events after the reporting date that could materially affect the financial statements presented.



**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 editing:** mag. Andreja Čibron Kodrin, Fužinar Ravne d.o.o.

**Translated by:** Tadej Reissner, s.p. and Gorr d.o.o.

**Layout and implementation:** Media Vox d.o.o., Andreja Trbuha Kukec

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