

UNAUDITED REPORT ON CINKARNA CELJE'S PERFORMANCE FOR THE PERIOD JANUARY-JUNE 2025

Celje, August 2025

INDEX

SELECTION OF THE MOST IMPORTANT DATA	2
BUSINESS REPORT	3
STATEMENT OF MANAGEMENT RESPONSIBILITY	5
1 SALES	6
1.1 Sales by regional section	6
1.2 Sales by business segment	7
2 PERFORMANCE ANALYSIS	9
2.1 Operating result	9
2.2 Expenditure and costs	10
2.3 Assets	10
2.4 Liabilities to sources of funds	12
3 STAFF	14
3.1 Added value at Company level	15
4 MOST IMPORTANT RISKS OF THE COMPANY	16
5 DATA ON SHAREHOLDERS AND OWNERSHIP STRUCTURE	23
5.1 Ownership structure	23
5.2 Trading in shares	24
6 FOUNDATIONS OF DEVELOPMENT	25
6.1 Investments	25
6.2 Development activities	26
6.3 Quality assurance	26
6.4 Environmental management	27
6.5 Safety and health	28
7 FINANCIAL STATEMENTS	29
7.1 Income statement	29
7.2 Statement of financial position of the Company	30
7.4 Statement of changes in equity	32
7.5 Cash flow statement for the period	33
7.6 Statement of other comprehensive income	34
8 NOTES TO FINANCIAL STATEMENTS	35
9 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD	46

SELECTION OF THE MOST IMPORTANT DATA

OPERATIONS in € 000	I– VI 2025	I–VI 2024	2024	2023
Turnover	111,500	100,344	200,285	176,464
Operating profit (EBIT) ¹	15,594	8,817	26,664	12,723
Operating profit plus depreciation and amortisation (EBITDA) ²	22,856	15,458	39,565	25,078
Net profit	12,276	7,403	23,087	12,653
Non-current assets (end of period)	116,858	114,260	116,964	114,523
Current assets (end of period)	145,050	135,447	154,391	145,393
Equity (end of period)	209,266	196,591	211,036	221,230
Non-current liabilities (end of period)	18,430	18,743	18,925	18,844
Current liabilities (end of period)	34,213	34,373	41,393	19,841
Investments	6,852	5,363	14,302	19,825
INDICATORS				
EBIT as a percentage of turnover	13.99	8.79	13.31	7.21
EBITDA as a percentage of turnover	20.50	15.40	19.75	14.21
Net profit as a percentage of turnover (ROS)	11.01	7.38	11.53	7.17
Return on equity (ROE) ³ in %	5.84	3.54	10.68	5.88
Return on assets (ROA) ⁴ in %	4.60	2.91	8.69	4.95
Value added per employee ⁵	59,724	47,599	107,471	80,305
NUMBER OF EMPLOYEES				
End of year/period	728	724	718	742
Average at end of year/period	724	726	725	754
SHARE INFORMATION*				
Total number of shares	8,079,770	8,079,770	8,079,770	8,079,770
Number of own shares	299,874	264,650	298,384	264,650
Number of shareholders	3,071	2,845	2,871	2,651
Earnings per share in € ⁶	1.52	0.92	2.86	1.57
Dividend yield ⁷ in %	5	13	17	0
Gross dividend per share in €	1.80	3.20	4.10	0
Share price at end of period in €	34.50	22.30	27.70	20.50
Book value per share in € ⁸	25.90	24.33	26.12	27.38
Market capitalisation (end of period)	278,752	180,179	223,809	165,635

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

¹ The difference between operating income and operating expenses.

² The difference between operating income and operating expenses, plus depreciation and amortisation. Reflects operating performance.

³ Net profit/average equity for the year. The indicator reflects the efficiency of the company in generating net profit in relation to capital. Return on equity is also an indicator of management's performance in maximising the value of the company for its owners.

⁴ Net profit/average balance for the year. The indicator reflects the efficiency of the company in generating net profit in relation to assets. Return on assets is also an indicator of management's performance in using assets efficiently to generate profits.

⁵ Operating profit plus depreciation, amortisation and labour costs divided by the average number of employees after accrued hours. A productivity indicator reflecting the average new value created per employee at Cinkarna.

⁶ Net profit/total number of shares issued.

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

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

BUSINESS REPORT

With more than 150 years of continuous operation, Cinkarna Celje d.d., a modern and future-oriented chemical company, is in excellent condition and has ambitious goals for sustainable operations. As part of the chemical industry, which is a vital component of the European and Slovenian economies, we are aware of our opportunities, responsibilities, and challenges in the context of the green, low-carbon, and circular transformation of European industry and the dynamic nature of the pigment industry.

In the first half of 2025, we increased sales by 11% compared to the first half of 2024, mainly due to higher sales volumes and higher selling prices of titanium dioxide pigment. It should be noted that permanent anti-dumping measures on imports of Chinese TiO₂ pigment, based on absolute amounts of duties and no longer on percentages of the import price, came into force at the beginning of the year. The tariff rates vary depending on the manufacturer, with one of the larger manufacturers having a significantly lower tariff than the others, and certain types of pigments, such as those used in printing inks, being exempt. Initial market reactions indicate that the measures have not yet provided the expected protection against price pressure, as Chinese producers have adjusted their output prices and absorbed most of the tariffs, while continuing to seek access to the European market. Despite the closure of some production facilities in the Western world, the industry is currently facing significant excess capacity, mainly of Chinese origin, which represents a structural challenge, especially in times of lower demand. In the second half of the year, we expect increased pressure on prices and consequently lower margins, but we estimate that the planned net profit for 2025 will be exceeded.

Net profit amounted to EUR 12.3 million, up 66% on the EUR 7.4 million recorded in the same period of 2024. Operating profit before depreciation and amortisation (EBITDA) amounted to EUR 22.9 million, representing 20.5% of sales. Compared to the previous year, EBITDA increased by 48%.

Titanium dioxide pigment remains the core business of Cinkarna, with a focus on continuous quality improvement and the development of sustainable applications. Despite our role as a smaller manufacturer that follows market trends, we exceeded expectations in the first half of the year by effectively exploiting opportunities. Our strategy is guided by a focus on profitable markets, high-quality customers, and long-term partnerships.

In the first half of 2025, economic growth in the EU remained low, with slight growth in services and stagnation in industrial production. Indicators such as the PMI and economic sentiment have improved somewhat, but remain close to the stagnation threshold, pointing to limited industrial activity and subdued demand. Inflation has gradually slowed down, but certain components remain higher on average than last year, keeping cost pressures high and reducing purchasing power. Construction, an important economic factor, remains weak due to investment and financing costs and investor caution. Uncertainty about interest rates, the labour market, and the geopolitical situation continues to limit investment activity and industrial growth in the EU, which will also affect the slow recovery of industrial demand in the coming months.

The aforementioned macroeconomic conditions and structural changes in the pigment market mean that demand will remain subdued, as key end sectors, construction and coatings, continue to operate at low levels. The outlook for 2025 also remains cautious, as customers are showing restraint due to the uncertain economic outlook and high inventories. Despite the shutdown of a competitive EU plant with a capacity of 90,000 tons this year, the supply of TiO₂ pigment in the EU remains sufficient, while Chinese producers, despite the measures introduced, continue to proactively seek ways to enter the European market, often with lower prices.

Western producers report reduced margins due to lower price pressure and increased competition, and are therefore focusing primarily on maintaining positive cash flow, higher capacity utilisation and cost reduction. In protected EU markets, they are facing additional pigment volumes being diverted from less profitable, non-tariff markets, which is further intensifying price pressure. Hybrid blends with reduced TiO₂ content are also emerging, which remain below the threshold for tariff restrictions, calling

into question the long-term effectiveness of protective measures. Competition is expected to intensify in the coming months, particularly if weak demand in the Chinese market continues and spot prices remain low or fall further. In the second half of the year, we will also focus even more on maintaining high capacity utilisation and careful management of working capital in order to maintain business stability in a challenging market environment.

In the area of employee relations and human resource management, we focus on optimising the organisational structure with the aim of ensuring the smooth operation of the Company and, consequently, the safest and healthiest possible working conditions for our employees. We follow the principle of a positive motivational pay policy and ensure an appropriate level of employee satisfaction and motivation. At the same time, we are introducing IT support for the development of skills and improvement of the organisational climate. Together with our social partners, we have drawn up a draft for the revision of the competency and pay model.

In the first half of 2025, we spent EUR 6.9 million on investments, the purchase of fixed assets, and replacement equipment. We are investing in programmes that show growth potential. Our investments in production are primarily aimed at reducing operating costs, ensuring profitable production volumes, achieving higher quality, legislative compliance, and energy sustainability.

Our development activities follow a five-year strategy. We carried out development activities based on opportunities identified in areas where we have expertise, trends, and customer expectations.

We carry out several interrelated projects at the Company, which enable us to comprehensively manage spatial and environmental risks. The most important of these are the alternative water supply project, the harmonisation of spatial acts on red gypsum filling facilities in Za Travnikom and Bukovžlak, and ensuring the stability of barrier structures.

We observe the principles of sustainable development and circular economy in the planning and implementation of all activities. As part of ensuring the sustainable development of titanium dioxide production, we continued with projects for comprehensive water management and waste acid treatment, and focused on a project for the evaluation of red gypsum. We also launched and implemented new activities in the areas of carbon footprint reduction, use of renewable energy sources, and material reuse.

The following sections of the report provide more detailed information on individual business areas, as well as an overview of the Company's financial position and operations.

Management Board

STATEMENT OF MANAGEMENT RESPONSIBILITY

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

The management expects that the Company will have sufficient resources to continue operations in the future, and therefore the financial statements have been prepared on a going concern basis.

The Management Board's responsibility in preparing the financial statements includes the following:

- accounting policies are appropriately selected and consistently applied,
- judgments and estimates are reasonable and prudent,
- the financial statements are prepared in accordance with IFRS as adopted by the European Union, and any deviations are disclosed and explained in the report.

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

- that the business report of Cinkarna Celje d.d. for the first half of 2025 includes a fair presentation of the development and results of its operations and of its financial position, including a description of all material risks to which the Company is exposed;
- that the financial statements of Cinkarna Celje d.d. for the first half of 2025 are prepared in accordance with International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets and liabilities, financial position, profit or loss and comprehensive income of the Company.

The financial statements, together with the related policies and notes, were adopted by the Management Board on 25 July 2025.

Management Board

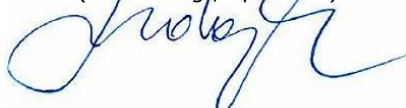
President of the Management Board

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



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

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



Member of the Management Board – Works Director

Filip KOŽELNIK,
MSc (Business Studies)



1 SALES

Total sales in the period under review amounted to EUR 111.5 million, up 11% on the sales achieved in the same period of 2024.

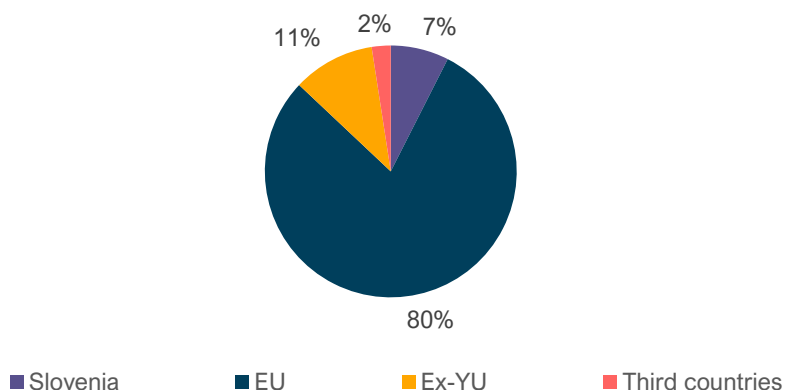
1.1 Sales by regional section

Total sales on foreign markets increased by 12% compared to the previous year. The increase in sales on foreign markets is undoubtedly the result of better pigment sales on EU markets, which are our most important markets.

Sales by regional section

	2025	2024	Δ%
Slovenia	7,856,430	7,497,744	+5
EU	91,856,621	79,828,310	+15
Third countries	8,719,955	10,576,112	-18
Third countries – dollar markets	3,067,211	2,441,833	+26
TOTAL	111,500,217	100,343,999	+11

Share of each market in the Company's total sales

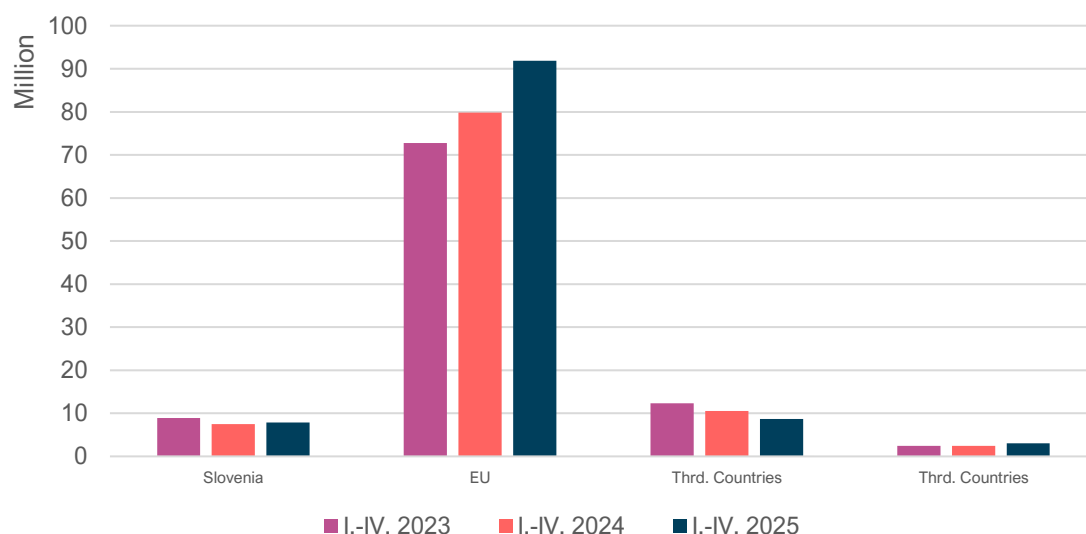


Sales to the **EU market** were 15% higher than in the same period last year. The growth was driven by higher sales volumes and higher pigment prices, which were a result of anti-dumping measures introduced in this market.

Sales on the **domestic market** are up 5% compared to 2024. This is influenced by BU Polimeri's investment projects.

Total sales to **third markets** remained at a comparable level, with some volumes successfully redirected to the North American market, particularly the US, due to price competitiveness in certain Middle Eastern regions. In the medium term, we plan to strengthen our marketing activities in these markets, which represent an opportunity for greater geographical diversification and revenue stabilisation. The scope and sustainability of this approach will largely depend on the further development of global trade relations and protectionist measures.

Sales by geographical segment



In the period under review, exports accounted for 93.0% of total sales, which is 0.5 percentage points more than in the same period last year. The growth in export intensity was mainly driven by an increase in the value of sales in the key EU markets, which represent the focus of our sales, with the most pronounced growth in Sweden, where sales volume grew by 165%, while our largest export partner, Germany, recorded a 10% increase in sales volume.

The key product, titanium dioxide pigment, remains the driving force behind exports and the foundation for further expansion in foreign markets, where we strive to consolidate our presence, particularly in stable, regulated, and long-term promising markets.

The sales structure by individual markets is adjusted on a quarterly basis to reflect operational and macroeconomic conditions, while in the long term it is guided by risk diversification, profitability criteria, compliance with the marketing strategy, and assessments of political and economic stability. The strengthening of anti-dumping protection in the EU further reinforces the strategic focus on safer and more sustainable markets with higher added value, where the Company sees the greatest potential for stable operations. At the same time, marketing activities are also focused on countries that are introducing or announcing protective measures against the dumping practices of aggressively priced competitors, such as Brazil and India, as such markets may represent an opportunity for European manufacturers to increase their competitiveness in the future.

1.2 Sales by business segment

Sales by business segment

	2025	2024	Δ%
Titanium dioxide	94,843,787	83,502,096	+14
- of which TiO ₂ pigment	92,631,454	81,678,311	+13
Varnishes, masters, and printing inks	8,035,154	8,205,400	-2
Agro programme	6,319,264	6,402,991	-1
Polymers	2,043,734	1,611,676	+27
Other	258,277	621,836	-58
TOTAL	111,500,217	100,343,999	+11

In the period under review, sales of the core **titanium dioxide pigment** programme reached EUR 94.8 million, representing a 14% increase compared to the same period last year. The growth was driven

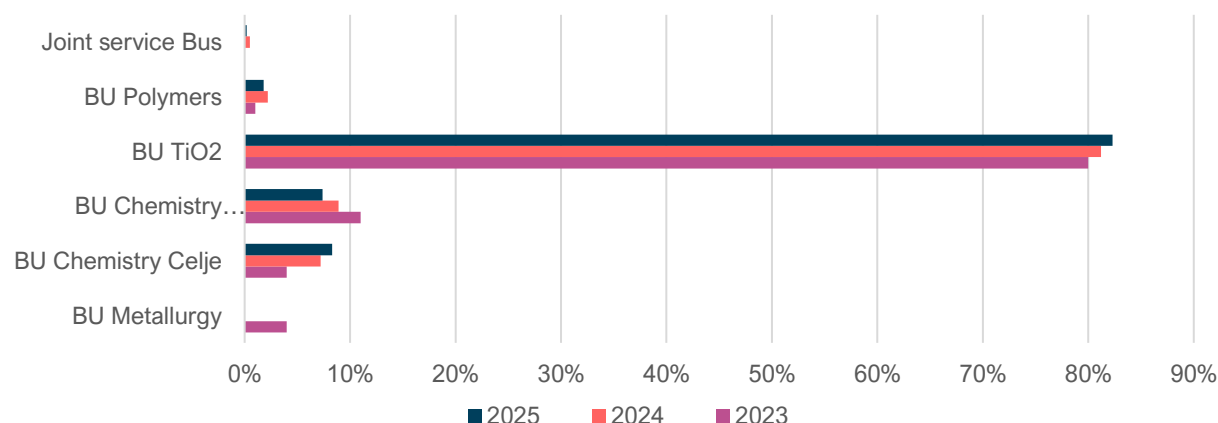
by a combination of higher sales volumes and higher prices in European markets, where demand recovered faster than seasonal expectations in the first quarter. The introduction of permanent anti-dumping measures in the EU contributed to greater market stability and stronger sales, particularly in Western and Northern Europe. However, a cooling of demand began to be felt in the second quarter, indicating a more cautious outlook for the rest of the year. At the same time, we are replacing lost market share in the Middle East by focusing sales on the North American market and on markets where protectionist trends and additional investigations and measures against Chinese imports are creating more favourable conditions for Western manufacturers.

Within the TiO₂ segment programmes, **CEGIPS** deserves special mention, with sales of 87.1 thousand tonnes, representing a 14% increase on the previous period. This result is particularly important as it directly contributes to extending the life of the Za Travnikom facility.

In the period under review, we recorded a 2% decline in sales in the **paints and varnishes** programme, mainly due to the challenging market situation in this segment. Demand in this part of the chain remains under pressure due to weak industrial activity and customer restraint in building up inventories, which is particularly characteristic of the automotive and packaging industries.

Sales of the **agro programme**, which includes copper fungicides, Pepelin, copperas and Humovit, fell by 1% in the period under review compared to the same period in 2024. The result was influenced by lower sales volumes, but it is important to note that the deals concluded were of higher added value. We are managing to maintain Humovit sales at the same level as in previous years, but they remain mainly tied to the domestic and nearby markets. Due to additional transport costs, the product is finding it more difficult to penetrate more distant markets, which limits its geographical reach and highlights the importance of optimising distribution at the local level.

Share of each business unit in the Company's total sales



During the period under review, the relative ratios between business units were adjusted again. With the exception of BU Titanium Dioxide and BU Kemija Celje, the share of the remaining units, including BU Polimeri, decreased despite the implementation of major projects. The operations of BU Polimeri remain closely linked to the investment dynamics of the pharmaceutical and petrochemical sectors in the region, confirming the strategic focus on contract manufacturing with a high degree of technical flexibility and orientation towards specific customer needs. This model enables differentiation and the strengthening of long-term partnerships, but is also sensitive to fluctuations in the industry's investment cycles.

Adjustments to business models are leading to a restructuring of the scope and focus of individual business units, which has already resulted in a reduction in their number. In this context, we expect further growth in the relative importance of our core titanium dioxide production programme, which

will be further strengthened in the coming periods as a key source of value creation in our business structure.

2 PERFORMANCE ANALYSIS

2.1 Operating result

	30,06,2025	30,06,2024	In € Δ%
Operating income	111,477,907	93,906,020	+19
Operating expenses	95,884,122	85,089,315	+13
OPERATING RESULT	15,593,785	8,816,705	+77
Financial income	578,518	675,548	-14
Financial expenses	434,463	1,831	-
OPERATING RESULT before tax	15,737,840	9,490,422	+66
Income tax	3,462,325	2,087,893	+66
NET OPERATING RESULT	12,275,515	7,402,529	+66

In the first half of the year, **operating result** amounted to EUR 15.6 million. This result exceeds the operating profit for the same period in 2024 by 77%, when it amounted to EUR 8.8 million. Operating performance was significantly better than last year and exceeded the business plan results. The aforementioned exceeding of the planned result and last year's result was influenced by better sales of the main product in terms of volume and value than forecast in the business plan, as a result of the introduction of customs duties on imports of Chinese pigment. The operating result from operations with write-offs, or EBITDA, reached EUR 22.9 million, accounting for 20.5% of sales. Compared to the previous year, EBITDA increased by 48%.

After accounting for the impact of financial income and expenses, the half-year **operating result before tax** amounted to EUR 15.7 million, compared to a profit of EUR 9.5 million in the same period last year. The pre-tax result exceeds last year's result by 66%.

In 2025, similar to the same period in 2024, a positive balance from financing of EUR 144 thousand was achieved (in the first half of 2024, the positive balance from financing amounted to EUR 674 thousand). The resulting balance from financing stems from a positive balance of income and expenses from investments and interest in the amount of €579 thousand and a negative balance of exchange rate differences and interest in the amount of €435 thousand, using hedging instruments to manage the volatile movement of the \$/€ currency pair in the purchase of titanium-bearing ores. The positive balance from investments represents the effective use and placement of surplus cash in profitable investments.

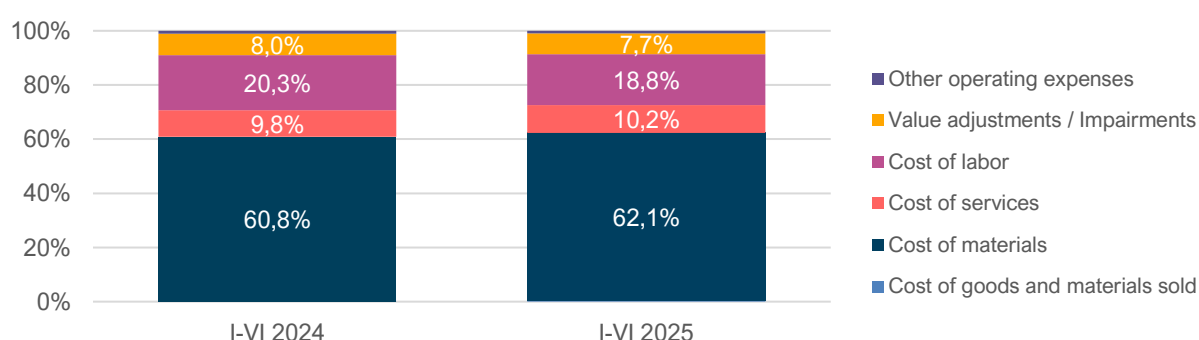
The **net profit for the accounting period** amounted to EUR 12.3 million, which is 66% higher than in the same period of 2024, when it amounted to EUR 7.4 million. Taking into account developments in the international economy, the titanium dioxide pigment market, and, above all, the results of competitors in the titanium dioxide industry, we conclude that the result is very good and above expectations. The net profit includes the operating profit before tax and income tax of EUR 3.5 million (effective tax rate of 22%).

2.2 Expenditure and costs

Material costs account for the largest share of total costs, at 62.1%. In the structure of raw materials, packaging, and energy consumption, there are certain deviations compared to the comparable period in 2024, with the most significant increase in energy costs in relative terms. This should also be interpreted in the context of higher production.

Purchase prices of titanium-bearing raw materials remained at comparable levels to the previous year in the period under review, but the total cost of raw materials increased by 13%, mainly as a result of higher production volumes. Raw materials and supplies continue to dominate the structure of material production costs, accounting for 83.2%, followed by energy at 15.3% and packaging at 1.5%. The structure of all other costs incurred by the Company is presented in the chart below.

Cost structure (in %)



The structure of labour costs is disclosed in Note 5 to the financial statements, Labour costs. Gross salaries were determined in accordance with the provisions of the collective agreement, taking into account the agreements between the trade unions and the Management. Transportation to work and meals during work are in accordance with applicable regulations. Labour costs include supplementary pension insurance, performance-related payments, severance payments, other employee benefits, solidarity assistance costs, jubilee bonuses and other items.

2.3 Assets

	30 June 2025	31 December 2024
ASSETS		
Intangible assets	2,322,687	2,408,779
Tangible fixed assets	111,670,153	111,699,615
Financial assets at fair value through other comprehensive income	1,287,325	1,287,325
Other non-current assets	115,376	105,470
Deferred tax assets	1,462,488	1,462,488
Total non-current (long-term) assets	116,858,029	116,963,678
Current assets		
Stocks	52,439,036	58,969,428
Financial receivables	37,545,867	47,214,859
Trade receivables	37,000,416	30,243,586
Cash and cash equivalents	17,867,099	17,731,407
Other current assets	197,415	230,760
Total current assets	145,049,832	154,390,040
Total assets	261,907,861	271,353,718

The share of non-current (long-term) assets in the structure of total assets increased by 1.5 percentage points compared to the end of 2024 and amounted to 44.6%. Tangible fixed assets remain the largest category of non-current assets (96%). Their value did not change significantly between the end of 2024 and the end of the first six months of 2025, as the difference between the amount invested in tangible fixed assets and the actual depreciation recognised in the first six months of 2025 was insignificant. Long-term financial investments and deferred tax assets did not change in 2025. Other non-current assets represent emission allowances acquired free of charge from the state. Their balance as at 30 June 2025 is EUR 10 thousand higher than the balance as at 31 December 2024 as a result of the balance of emission allowances acquired for 2025 and transferred to ARSO for CO2 emissions for 2024.

The share of current assets in the total assets decreased by 1.5 percentage points compared to the end of the previous year and amounted to 55.4%. In terms of value, the most significant categories in the structure of current assets are inventories (36%), financial receivables (26%), trade receivables together with other current assets and income tax receivables (26%) and cash and cash equivalents (12%).

Inventories decreased by 11% compared to the end of 2024, with the value of material inventories (including advances) decreasing by 12%, the value of work in progress decreased by 3%, and the total value of finished products and merchandise inventories decreased by 11% (all compared to the end of 2024). The most important reason for the decrease in inventories of finished products was higher sales of pigment than production in 2025.

Current financial receivables as at 30 June 2025 mainly comprise investments in treasury bills with short-term maturities for the purpose of efficient use of cash.

Current trade receivables comprise current trade receivables from customers and current trade receivables from others (primarily from the state for input VAT). Compared to the end of 2024, trade receivables increased by 22%. Trade receivables increased by 29% due to higher sales, while other current receivables decreased by 38% due to lower receivables from the state for value added tax. An overview of trade receivables by maturity shows that the age structure of receivables remains good and is secured by external institutions or other forms of collateral.

Cash (and cash equivalents) represent 12% of the total value of current assets. Despite good business performance, cash increased by only 1% compared to the last day of the previous year, as the Company paid dividends of EUR 14 million at the end of June 2025. Part of cash and cash equivalents, amounting to EUR 11 million, consists of short-term bank deposits.

Other current assets are prepaid expenses. The value decreased by 1%.

2.4 Liabilities to sources of funds

	30 June 2025	31 December 2024
CAPITAL AND LIABILITIES		
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Profit reserves	125,036,192	125,078,814
Fair value reserve	-1,650,342	-1,650,342
Retained earnings	21,364,959	23,093,258
Total capital	209,265,555	211,036,476
Provisions for employee benefits	3,627,164	3,748,722
Other provisions	13,862,326	14,302,270
Non-current deferred income	940,180	873,579
Total non-current liabilities	18,429,670	18,924,572
Financial liabilities	33,676	29,915
Trade payables	30,622,127	36,124,537
Income tax payable	1,210,799	4,019,469
Liabilities under contracts with customers	383,143	0
Other current liabilities	1,962,892	1,218,750
Total current liabilities	34,212,636	41,392,670
Total capital and liabilities	261,907,861	271,353,718

The value of capital in the structure of liabilities to sources of funds as at 30 June 2025 represents 79.9%, which is 2.1 percentage points more than at the end of 2024. The amount of capital decreased by 1% compared to the end of 2024. The decrease (EUR 1.8 million) relates to the balance between the net profit for the first half of 2025 in the amount of EUR 12.3 million, expenditure on the purchase of own shares in the amount of EUR 42,622 and the payment of dividends based on the resolution of the 29th regular General Meeting of Shareholders of Cinkarna Celje d.d. held on 21 May 2025, in the amount of EUR 14 million. As at 30 June 2025, the Company held 299,874 own shares (3.7% of all shares). In accordance with the resolution of the 28th regular General Meeting of Shareholders of Cinkarna Celje d.d. held on 19 June 2024, the Company acquired 1,490 treasury shares in the amount of EUR 42,622 in 2025. There were no other significant changes in capital.

The total share capital amounts to EUR 20,229,769.66, consisting of 8,079,770 ordinary freely transferable shares, following a 1:10 split on 15 August 2022 (of which 299,874 are treasury shares). The book value of a share as at 30 June 2025 is EUR 25.90 (down 0.8% from the beginning of the year, when it stood at EUR 26.1).

Provisions and non-current deferred income account for 7% of liabilities. Provisions for pensions and similar obligations were established on 1 January 2006 (severance payments and jubilee bonuses) and are adjusted annually on the basis of actuarial calculations. Other provisions were established in the privatisation process from provisions for ecology, and additional provisions were made for the remediation of the Bukovžlak solid waste landfill and the Za Travnikom landfill. At the end of 2024, as at the end of 2023, we reviewed the amount of provisions and adjusted/reversed them accordingly based on actual market conditions and the reasons for their existence. The amount of environmental provisions decreased by 3% at the end of the first half of 2025 due to the coverage of remediation project costs. Non-current deferred income increased by 8% from funds received for co-financing electric vehicles purchased in 2024 and the acquisition of CO₂ emission allowances in 2025.

Financial and trade payables decreased by 17% compared to the end of the previous year due to a decrease in trade payables from the settlement of liabilities to suppliers and employees. Liabilities to

suppliers decreased by 11% for the aforementioned reason. Other current trade payables decreased by 40% due to lower payables to employees and state institutions. Liabilities for income tax for the 2025 financial year, reduced by advance payments already made for the 2025 financial year, after settlement of liabilities for 2024, as at 30 June 2025, amount to EUR 1.2 million, as advance payments made during 2025 do not fully cover the calculated tax liabilities for 2025. All financial and trade payables are current. The Company's gross gearing ratio is 13%, down 2.2% compared to 31 December 2024.

Current financial liabilities as of 30 June 2025 amount to EUR 34 thousand, compared to EUR 30 thousand at the end of 2024. The Company's financial gearing ratio is therefore 0.1‰ (also 0.1‰ at the end of 2024).

Current trade payables decreased by 15% in the reporting period. Current trade payables amounted to EUR 27.5 million as at 30 June 2025, down 11% compared to the end of 2024 due to the settlement of payables to suppliers of strategic raw materials. Other operating liabilities decreased by 40% (or EUR 2.1 million) and mainly comprise EUR 1.5 million in liabilities for the payment of net salaries and other net payments from employment, EUR 1.6 million in liabilities from contributions and taxes on personal income, and liabilities for VAT and other institutions.

Other current liabilities increased by 61% in the reporting period. They mainly comprise accrued liabilities for annual leave and other labour costs, prepaid environmental contributions and taxes, and VAT on advances paid.

3 STAFF

Human resources activities were focused on acquiring professionally qualified staff, seeking innovative human resources solutions, and strengthening social cohesion in a situation marked by tensions on the labour market and cost pressures. We continued with a rational approach to employment, meeting the need for highly qualified staff primarily through external recruitment and internal redeployment. We placed particular emphasis on rejuvenating the workforce, seeking candidates with natural science profiles, and gradually agreeing on retirements in critical positions.

On 30 June 2025, Cinkarna employed 728 people, which is 10 or 1.4% more than at the end of 2024. Changes by business unit are minor.

In communicating with employees, we encourage open and comprehensive communication between the Company's Management, employees, the Works Council, and two representative trade unions. In addition to informing employees about the current situation, it is also very important to obtain feedback and suggestions from employees, as this has a positive effect on the working atmosphere in the Company, promotes a good organisational culture, increases loyalty to the Company and strengthens the trust of employees in the Company's Management.

During this period, the Management Board, business unit directors, and the Works Council paid considerable attention to communication through a wide range of communication channels. We used print and electronic media to communicate information to our employees, such as: messages from the Management Board via e-mail with the latest news for employees and electronic messaging dialogue with our company mascots (Cinko and Cinka), Informator – printed version, Cinkarna company magazine – twice a year, active social networks Facebook and LinkedIn Cinkarne Celje, we also publish a trade union newsletter, have our own Sharepoint (intranet and extranet) and always interesting and active notice boards for posting news. There are more than 70 notice boards installed throughout the Company as a means of communication.

In addition, we are improving and upgrading the Moja Cinkarna employee app, which serves as an additional channel of communication with our employees. The app is becoming increasingly popular among employees and will be enhanced with new features. For those who do not use the Moja Cinkarna app, we have set up an INFO point, through which all employees can access work domains, reports, and other content.

In the field of social work, activities were also carried out during the period in question in relation to the individual resolution of employees' problems, the management and allocation of disabled employees, ergonomics, employee prevention, and the retirement of employees who meet the conditions for retirement.

In the future, we plan to continue optimising our staffing structure through redeployment, optimisation of business processes and the recruitment of new, young and technically skilled staff. Investments in development, training, and further improvement of the working environment for employees will also continue, with particular attention being paid to the renovation and development of human resources systems.

3.1 Added value at Company level

The added value per employee is 25% higher than in the first half of 2024, which is a result of higher sales and a slight decrease in the number of employees based on calculated hours, which was 1% lower, or five employees. The combination of higher revenues and an optimised staffing structure thus contributed significantly to improved productivity.

	JAN – JUN 2025	JAN – JUN 2024	ΔPY%
Revenue from sales	111,500,217	100,343,999	+11
Increase or decrease in inventory value	-1,719,029	-8,896,056	-
Capitalised own products and services	1,212,183	2,115,433	-43
Other operating income	484,536	342,644	+41
Cost of goods, materials, and services	69,576,416	60,111,662	+16
Other operating expenses	930,947	903,618	+3
Added value	40,970,544	32,890,740	+25
Average no. of employees by hours worked	686	691	-1
AV (in €) / employee	59,724	47,599	+25

4 MOST IMPORTANT RISKS OF THE COMPANY

The risk management process is a key process and the foundation of the Integrated Management System (IMS). We manage risks in accordance with the Rules on the Management of Impacts, Risks, and Opportunities at Cinkarna Celje d.d. The Rules precisely define the organisation, responsibilities, and methodology used.

The risk management system includes risk identification, risk assessment and classification, implementation of measures, monitoring and reporting. Based on monitoring and analysis of the external and internal environment, we obtain input data for identifying key risks and opportunities, which is crucial for our operational, tactical, and strategic planning in line with sustainable development goals.

In light of reporting in accordance with the CSRD, we have added an assessment of sustainable impacts and the risks and opportunities arising from them to our existing risk management approach. We have identified the method for assessing sustainable impacts and risks through a double materiality assessment (DMA) process.

At the end of 2024, following the example of European reporting standards, where the identification of impacts is focused on predefined sustainability topics, subtopics, and sub-subtopics, we also implemented this approach in the area of risk assessment.

The Impact, Risk, and Opportunity Management Committee has identified important areas of financial impact on the Company, which are clearly described by topics, subtopics, and sub-subtopics.

Alongside these changes, we made a major change to risk assessment in the area of work items, where we evaluate a group of key raw materials and energy sources as part of the risk assessment.

The levels of management of individual risks and opportunities remain the same and depend on the degree of financial impact on the Company.

We manage impacts, risks, and opportunities through implementation targets or tasks, the execution of which we monitor through reports and/or protocols. We monitor impacts, risks, and opportunities on an ongoing basis, with a thorough review conducted by the Committee once a quarter. This is followed by reporting to the Management Board's Extended Professional Council. We inform the Management Board and the Supervisory Board on a quarterly basis about key impacts, risks, and opportunities.

We also communicate with the external public about the risks of the Company's operations and how we manage them in interim and annual reports, i.e. every three months. The reports are published on the SEO-net portal and on the Company's website www.cinkarna.si.

Overview of key risks – residual risk is updated and defined below based on the status and expectations as at the reporting date for the first half of 2025 (30 June 2025).

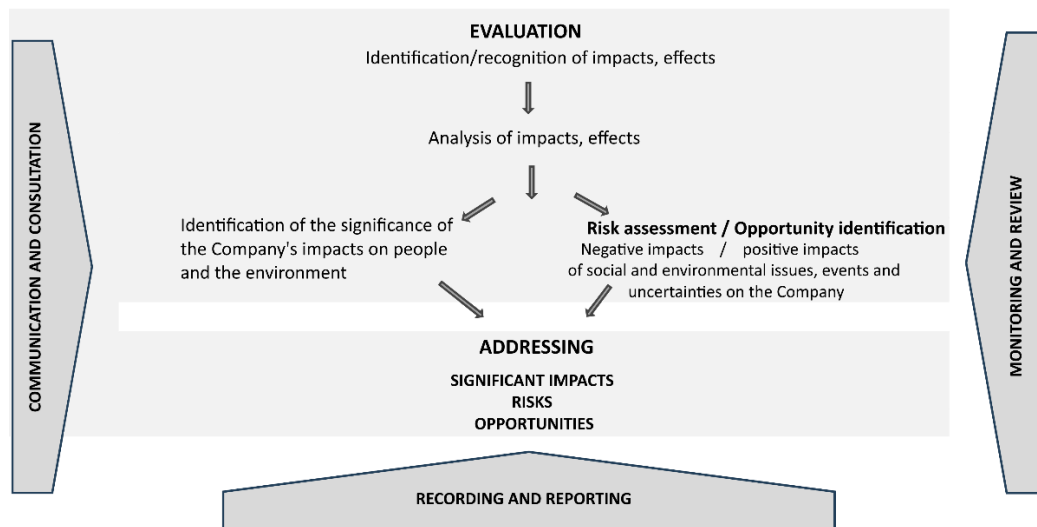


Figure 1: Impact, Risk and Opportunity (IRO) management process

We identified the following key residual risks:

1	Work items
2	Digital transformation
3	Human resources
4	Overall equipment effectiveness (OEE)
5	Products
6	Water resources
7	Safety
8	Legislative compliance
9	Financial risks

1	Work items
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In the area of raw material procurement, we encounter two types of risk. Production downtime and the resulting loss of planned revenue can be caused by delivery failures from monopoly suppliers, as well as unexpected delays in the entire supply chain. We manage this risk by using appropriate contractual safeguards.

In critical cases, we ensure larger stocks. We conduct thorough research of the market for raw materials and possible substitutes and take timely action based on our findings.

We search for, test and introduce new sources of raw materials into production. We also evaluate alternative sources of raw materials in terms of compiling catalogues of verified alternative raw materials and suppliers. We build long-term and stable partnerships in a targeted manner. We monitor and analyse the state of international markets ourselves and with the help of market specialists.

We also maintain regular contact with suppliers with whom we do not do business on an operational level, but who nevertheless represent a high-quality potential alternative.

We place orders on time, make reservations with suppliers, look for alternative suppliers and alternative testing procedures.

We ensure timely planning of requirements and ordering of raw materials, take into account empirical time reserves and increase minimum inventories as necessary. For all strategic raw materials, we continuously update the business case and checklist in line with market changes, raw material prices, business needs and other external factors.

2

Digital transformation

Unused opportunities in the field of digitisation and additional costs due to unsuccessful digital transformation or inadequate digital security. Lagging behind modern technologies can lead to greater uncompetitiveness. Digitalisation can reduce the risk of loss of production volume, higher maintenance costs, errors in manual data entry, reduce administrative costs and improve security risk management.

We are reducing risk by implementing several operational objectives that increase the level of digitisation and computerise and simplify business processes (upgrading modules in Power BI business analytics and in Moja Cinkarna, document management system, migration of Oracle Forms programmes, upgrading the maintenance information system and the Spekter production information system).

This risk also includes automation and cyber security. We reduce risk with a virtual backup environment, the introduction of security tools and regular updates of critical elements.

3

Human resources

The Company faces a wave of retirements on the one hand and a shortage of labour on the other. The percentage of sick leave represents an additional risk.

With a large number of retirements, there is a risk of ensuring adequate succession and inadequate competence of new employees, as it takes a long time to acquire these skills.

We established a staffing system in which a training programme and mentor are prescribed for each job position.

We regularly list all specific and general knowledge within the Company, redesign the system for integrating new employees, and check the existing skills of employees.

We developed and approved a new competency model.

We are implementing a broad project entitled Knowledge Transfer in Key Titanium Dioxide Production.

We have listed key positions in the Company, identified potential successors and defined the time frame for replacement and the necessary additional competencies.

For the most promising candidates, we run a development management programme called the Leadership Academy and offer individual coaching.

When searching for new employees, in addition to traditional methods of recruitment, we use social media recruitment solutions. We have increased our cooperation with employment agencies and concluded contracts with external service providers for individual cases.

We offer staff scholarships. We actively participate in career fairs. We strengthened our cooperation with secondary schools. We enable secondary school and university students to complete their

compulsory internships and student work. We enable students to complete their bachelor's, master's and doctoral theses at our Company.

We continuously implement organisational changes and adapt quickly to new circumstances.

We strive to increase employee commitment by introducing team-based problem solving and communication with employees. We systematically address safety issues at daily meetings and eliminate the causes of injuries. Where possible, we ensure that employees are versatile.

4	Overall equipment effectiveness (OEE)
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We prepare annual and strategic plans based on achieving maximum utilisation of equipment. Breakdowns, unplanned maintenance and limited storage capacity pose a risk to achieving the desired goal. In the first half of 2025, we recorded individual equipment failure risks in all production business units.

We significantly reduced the risk in titanium dioxide production during the flue gas cleaning process with the successful start-up of the fourth electrostatic precipitator. This will now be followed by the renovation of two old electrostatic precipitators. However, we identified new, more serious risks in the areas of vacuum cooling, calcination and gel washing. The necessary equipment repairs will jeopardise the achievement of the production plan. We will minimise downtime by preparing a detailed plan in advance, purchasing the necessary parts and efficiently organising work during implementation.

At BU Kemija Celje, the risk is the chance of a breakdown when the production line is really busy. We manage this risk by doing jobs that do not put as much strain on the line, by using bigger packaging, and by outsourcing some of the packaging to subcontractors.

At BU Polimeri, the sandblasting machine poses a risk to availability. A new one is already being procured.

At BU Kemija Mozirje, we perform extended preventive maintenance and ensure a stock of important spare parts. We prepared a feasibility study for the installation of an additional line. We are preparing project documentation.

5	Products
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In both the titanium dioxide and masterbatch segments, the economic downturn in Europe and the influx of low-cost Chinese pigments, followed by the introduction of customs duties on masterbatches, have led to a noticeable decline in sales in our traditional markets. As a measure to cope with this situation, we are increasing pigment sales to Scandinavian markets, expanding our sales network in the US and exploring conditions for expansion into the Indian and Brazilian markets. In the masterbatch segment, we are increasing sales in the more demanding applications segment.

6	Water resources
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This is a risk associated with climate change, which may have a negative impact on the Company's operations due to restrictions on water supply during periods of drought.

The Company recognises a potential shortage of water for production as a significant risk due to drought and, at the same time, as an opportunity to pursue sustainable business principles.

The most suitable and, above all, sustainable solution proved to be the use of wastewater from the Celje Central Wastewater Treatment Plant (WWTP). This source is quantitatively sufficient in the long

term, but requires additional treatment. Its use improves both the biological and hydromorphological status of the watercourse.

Pilot tests with one type of technology at the WWTP site have been completed and form the basis for equipment planning, while we are still reviewing alternative technologies. In cooperation with the Municipality of Celje, the procedure for preparing the detailed spatial plan for the installation of the pipeline is underway. At the same time, we are also preparing project documentation for the construction of the pipeline.

7	Safety
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Heavy rainfall (floods, landslides) or earthquakes pose a risk of negative impact on the Company's operations due to damage to barrier structures, which could result in partial collapse and subsequent flooding.

Regular technical observation and monitoring are carried out in the area of high embankments (Bukovžlak and Za Travnikom).

Based on the results of our observations, we carry out systematic and long-term maintenance measures to ensure the stability of the barrier structures and, if necessary, we take measures to eliminate the consequences of adverse weather conditions.

One such event was the landslide triggered by heavy rainfall in August 2023 in the lower western part of the high embankment at Za Travnikom. The landslide is being monitored by measurements. We carried out emergency remediation work, which will be followed by comprehensive remediation, for which an environmental provision has been made. A prerequisite for the remediation is the relocation of the cable duct, which has already been dug in. All that remains is to connect it.

An industrial accident poses a potential risk of negative impact on the Company's operations. We manage this risk through systematic assessment of the impact on the environment and employees, periodic fire risk assessments, and systematisation of workplaces based on risk assessments.

In the field of environmental impact reduction, we systematically introduced European environmental standards by implementing the principles of the Responsible Care Programme and harmonised our operations with the requirements of the IED and SEVESO Directives.

We carry out internal assessments of the adequacy of the implementation of measures required by the SEVESO permit and remedy any identified deficiencies.

In terms of fire safety, we have our own fire brigade, and the Company is also adequately insured against fire.

In the field of occupational accidents, a professional service has been set up to monitor compliance with occupational health and safety rules and measures. We conduct regular training and education of employees. The Company is insured for liability.

We conclude written agreements with external contractors and provide them with training. We appointed a permanent coordinator for safe and healthy work. We introduced work instructions for the performance of maintenance work in terms of fire prevention, accident prevention, and improving cleanliness in the working environment.

8	Legislative compliance
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The Company fills waste red gypsum from titanium dioxide production into the Za Travnikom waste disposal facility. The existing zoning plan (ZN) and building permit allow filling up to an elevation of 300 m above sea level, which will be reached in 6-7 years.

Due to newly arisen circumstances and findings during the implementation, the project as originally conceived is not feasible in certain parts or could lead to the destruction of the planned structures. Another negative aspect is the planned inadequate drainage, which would lead to the site being partially flooded again with rainwater.

The designer, with expert support from the UL FGG Department of Geotechnical Engineering, has prepared a revised project. This provides for increased quantities of red gypsum and a different type of filling. The planned volumes have already been entered in the environmental permit, and MOPE has issued a decision that the planned modification does not require a reassessment of the environmental impact. However, an amendment to the zoning plan and the building permit is required.

We submitted the initiative for the amendment of the ZN to all three municipalities concerned. The terms and conditions for the signing of the agreement between the municipalities are currently being coordinated, which will be followed by the submission of the initiative for the amendment of the zoning plan to MOPE.

According to the decree of the Municipality of Šentjur, Cinkarna Celje d.d. should have ceased filling on 27 October 2023. Due to the removal of white gypsum and large subsidence, which were not anticipated in the filling project, this deadline was not achievable in practice. We have been informing the representatives of the Municipality of Šentjur and the Blagovna Local Community about this since 2017, but they have insisted on the need to comply with the specified date. We have obtained a legal opinion on the validity of such a decree. It found that the decree is not in line with the current laws, so we sent a request to the Ministry of Natural Resources and Spatial Planning (MNVP) to check if the Decree on Amendments and Supplements to the ZN Za Travnikom Decree is lawful. The Ministry of Natural Resources and Spatial Planning has partially referred the case to the Ministry of the Environment, Climate and Energy (MOPE), which agreed with the legal opinion and called on the Municipality of Šentjur to bring the decree into line with the applicable legislation within 90 days. As this was not done, the Government initiated a constitutional review procedure at the proposal of MOPE.

With the aim of sustainable development, a circular economy, and extending the available time for landfilling, the Company is also developing processes to reduce the quantities of red gypsum. A procedure to amend the spatial act at another location is underway.

In the distant past, waste from which heavy metals leach into rainwater and groundwater was also deposited at the Bukovžlak non-hazardous waste landfill site (ONOB). We are partially successful in collecting this leachate and sending it to a treatment plant, but some of it escapes into the environment. In order to minimise this impact, the Company is carrying out extensive remediation of this area, for which it has also set aside an environmental provision. The remediation includes reinforcement of the barrier, restoration of drainage and deep piping (all three are already completed), the construction of channels for the drainage of backwater, the restoration of C1 drainage under the high embankment of Bukovžlak, the installation of a sealing curtain and a minimally permeable cover, and the construction of a diversion embankment.

In the field of chemicals, a series of requirements for compliance with various laws in countries around the world (REACH, registration of Cu preparations) has been established. Potential harmfulness is being assessed and products are being withdrawn from the market (TMP, PFAS). Requirements are becoming stricter in the field of plastic use, both for food contact and microplastics.

The aforementioned legislation also affects our products. We manage risk through various approaches. We carry out the necessary registration procedures and seek replacements for products whose use may be restricted or even prohibited.

9**Financial risks**

Credit risk: The potential risk represents the possibility of increased expenses due to non-payment by customers for whom we do not have secured receivables, which represents approximately 5% of receivables. As protection, we perform internal credit checks on individual customers for whom we have set individual credit limits based on their solvency.

Liquidity risk: Failure to make payments within the agreed deadlines due to the insolvency or indiscipline of customers may cause liquidity problems. We manage this risk by ensuring a stable cash flow. The Company's operations are traditionally conservative with a high level of cash and cash equivalents. Liquidity management includes, among other things, planning expected cash obligations and covering them on a daily, weekly, monthly, and annual basis, continuously monitoring the solvency of customers, and regularly collecting overdue receivables. We regularly obtain up-to-date information for more accurate cash flow planning. Cash flow is prepared in detail, carefully and accurately on a daily, monthly and annual basis.

Currency risk: Loss of revenue and higher costs due to the euro/dollar exchange rate when purchasing materials and raw materials in US dollars (titanium-containing raw materials, partly copper compounds) is the third possible financial risk. To avoid this risk, we continuously monitor movements and forecasts regarding the dynamics of the EUR/USD currency pair. We basically limit the short-term risk of unfavourable changes in the dollar exchange rate through the standardised and consistent use of financial instruments (dollar forward contracts). We also regularly obtain more accurate data for advance purchases of foreign currencies.

5 DATA ON SHAREHOLDERS AND OWNERSHIP STRUCTURE

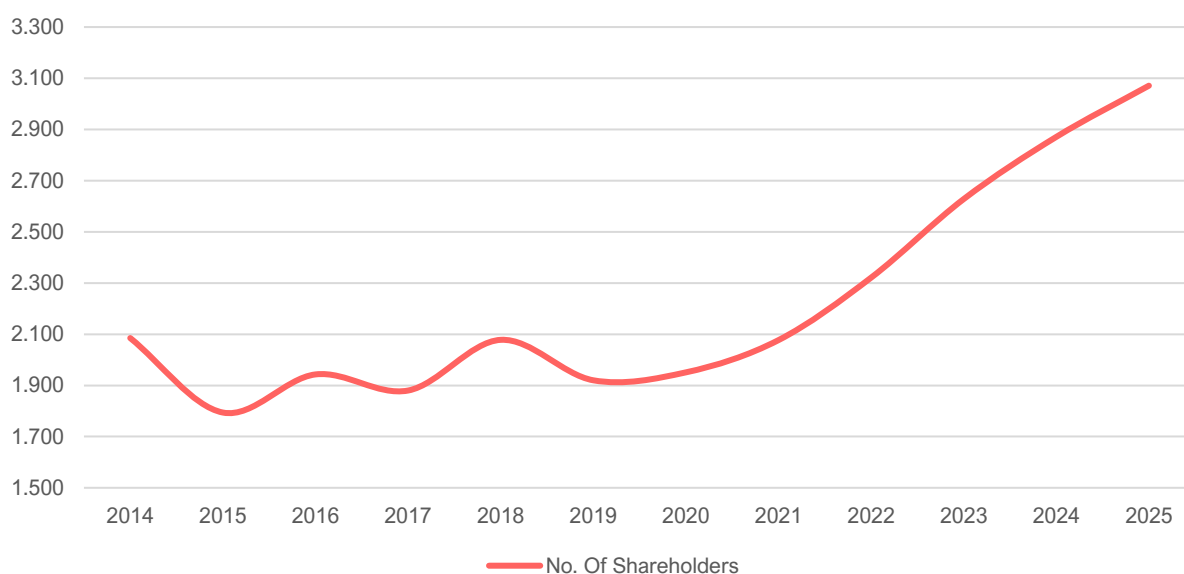
5.1 Ownership structure

The share capital of Cinkarna Celje d.d. amounting to EUR 20,229,769.66 is divided into 8,079,770 ordinary freely transferable bulk shares. At the end of the period, the Company held 298,404 treasury shares (representing 3.7% of the total issued share capital). The number of shareholders at the end of the reporting period was 3,071. The ownership structure at the end of the period is shown in the table below.

Share ownership structure of Cinkarna Celje d.d.

	No. of shares	%
SDH, d.d.	1,974,540	24.44
Modra zavarovalnica, d.d.	1,629,630	20.17
OTP BANKA D.D. – fid.	400,819	4.96
TR5 d.o.o	364,943	4.52
Treasury shares	298,404	3.69
KRITNI SKLAD PRVEGA POKOJNINSKEGA SKLADA	167,050	2.07
RAIFFEISEN BANK AUSTRIA D.D. - FID	157,340	1.95
Intercapital securites Ltd – fid.	83,821	1.04
Generali Jugovzhodna Evropa	75,567	0.94
Zagrebačka banka d.d. - fid.	69,560	0.86
NLB Skladi – Slovenija mešani	66,836	0.83
Internal shareholders – FO	59,715	0.74
External shareholders – FO	1,967,083	24.35
Other	764,462	9.44

Movement in the number of shareholders at the end of the year/period



5.2 Trading in shares

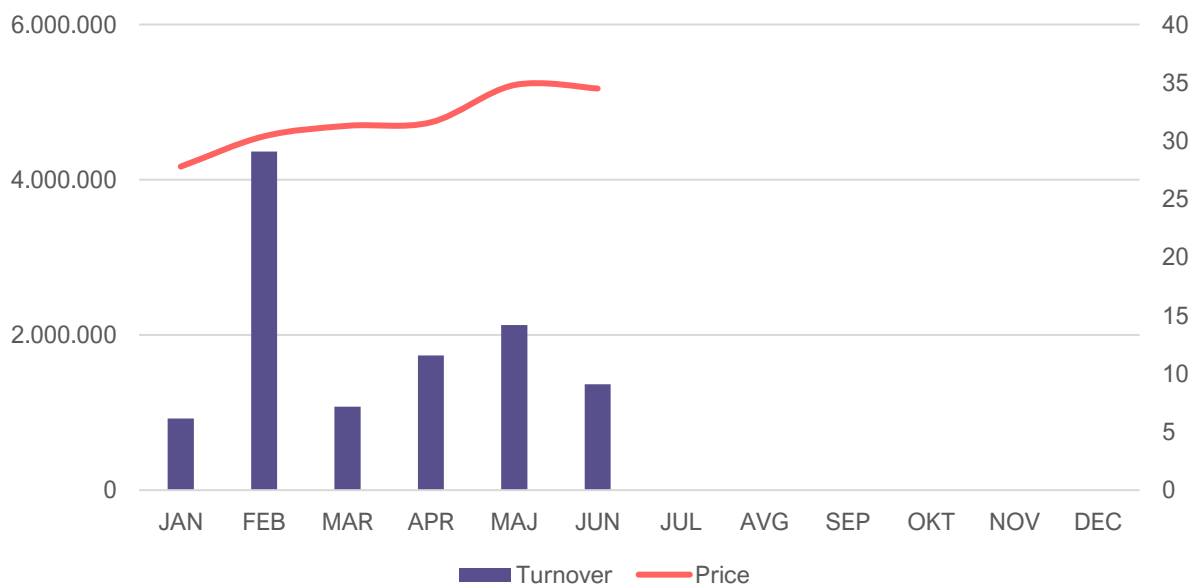
Cinkarna shares with the ticker symbol CICG are traded on the open securities market. The first day of trading was 6 March 1998. The single share price on that day was EUR 33.71. In August 2022, a 1:10 share split was carried out.

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

	Single price		Turnover
	2024	2025	2025
JAN	23.6	27.8	924,972
FEB	20.9	30.4	4,362,905
JUN	21.5	31.3	1,077,570
APR	21.8	31.6	1,737,393
MAY	21.6	34.8	2,128,891
JUN	22.3	34.5	1,366,093
JUL	23.8		
AUG	24.5		
SEP	28.5		
OCT	28.7		
NOV	27.0		
DEC	27.7		

The value of the share of Cinkarna Celje d.d., listed on the first listing of the Ljubljana Stock Exchange (under the symbol CICG), fluctuated between EUR 27.5 per share and EUR 36.0 per share in the period under review. From the last trading day in 2024 to the last trading day of the period under review, the share price rose by 24%.

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



6 FOUNDATIONS OF DEVELOPMENT

6.1 Investments

In the first half of 2025, we spent EUR 6.85 million on investments, the purchase of fixed assets and replacement equipment, thereby achieving 34.5% of the business plan.

Table of investments by individual areas

	Planned 2025 (in €)	Realised Q1+Q2 2025 (in €)	Realised Q1+Q2/ Plan 2025 (%)
Investments	11,557,900	4,065,112	35.1%
Fixed assets	2,727,000	493,095	18.1%
Replacement equipment	5,563,676	2,293,314	41.3%
Total	19,848,576	6,851,521	34.5%

The funds were mainly used for the following investments:

- Design and implementation of the first phase of cogeneration of electricity from steam generated during sulphur incineration;
- Order of two electrostatic filters for cleaning flue gases from the calcination process;
- Order of a filter for filtering liquid sulphur;
- Increase in white gypsum separation capacity (project preparation);
- Purchase and design of a gel press;
- Start-up and elimination of defects in the pigment press;
- Final activities on the tank for storing the solution after separation 12.10C;
- Preparation of project documentation for the installation of a new masterbatch line at the location with a positive feasibility study.

We have established a 5G network at our location in Celje. The installation of hardware and implementation of the Kadris 4 Cloud system software is currently underway.

In accordance with the requirements of the baseline report, in 2025 we began the gradual renovation of surfaces and sewerage systems where the hazardous substances in question are transported/transferred.

In the area of environmental provisions, the contractor for the sealing curtain and drainage C1 in Bukovžlak prepared a technological and economic study, marked out the route of drainage C1 and began implementation. Work is now proceeding intensively after the formal conditions have been met. In the first half of the year, we used 17.8% of the planned funds.

Overview of investments by strategic pillar

Pillar	Planned 2025 (in €)	Realised Q1+Q2 2025 (in €)	Realised Q1+Q2/Plan 2025 (%)
Sustainability and energy transformation	9,763,515	1,025,125	10.5%
Quality and expansion of production	2,743,073	3,344,663	121.9%
Digitisation	664,927	328,838	49.5%
Other	6,677,061	2,152,896	32.2%
Total	19,848,576	6,851,522	34.5%

6.2 Development activities

Hydrophilic & hydrophobic organic treatment of titanium dioxide

Due to the classification of TMP as reprotoxic, we must find a suitable substitute raw material for hydrophilic products that will not have any hazard symbols and will enable the same pigment dispersibility. The first substitute raw material was rejected by a major customer, so we prepared samples with an alternative with a lower content of volatile organic compounds. In the field of hydrophobic treatment, we found an additive that would reduce the total carbon content in wastewater by 50%. An industrial trial will follow.

Development and improvement of pigment quality

Our goals are focused on improving certain parameters (opacity, gloss, dispersibility, viscosity) that represent a higher quality class of pigment when used. We will focus our activities primarily on the use of appropriate wetting agents and a modified sand milling process. In Q1, we optimised RC 833. Viscosity and stability in industrial paints improved, but a positive shift in covering power is still needed.

Waste acid processing

In Q1, we successfully carried out laboratory separation of TiO₂. A conceptual technology project is in preparation. We are continuing with the development task of preparing Fe oxalate and its conversion into iron oxides and the separation of other rare metals.

Evaluation of red gypsum

The preparation of inert material by leaching in accordance with Annex 5 of the Waste Regulation, which would enable the use of gypsum for various filling or recultivation purposes, does not yet meet the required characteristics.

Together with FGPA Maribor, we are developing possibilities for using red gypsum in the production of construction materials such as green concrete, geopolymer and noise-reducing panels.

Treatment of wastewater from the KČN Tremerje plant

We are coordinating the offer for pilot testing of alternative ultra filtration – SiC membranes.

Development of a process for obtaining copper sulphate solution from ash

A cheap source of waste copper (ash from fishing nets) can currently only be used for the production of oxychloride. This process produces sodium chloride, for which it is difficult to find a use. By defining a process for dissolving it in sulphuric acid, we want to introduce the possibility of using cheap copper in the production of tribasic copper sulphate, preferably without problematic waste. Tests carried out so far have not yet yielded satisfactory results.

6.3 Quality assurance

We manage various aspects of our business (quality, environment, occupational health and safety) with an integrated management system (IMS). The structure of the IMS is based on the ISO 9001 standard, which has been upgraded and expanded with ISO 14001, ISO 45001, and ISO 50001.

We completed the internal audits for 2024, prepared the Audit Plan for 2025, and held an initial meeting with internal auditors to discuss the guidelines for this year's audits.

In order to ensure the credibility of the IMS and strengthen the trust of our partners, we also had it certified by an independent external institution (Slovenian Institute for Quality and Metrology, SIQ) in 2025. The assessment according to all four standards was carried out in June and did not reveal any non-conformities.

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

We manage risks in the Risk Register, which classifies risks according to financially defined categories. We updated our risk management system to include impacts and opportunities, improved our methodology, and adjusted the Rules accordingly.

We are introducing a business excellence system in the titanium dioxide and maintenance business units.

6.4 Environmental management

For 2025, we set one framework goal in the field of environment and energy (Sustainability – Environment and Energy). Within this framework goal, we set implementation goals in the areas of climate, pollution, water resources, biodiversity, resource use and the circular economy.

Some important activities not covered in other chapters:

- At the Kemija Mozirje production site, energy use is being optimised at individual measuring points with the aim of reducing specific consumption by 2%.
- In order to ensure legislative compliance in the event that masterbatches fall under the microplastics category, we are monitoring developments in legislation in this area.
- We are replacing old lighting with more efficient lighting with the aim of saving approximately 113 MWh/year of electricity (78.7% of the planned target for 2030 has been achieved).
- We replaced 14 electric motors with more efficient ones; the estimated savings amount to 186.8 MWh/year (73.8% of the planned target by 2030);
- We are in the process of changing the groundwater monitoring programme at ONOB in order to monitor the effectiveness of the planned reconstruction works.
- For the remediation of the landslide at VPN Za Travnikom, the designer submitted a review of the detailed design phase of the project, and a contractor was selected for the relocation of the electrical cable.
- Energy efficiency analysis activities are underway at BU Polimeri in the area of electricity consumption;
- Activities are being carried out at KSS to reduce food waste and other organic waste (a 17.1% reduction was achieved in this period);
- In the Marketing department, sustainable requirements are being implemented in the lower part of the value chain with the aim of obtaining sustainable commitments from major transporters by 2030.
- We are continuing with the electrification of our vehicle fleet.

In the first half of the year, one inspection was carried out by an environmental inspector. The compliance of the requirements of the environmental permit was checked, namely in the area of wastewater discharge. No irregularities were found. However, we recorded eight complaints from the public. All of them related to odour. We took the necessary measures.

In accordance with legislative requirements, we prepared and submitted all monitoring reports for 2024 within the deadline. There were no exceedances of limit values, except for a single exceedance of the limit value for Ni in waste water from copperas production. We implemented a corrective measure and confirmed it with additional measurements.

We received a decision on the successful completion of preliminary proceedings for changes to the sulphuric acid production plant and Energetika. We prepared several amendments at the request of the Ministry of the Environment, Climate and Energy for changes to the OVD documentation. We submitted a revision of the existing Monitoring Programme, including a Programme of Measures in the event of exceeding the warning limits for groundwater parameters, to the Ministry of the Environment, Climate and Energy. Activities are underway to coordinate the environmental permit due to the changes

introduced and changes ex officio (preparation of a partial baseline report) with the Ministry of the Environment, Climate and Energy.

We cooperate with the Chamber of Commerce and Industry of Slovenia (GZS) and the Chemical Industry Association (ZKI) in harmonising environmental and energy requirements (draft ZVO-3, preparation of BREF-BAT conclusions). We published the Company's annual report, which also includes a sustainability statement in accordance with the ESRS standards on sustainable business and environmentally sustainable economic activities and investments. A sustainability team is actively involved in the preparation of the latter. The statement was reviewed by external auditors and received a positive opinion.

We have fulfilled all obligations for the re-certification of the POR certificate, which was awarded in January 2025. We also respond to an increasing number of questionnaires on the implementation of sustainable development commitments.

6.5 Safety and health

We did not record any serious accidents at work in the first half of the year. We dealt with nine minor accidents, one fewer than in the same period last year.

We implement a system for identifying potential hazards and responding to near misses. We identified 86 potential hazards (90 PHs in the same period last year), which we are addressing on an ongoing basis. Eleven extraordinary events were reported. In production work environments, we conduct Minute for Safety activities in various forms and at various intervals, as well as other forms of employee awareness-raising for safe and healthy work and the reporting of potential hazards and near misses.

In the field of fire protection, we performed several inspections and tests of the automatic fire detection and safety lighting systems and upgraded one automatic fire detection, notification and alarm system.

We participated in the Regional Exercise "Earthquake ZŠ 2025".

In the area of employee health care, 119 periodic, 34 follow-up and 21 preliminary medical examinations were performed.

In accordance with the health promotion programme, we carried out eight activities, four of which were in the second quarter, and two activities are repeated monthly.

We updated our organisational regulation OP 183 – Safety Management and Emergency Response System.

We are introducing the LOTO system for maintenance work.

7 FINANCIAL STATEMENTS

7.1 Income statement

Income statement for the period 1 January to 30 June

	JAN-JUN 2025	JAN-JUN 2024
Revenue from contracts with buyers	111,500,217	100,343,999
- Revenue from contracts with domestic customers	7,856,430	7,497,944
- Revenue from contracts with foreign customers	103,643,787	92,846,055
Changes in the value of stocks of goods and work in progress	-1,719,029	-8,896,056
Capitalised own products and services	1,212,183	2,115,433
Cost of goods and materials sold	191,723	72,734
Cost of materials	59,581,236	51,734,461
Cost of services	9,803,457	8,304,468
Labour costs	18,006,561	17,295,684
a) Wages and salaries	12,604,841	12,556,261
b) Social security costs	950,123	884,942
c) Pension insurance costs	1,362,071	1,247,844
č) Other labour costs	3,089,527	2,606,638
Amortisation	7,261,966	6,640,910
Other operating income	484,536	342,644
Other operating expenses	1,039,016	1,041,000
Impairment and write-offs of trade receivables	162	59
Operating result	15,593,785	8,816,705
Financial income	578,518	675,548
Financial expenses	434,463	1,831
Financial result	144,055	673,717
Operating result before tax	15,737,840	9,490,422
Accrued tax	3,462,325	2,087,893
Deferred tax	0	0
Income tax	3,462,325	2,087,893
Net operating result for the period	12,275,515	7,402,529
Basic and diluted earnings per share	1.52	0.92

7.2 Statement of financial position of the Company

Statement of financial position of the Company

	30 June 2025	31 December 2024
ASSETS		
Non-current (long-term) assets		
Intangible assets	2,322,687	2,408,779
Tangible fixed assets	111,670,153	111,699,615
Land	9,515,462	9,551,633
Buildings	37,976,716	38,846,617
Manufacturing plants and machinery	48,189,982	52,831,132
Other machinery and equipment	41,704	41,538
Tangible fixed assets in construction and elaboration	13,947,031	8,731,586
Advances for the acquisition of tangible fixed assets	1,999,258	1,697,110
Financial assets at fair value through other comprehensive income	1,287,325	1,287,325
Financial receivables	0	0
Trade receivables	0	0
Other non-current assets	115,376	105,470
Deferred tax assets	1,462,488	1,462,488
Total non-current (long-term assets)	116,858,029	116,963,678
Current assets		
Assets held for sale	0	0
Inventories	52,439,036	58,969,428
Material	35,195,722	40,009,286
Work in progress	3,292,233	3,407,765
Products and merchandise	13,790,901	15,421,020
Advances for inventories	160,179	131,357
Assets under contracts with customers	0	0
Financial receivables	37,545,867	47,214,859
Trade receivables	37,000,416	30,243,586
Receivables from customers	35,051,350	27,100,674
Other receivables	1,949,066	3,142,911
Income tax receivable	0	0
Cash and cash equivalents	17,867,099	17,731,407
Other current assets	197,415	230,760
Total current assets	145,049,832	154,390,040
Total assets	261,907,861	271,353,718

Statement of financial position of the Company (cont.)

	30 June 2025	31 December 2024
CAPITAL AND LIABILITIES		
Owners' capital		
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Profit reserves	125,036,192	125,078,814
Statutory reserves	16,931,435	16,931,435
Reserves for own shares	5,688,771	5,646,149
Own shares	-5,688,771	-5,646,149
Other profit reserves	108,104,757	108,147,379
Fair value reserve	-1,650,342	-1,650,342
Retained earnings	21,364,959	23,093,258
Total capital	209,265,555	211,036,476
Non-current liabilities		
Provisions for employee benefits	3,627,164	3,748,722
Other provisions	13,862,326	14,302,270
Non-current deferred income	940,180	873,579
Financial payables	0	0
Trade payables	0	0
Obligations under contracts with customers	0	0
Deferred tax liabilities	0	0
Total non-current liabilities	18,429,670	18,924,572
Current liabilities		
Liabilities included in disposal groups	0	0
Financial payables	33,676	29,915
Trade payables	30,622,127	36,124,537
Payables to suppliers	27,547,845	30,982,718
Other liabilities	3,074,282	5,141,818
Income tax liabilities	1,210,799	4,019,469
Liabilities under contracts with customers	383,143	0
Other current liabilities	1,962,892	1,218,750
Total current liabilities	34,212,636	41,392,670
Total liabilities	52,642,306	60,317,242
Total capital and liabilities	261,907,861	271,353,718

7.4 Statement of changes in equity

Statement of changes in equity in 2025

CINKARNA Kemična industrija Celje d.d.	Called-up capital	Capital reserve	Profit reserves				Fair value reserve	Retained earnings		Total capital
			Statutory reserve	Reserves for own shares	Own shares	Other profit reserve		Profit or loss carried forward	Net profit for the period	
Opening balance of the period	20,229,770	44,284,976	16,931,435	5,646,149	-5,646,149	108,147,379	-1,650,342	6,007	23,087,251	211,036,476
Changes in equity – transactions with owners				42,622	-42,622			14,003,813		14,003,813
Purchase of own shares				42,622	-42,622					
Withdrawal of own shares										
Payment of dividends								14,003,813		
Total comprehensive income for the period							0	0	12,275,515	12,275,515
Entry of net profit or loss for the period									12,275,515	12,275,515
Other components of comprehensive income for the period										0
B3. Changes in equity	0	0	0	0	0	-42,622	0	23,087,251	-23,087,251	-42,622
Allocation of the residual part of net profit of reporting period to other components of equity										0
Allocation of part of reported net income to other components of capital as decided by management and supervisory bodies								23,087,251	-23,087,251	0
Creation of reserves for own shares										0
Release of reserves for own shares						-42,622				-42,622
Closing balance of the period	20,229,770	44,284,976	16,931,435	5,688,771	-5,688,771	108,104,757	-1,650,342	9,089,445	12,275,515	209,265,556
DISTRIBUTABLE PROFIT								9,089,445	12,275,515	21,364,959

Statement of changes in equity in 2024

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

7.5 Cash flow statement for the period

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

	JAN-JUN 2025	JAN-JUN 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating result before tax	15,737,840	9,490,422
Adjustments for:	7,074,308	7,465,184
Depreciation +	7,261,966	6,640,910
Profit/loss on sale of fixed assets	7,258	13,115
Impairment/write-down (reversal of impairment) of assets	100,812	137,382
Net increase/decrease in the valuation allowance for receivables	162	59
Net financial income/expenses	144,055	673,717
Formation of long-term provisions	0	0
Reversal of long-term provisions	-439,945	0
Cash flow from operating activities before change in net current assets (working capital)	-12,036,244	20,321,970
Change in trade receivables	-6,756,830	-6,316,951
Change in other non-current and current assets	33,346	107,169
Change in stocks	6,530,392	11,028,312
Change in trade payables	-4,853,626	11,301,024
Change in provisions	-561,503	-316,060
Change in deferred income	66,601	214,724
Change in other current liabilities	744,142	4,553,883
Change in liabilities under contracts with buyers	383,143	383,431
Income tax paid	-7,621,909	-633,563
Net cash flow from operating activities	10,775,904	37,277,575
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	585,776	461,749
Income from interest earned	577,797	447,703
Income from dividends received	721	931
Income from disposal of tangible fixed assets	7,258	13,115
Expenditure on investments	-6,851,522	-13,146,444
Expenditure on the acquisition of intangible assets	-106,137	-56,400
Expenditure on the acquisition of tangible fixed assets	-6,745,385	-5,306,452
Expenditure on the acquisition of financial investments	0	-7,783,592
Net cash flow from investing	-6,265,746	-12,684,695
Cash flows from financing activities		
Income from financing activities	9,668,992	33,152
Proceeds from increases in financial liabilities	9,668,992	33,152
Financing expenses	-14,043,458	-32,043,823
Expenditure on repayment of financial liabilities	3,760	0
Expenditure on interest paid	-783	-1,830
Expenditure on the purchase of own shares	-42,622	0
Expenditure on dividends and other profit-sharing	-14,003,813	-32,041,992
Net cash flow from financing activities	-4,374,465	-32,010,670
Closing balance of cash and cash equivalents	17,867,099	8,270,015
Net increase/decrease in cash and cash equivalents	135,692	-7,417,790
Opening balance of cash and cash equivalents (01/01)	17,731,407	15,687,805

7.6 Statement of other comprehensive income

Statement of other comprehensive income for the period from 1 January to 30 June

	JAN-JUN 2025	JAN-JUN 2024
Net profit	12,275,515	7,402,529
Other comprehensive income for the year	0	0
Other comprehensive income for the year to be recognised in the income statement in the future	0	0
Change in fair value through other comprehensive income	0	0
Remeasurement of post-employment benefits	0	0
Effect of deferred taxes	0	0
Net other comprehensive income for the year that will not be recognised in the income statement in the future	0	0
Total other comprehensive income for the year (after tax)	0	0
Total comprehensive income for the year (after tax)	12,275,515	7,402,529

8 NOTES TO FINANCIAL STATEMENTS

1 Reporting by segment

Sales by business segment

	In €	
	JAN-JUN 2025	JAN-JUN 2024
Titanium dioxide	94,843,787	83,502,096
- of which TiO_2 pigment	92,631,454	81,678,311
Varnishes, masters	8,035,154	8,205,400
Agro programme	6,319,264	6,402,991
Polymers	2,043,734	1,611,677
Other	258,277	621,836
TOTAL	111,500,217	100,343,999

Sales by regional segment

	In €	
	JAN-JUN 2025	JAN-JUN 2024
Slovenia	7,856,430	7,497,744
European Union	91,856,621	79,828,310
Third countries	8,719,955	10,576,112
Third countries – dollar market	3,067,211	2,441,833
TOTAL	111,500,217	100,343,999

Operating result by business segment

	In €											
	Titanium dioxide		Varnishes, masters		Agro programme		Polymers		Other		Total	
	30/06/2024	30/06/2025	30/06/2024	30/06/2025	30/06/2024	30/06/2025	30/06/2024	30/06/2025	30/06/2024	30/06/2025	30/06/2024	30/06/2025
Rev. from contr. with customers	83,502,096	94,843,787	8,205,400	8,035,154	6,402,991	6,319,264	1,611,676	2,043,734	621,835	258,277	100,343,999	111,500,217
Other operating income	89,561	128,231	20,360	33,505	16,375	16,955	164,002	206,872	2,167,778	1,311,155	2,458,077	1,696,719
Change in value of inventories	-7,467,682	-1,701,215	-479,319	-6,361	-567,710	-11,453	0	0	-381,345	0	-8,896,056	-1,719,029
Operating costs	-68,249,953	-79,122,580	-7,488,429	-7,629,875	-5,639,843	-5,833,041	-1,130,199	-1,640,482	-2,580,890	-1,658,142	-85,089,314	-95,884,122
-of which depreciation	-4,867,160	-5,165,085	-247,694	-202,156	-146,042	-172,665	-105,438	-112,929	-1,274,576	-1,609,131	-6,640,910	-7,261,966
Operating result	7,874,022	14,148,223	258,012	432,423	211,813	491,725	645,479	610,124	-172,622	-88,710	8,816,705	15,593,785
Interest income											447,609	577,797
Other financial income											336,808	284,052
Interest expense											1,830	783
Other financial expenses											108,869	717,011
Financial result	0	0	0	0	0	0	0	0	0	0	673,717	144,055
Deferred taxes											0	0
Income tax											2,087,893	3,462,325
Net profit	0	0	0	0	0	0	0	0	0	0	7,402,529	12,275,515

2 Revenue from contracts with customers

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

	In €	
	JAN-JUN 2025	JAN-JUN 2024
Net revenues from contracts with customers of products and services	111,095,155	100,109,990
Net revenues from contracts with customers of merchandise and materials	405,062	234,009
TOTAL	111,500,217	100,343,999

3 Other operating income

	In €	
Income	JAN-JUN 2025	JAN-JUN 2024
Profit on sales and write-offs of assets	6,862	13,115
Revenue from refund claims	438,991	298,854
Compensation received	1,982	0
Income from previous years	26,911	21,857
Other income	9,790	8,817
TOTAL	484,536	342,644

4 Costs by natural type

	In €	
	JAN-JUN 2025	JAN-JUN 2024
Cost of materials	59,581,236	51,734,461
Cost of services	9,803,457	8,304,468
Purchase value of materials and goods sold	191,723	72,734
Other operating costs	1,039,016	1,041,000
TOTAL	70,615,432	61,152,662

5 Labour costs

	In €	
Labour costs	JAN-JUN 2025	JAN-JUN 2024
Salaries and allowances	12,604,841	12,556,261
Social security contributions	2,070,930	1,910,437
Expenses reimbursements and other staff compensation	3,089,527	2,606,638
Supplementary pension insurance	241,265	222,349
TOTAL	18,006,561	17,295,684

As at 30 June 2025, the Company employed 728 persons. The average number of employees was 724.

6 Depreciation and amortisation

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

	In €	
Description	JAN-JUN 2025	JAN-JUN 2024
Depreciation and amortisation		
- intangible assets	192,227	152,900
- easements	36,172	36,172
- buildings	1,629,355	1,601,773
- production equipment	5,403,689	4,849,228
- other equipment	523	837
TOTAL	7,261,966	6,640,910

7 Operating expensesOperating expenses

	In €	
Expenses	JAN-JUN 2025	JAN-JUN 2024
Purchase value of materials and goods sold	191,723	72,734
Cost of materials	59,581,236	51,734,461
Cost of services	9,803,457	8,304,468
Labour costs	18,006,561	17,295,684
Depreciation and amortisation	7,261,966	6,640,910
Other operating expenses	1,039,016	1,041,000
Impairment and write-offs of trade receivables	162	59
TOTAL	95,884,122	85,089,316

Other operating expenses

In €

Other operating expenses	JAN-JUN 2025	JAN-JUN 2024
Environmental fees and refunds	195,370	233,551
Awards to students and trainees	63,493	76,884
Building land use allowance	500,751	481,513
Revaluation of stocks of materials and goods	100,812	1,590
Loss on sale (disposal) of fixed assets	7,258	135,851
Other costs and expenses	171,332	111,611
TOTAL	1,039,016	1,041,000

8 Financial income and expenses

In €

Income	JAN-JUN 2025	JAN-JUN 2024
Net exchange differences	0	226,914
Interest income	577,797	447,703
Dividend income	721	931
Total financial income	578,518	675,548
Net exchange differences	-433,680	0
Interest expense	-783	-1,831
Total financial expenses	-434,463	-1,831
Net financial result	144,055	673,717

9 Income tax

The income tax calculated at the effective tax rate of 22% amounts to EUR 3.5 million.

10 Intangible assets

In €

Intangible asset group for 2025	Acquisition value		Value adjustment		Undepreciated value	
	30/06/2025	31/12/2024	30/06/2025	31/12/2024	30/06/2025	31/12/2024
Property rights	6,157,077	5,690,758	4,770,784	4,630,393	1,386,293	1,060,366
Assets under acquisition	936,394	1,348,412	0	0	936,394	1,348,412
TOTAL	7,093,471	7,039,170	4,770,784	4,630,393	2,322,687	2,408,779

The useful lives of intangible assets are finite. The Company reviewed their values and determined that their current values do not exceed their recoverable amounts.

11 Tangible fixed assets

In €

Tangible fixed assets group for 2025	Acquisition value		Value adjustment		Undepreciated value	
	30/06/2025	31/12/2024	30/06/2025	31/12/2024	30/06/2025	31/12/2024
Land	10,895,071	10,895,071	1,379,609	1,343,438	9,515,462	9,551,633
Buildings	132,400,613	131,641,160	94,423,897	92,794,543	37,976,716	38,846,617
Equipment	245,570,223	245,772,392	197,338,537	192,899,723	48,231,686	52,872,669
Assets under acquisition	13,947,031	8,731,586	0	0	13,947,031	8,731,586
Advances	1,999,258	1,697,110	0	0	1,999,258	1,697,110
TOTAL	404,812,197	398,737,319	293,142,044	287,037,704	111,670,153	111,699,615

The Company verified their values and determined that their current value does not exceed their recoverable amounts. The Company has no assets under finance leases, nor does it have any assets pledged as collateral for any guarantees as at 30 June 2025.

12 Financial assets

In €

Non-current financial investments group for 2025	Acquisition value		Value adjustment		Fair value	
	30/06/2025	31/12/2024	30/06/2025	31/12/2024	30/06/2025	31/12/2024
Other investments	2,077,692	2,077,692	790,367	790,367	1,287,325	1,287,325
TOTAL	2,077,692	2,077,692	790,367	790,367	1,287,325	1,287,325

Investments in Elektro Celje and Elektro Maribor shares are valued using the fair value model, and their holdings in all shares of the aforementioned companies represent less than a 1% share.

Members of the Management Board and Supervisory Board did not receive any long-term loans. Cinkarna Celje d.d. has no other subsidiaries or associates and does not conduct business with other related parties.

13 Other non-current assets

In €

Other non-current assets group for 2025	Acquisition value		Value adjustment		Undepreciated value	
	30/06/2025	31/12/2024	30/06/2025	31/12/2024	30/06/2025	31/12/2024
Emission allowances	115,376	105,470	0	0	115,376	105,470
TOTAL	115,376	105,470	0	0	115,376	105,470

In 2025, the Company submitted 23,273 emission allowances to ARSO for CO2 emissions for the 2024 financial year and returned 3,609 allowances based on the decision. The Company also received 36,788 allowances for the 2025 financial year.

14 Deferred tax assets and liabilities

In €

Description	30/06/2025	31/12/2024	Liabilities 2025	Liabilities 2024
Opening balance	1,536,620	1,572,841	74,132	133,797
Increase during the year	0	68,796	0	0
Decrease during the year	0	105,017	0	59,665
Closing balance	1,536,620	1,536,620	74,132	74,132
Offsetting	-74,132	-74,132	-74,132	-74,132
Closing balance	1,462,488	1,462,488	0	0

15 Current financial receivables

In €

Current financial receivables group for 2025	Value of investments		Adjustment of investments		Net investments	
	30/06/2025	31/12/2024	30/06/2025	31/12/2024	30/06/2025	31/12/2024
Current financial receivables – treasury bills	37,545,867	47,150,115	0	0	37,545,867	47,150,115
Fair value of derivative financial instruments	0	64,744	0	0	0	64,744
TOTAL	37,545,867	47,214,859	0	0	37,545,867	47,214,859

16 Inventories

In €

Inventories group	30/06/2025	31/12/2024	Recoverable amount
Material	35,195,722	40,009,286	35,195,722
Work in progress	3,292,233	3,407,765	3,292,233
Products	13,750,739	15,354,235	19,890,119
Merchandise	40,162	66,785	40,162
Advances made	160,179	131,357	160,179
TOTAL	52,439,036	58,969,428	58,578,417

Inventories are not pledged as collateral. Advances paid represent funds provided for the purchase of raw materials and supplies. The net realisable value of inventories as at 30 June 2025 exceeds their carrying amount.

17 Trade receivablesCurrent trade receivables

In €

Receivables group for 2025	Value of receivables		Value adjustment		Net receivables	
	30.6.2025	31.12.2024	30.6.2025	31.12.2024	30.6.2025	31.12.2024
Buyers in the country	3,811,342	2,157,838	273,233	273,233	3,538,109	1,884,604
Buyers abroad	31,811,178	25,408,800	361,737	363,719	31,449,441	25,045,081
Indirect exporters	63,800	170,989	0	0	63,800	170,989
TOTAL	35,686,320	27,737,626	634,970	636,952	35,051,350	27,100,674

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

Movement in valuation allowances on current trade receivables

In €

2025	As at 31/12/2024	Adjustment 2025	Value adjustment formed 2025	Write-downs of valuation allowances of prior years	Paid written-off receivables	As at 30/06/2025
Buyers in the country	273,233	0	0	0	0	273,233
Buyers abroad	363,720	0	0	0	1,982	361,738
TOTAL	636,952	0	0	0	1,982	634,970

Trade receivables by maturity

In €

Trade receivables by maturity	Gross value 30/06/2025	Adjustment 30/06/2025	Gross value 31/12/2024	Adjustment 31/12/2024
Not past due	31,425,271	4,298	21,758,815	4,298
Past due up to 15 days	2,908,531	919	4,776,348	919
Past due from 16 to 60 days	554,514	440	402,918	440
Past due from 61 to 180 days	31,044	30,202	30,602	30,202
Past due more than 180 days	766,961	599,111	768,943	601,093
TOTAL	35,686,320	634,970	27,737,626	636,952

Other current receivables

In €

Other receivables group	30/06/2025	31/12/2024
Receivables for VAT	1,916,463	2,697,649
Receivables from government institutions	3,946	2,990
Receivables from employees	4,804	6,297
Other receivables	23,852	435,975
TOTAL	1,949,066	3,142,911

The Company has no receivables from members of the Management Board or the Supervisory Board.

18 Cash and cash equivalents

In €

Assets group	30/06/2025	31/12/2024
Cash in hand	30	30
Cash in accounts	3,442,573	9,218,478
Short-term deposits at call	11,000,000	8,040,374
Foreign currency balances on accounts	3,424,496	472,524
TOTAL	17,867,099	17,731,407

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

19 Other current assets

Under other current liabilities, the Company reports current prepaid expenses and VAT on advances received.

	In €	
Description	30/06/2025	31/12/2024
Prepaid expenses	196,957	179,975
VAT on advances received	136	2,100
Other	322	48,686
TOTAL	197,415	230,760

20 Owners' capital

	In €	
Capital items	30/06/2025	31/12/2024
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Statutory reserves	16,931,435	16,931,435
Reserves for own shares	5,688,771	5,646,149
Own shares	-5,688,771	-5,646,149
Other profit reserves	108,104,757	108,147,379
Fair value reserve	-1,650,342	-1,650,342
Retained earnings	21,364,959	23,093,258
TOTAL CAPITAL	209,265,555	211,036,476

The Company's share capital consists of 8,079,770 freely transferable bulk shares of the same class. All shares have the same nominal value and are fully paid up. As at the balance sheet date of 30 June 2025, the share capital amounts to EUR 20,229,770.

Based on the resolution of the 29th regular General Meeting of Shareholders of Cinkarna Celje d.d. held on 21 May 2025, the Company paid dividends in the amount of EUR 14 million at the end of June 2025.

As at 30 June 2025, the Company held 299,874 treasury shares (3.7% of all shares). In accordance with the resolution of the 28th regular General Meeting of Shareholders of Cinkarna Celje d.d. held on 19 June 2024, the Company acquired 1,490 treasury shares with a value of EUR 42,622 in 2025.

	Number of treasury shares	Average market price per share (in EUR)	Value of treasury shares (in EUR)
Balance as at 31 December 2024	298,384		5,646,149
Purchases in 2025	1,490	28,61	42,622
Balance as at 30 June 2025	299,874		5,688,771

21 Non-current liabilities

	In €	
Provisions and long-term accruals	30/06/2025	31/12/2024
Provisions for employee benefits	3,627,164	3,748,722
Provisions for the environment	13,862,326	14,302,270
Government grants received - emission allowances	115,376	78,675
Deferred income	824,804	794,904
TOTAL	18,429,670	18,924,572

Post-employment benefits of employees

	In €	
Post-employment benefits of employees	30/06/2025	31/12/2024
Provisions for severance payments	2,875,294	2,947,434
Provisions for jubilee awards	751,870	801,288
TOTAL	3,627,164	3,748,722

	In €		
Post-employment benefits of employees 2025	31.12.2024	Intended use	30.6.2025
Provisions for severance payments	2,947,434	72,140	2,875,294
Provisions for jubilee awards	801,288	49,417	751,870
TOTAL	3,748,722	121,557	3,627,164

Provisions

In €

Provisions for the environment 2025	As at 31/12/2024	Annual plan for designated use 2025	Use 2025	As at 31/06/2025
Provisions for the Za Travnikom landfill site	1,937,448	922,000	33,580	1,903,868
Provisions for the Bukovžlak landfill site (ONOB)	8,586,266	1,410,000	396,994	8,189,272
Provisions for the Bukovžlak high embankment barrier	1,811,864	133,000	9,370	1,802,494
Environmental provisions - Environmental investment in TiO ₂ production	1,966,691	0	0	1,966,691
SKUPAJ	14,302,270	2,465,000	439,944	13,862,326

The use of environmental provisions in 2025 represents the costs incurred by contractors for work performed in the amount of EUR 439,944.

Deferred income

In €

Deferred income	30/06/2025	31/12/2024
Funds received from the EU Fund	35,341	35,341
Emission allowances	115,376	78,675
Photovoltaic subsidies	789,463	759,562
TOTAL	940,180	873,579

22 Current financial liabilities

In €

Liabilities group	30/06/2025	31/12/2024
Current financial liabilities – assignments, cessions	33,676	29,915
TOTAL	33,676	29,915

23 Current trade payables

In €

Liabilities group	30/06/2025	31/12/2024
Current payables to in-country suppliers	9,290,645	13,112,651
Current payables to suppliers abroad	16,831,113	17,830,038
Current payables for unbilled goods and services	1,426,087	40,029
Current payables against advances	246,121	749,351
Current payables to employees	1,541,576	2,508,986
Current payables for payer's contributions	859,448	1,288,315
Current payables to government and other institutions	417,837	559,614
Other current liabilities	9,300	35,554
TOTAL	30,622,127	36,124,537

24 Income tax liabilities

In €

Income tax	30/06/2025	31/12/2024
Current liabilities for income tax	1,210,799	4,019,469
TOTAL	1,210,799	4,019,469

25 Liabilities under contracts with customers

In €

Liabilities under contracts with customers	30/06/2025	31/12/2024
Liabilities under contracts with customers	383,143	0
TOTAL	383,143	0

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

26 Other current liabilities

Other current liabilities comprise accrued costs or expenses.

In €		
Description	30/06/2025	31/12/2024
Calculated unused entitlement to annual leave	851,641	851,641
Accrued costs	979,951	277,173
VAT on advances made	45,120	2,100
European funds received	86,180	86,180
Other	0	1,656
TOTAL	1,962,892	1,218,750

27 Contingent assets and liabilities

In €		
Description	30/06/2025	31/12/2024
Guarantees given	2,131,657	2,131,657
Futures	9,898,697	3,966,896
VISA and Mastercard payment cards	60,000	60,000
Material in finishing and processing	59,726	59,726
TOTAL	12,150,079	6,218,279

28 Fair value

In €				
	30/06/2025		31/12/2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through other comprehensive income	1,287,325	1,287,325	1,287,325	1,287,325
Current financial receivables	37,545,867	37,545,867	47,214,859	47,214,859
Trade receivables	35,051,350	35,051,350	27,100,674	27,100,674
Cash and cash equivalents	17,867,099	17,867,099	17,731,407	17,731,407
Financial liabilities	-33,676	-33,676	-29,915	-29,915
Payables to suppliers	-27,547,845	-27,547,845	-30,982,718	-30,982,718
Liabilities under contracts with customers	-383,143	-383,143	0	0
TOTAL	63,786,977	63,786,977	62,321,632	62,321,632

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

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

In €								
Fair value of assets	30/06/2025				31/12/2024			
	Group 1	Group 2	Group 3	Total	Group 1	Group 2	Group 3	Total
Financial assets at fair value through other comprehensive income	0	1,287,325	0	1,287,325	0	1,287,325	0	1,287,325
Total assets measured at fair value	0	1,287,325	0	1,287,325	0	1,287,325	0	1,287,325
Assets for which fair value is disclosed								
Current financial receivables	37,545,867	0	0	37,545,867	47,150,115	0	64,744	47,214,859
Trade receivables	0	0	35,051,350	35,051,350	0	0	27,100,674	27,100,674
Cash and cash equivalents	0	0	17,867,099	17,867,099	0	0	17,731,407	17,731,407
Total assets for which fair value is disclosed	37,545,867	0	52,918,449	90,464,316	47,150,115	0	44,896,825	92,046,940
Total	37,545,867	1,287,325	52,918,449	91,751,641	47,150,115	1,287,325	44,896,825	93,334,265

Fair value of liabilities	30/06/2025				31/12/2024			
	Group 1	Group 2	Group 3	Total	Group 1	Group 2	Group 3	Total
Financial liabilities	0	0	33,676	33,676	0	0	29,915	29,915
Payables to suppliers	0	0	27,547,845	27,547,845	0	0	30,982,718	30,982,718
Liabilities under contracts with customers	0	0	383,143	383,143	0	0	0	0
Total liabilities for which fair value is disclosed	0	0	27,964,664	27,964,664	0	0	31,012,633	31,012,633

III CASH FLOW STATEMENT

The cash flow statement shows changes in cash and cash equivalents for the financial year as the difference between the balance as at 30 June 2025 and 31 December 2024. It is prepared using the indirect method from the statement of financial position as at 30 June of the accounting year and the statement of financial position as at 31 December 2024, and from additional information necessary to adjust income and expenses and to appropriately classify significant items. Theoretically possible items are not shown, and values are stated for the current and previous periods.

IV STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity is presented in the form of a composite table showing changes in all components of equity. Theoretically possible items are not shown. Changes in equity relate to the decision of the General Meeting on the distribution of the previous year's retained earnings for the payment of dividends to owners that have been or will be paid, and to the purchase of own shares. Pursuant to Article 64(14) of the Companies Act (ZGD-1), the statement of changes in equity includes the determination of retained earnings.

V FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial risks (liquidity and interest rate)

Liquidity risk

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

Interest rate risk

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

Due to its favourable financial position, the Company enters into short-term deposit agreements with positive interest rates with banks in order to increase its financial income. As at the balance sheet date of 30 June 2025, deposits amounted to EUR 11 million. Similarly, in order to make effective use of surplus cash, the Company invests it in short-term treasury bills, which amounted to EUR 37.6 million as at 30 June 2025.

Credit risk

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

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

Besides the regular monitoring of the credit limit for each customer, the payment discipline of the customer and the announcements of proceedings on AJPES under the Act on Financial Management, Insolvency and Compulsory Winding-up Proceedings (ZFPPIPP) are monitored on a daily basis. The customer is also reminded of the due date of a receivable by a reminder, first by telephone and then by letter, and interest is charged from the due date until the date of repayment. The process of regular monitoring and control of the portfolio of trade receivables is a permanent feature of the company, resulting in a small proportion of write-offs or impairments of receivables in relation to the proportion of sales.

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

In €			
	Notes	30/06/2025	31/12/2024
Financial assets at fair value through other comprehensive income	3	1,287,325	1,287,325
Financial receivables	7	37,545,867	47,214,859
Trade receivables	8	35,051,350	27,100,674
Cash and cash equivalents	9	17,867,099	17,731,407
TOTAL		91,751,641	93,334,265

The Company has a healthy structure of trade receivables, as shown in Note 17 Trade receivables in the table of receivables by maturity and in the table of changes in the allowance for current trade receivables.

Currency risk

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

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

Exposure to foreign exchange rate risk

In €				
	30/06/2025		31/12/2024	
	EUR*	USD	EUR*	USD
Financial assets at fair value through other comprehensive income	1,287,325	0	1,287,325	0
Current financial receivables	37,545,867	0	47,214,859	0
Trade receivables	34,164,696	1,021,700	26,086,389	1,059,110
Cash and cash equivalents	17,867,099	0	17,731,407	0
Current financial liabilities	-33,676	0	-29,915	0
Current trade payables	-18,356,050	-13,894,656	-17,429,009	-14,177,564
Exposure in the statement of financial position (net)	72,475,261	-12,872,956	74,861,056	-13,118,454

*EUR is the functional currency and does not represent exposure to exchange rate risk. In addition to the functional currency EUR, the Company also uses USD (US dollar), which was used to translate balance sheet items as at 30 June and 31 December. The reference exchange rate of the European Central Bank is used, namely the number of one national currency for 1 EUR on 30 June 2025 is 1.172 and on 31 December 2024 is 1.0389.

Sensitivity analysis

A 1% change in the value of the USD against the EUR on 30 June 2025 or 31 December 2024 would change the profit before tax by the amounts shown in the table below. The analysis, which is performed in the same manner for both years, assumes that all variables, particularly interest rates, remain unchanged. The calculation of the impact of changes in the US dollar exchange rate takes into account the balance of receivables and liabilities denominated in dollars.

	30/06/2025		31/12/2024	
USD currency change	1%	-1%	1%	-1%
Impact on operating result before tax	-108,750	108,750	125,002	-125,002

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

Capital management

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

Cinkarna Celje d.d. wishes to manage and adapt its capital structure in line with changes in the economic environment. Dividends are paid once a year in accordance with the adopted dividend policy and the resolutions of the General Meeting. Cinkarna Celje d.d. has no specific objectives regarding employee ownership and no share option programme. There were no changes in the method of capital management in 2025. Cinkarna Celje d.d. uses the financial leverage ratio to monitor its capital, which shows the ratio of net debt to capital and total net debt. Net debt includes financial and operating liabilities, less cash and cash equivalents and financial receivables (treasury bills).

	30/06/2025	31/12/2024
Financial liabilities	33,676	29,915
Trade and other current liabilities	32,585,018	37,343,286
Cash and cash equivalents	-54,867,514	-64,881,522
Net indebtedness	-22,248,820	-27,508,321
Capital	209,265,555	211,036,476
Financial leverage ratio	-12%	-15%

9 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

After the balance sheet date, no significant events were recorded that would have an impact on the financial statements presented as at 30 June 2025.