CINKARNA

Kemična industrija Celje d.d.
Kidričeva 26, SI-3001 Celje, Slovenia

UNAUDITED REPORT ON CINKARNA CELJE’S PERFORMANCE FOR THE PERIOD JANUARY-MARCH 2025

Celje, May 2025

INDEX

SELECTION OF THE MOST IMPORTANT DATA

OPERATIONS in € 000	I–III 2025	I-III 2024	2024	2023
Turnover	58,213	47,538	200,285	176,464
Operating profit (EBIT)[1]	8,059	1,358	26,664	12,723
Operating profit plus depreciation and amortisation (EBITDA)[2]	11,690	4,678	39,565	25,078
Net profit	6,340	1,289	23,087	12,653
Non-current assets (end of period)	117,122	113,740	116,964	114,523
Current assets (end of period)	150,177	120,774	154,391	145,393
Equity (end of period)	217,376	197,511	211,036	221,230
Non-current liabilities (end of period)	18,901	18,859	18,925	18,844
Current liabilities (end of period)	31,022	18,144	41,393	19,841
Investments	4,237	2,159	14,302	19,825
INDICATORS				
EBIT as a percentage of turnover in %	13.84	2.86	13.31	7.21
EBITDA as a percentage of turnover in %	20.08	9.84	19.75	14.21
Net profit as a percentage of turnover (ROS) in %	10.89	2.71	11.53	7.17
Return on equity (ROE)[3] in %	2.96	0.62	10.68	5.88
Return on assets (ROA)[4] in %	2.35	0.52	8.69	4.95
Value added per employee[5]	31,007	18,765	107,471	80,305
NUMBER OF EMPLOYEES				
End of year/period	722	724	718	742
Average at end of year/period	723	728	725	754
SHARE INFORMATION *				
Total number of shares	8,079,770	8,079,770	8,079,770	8,079,770
Number of own shares	298,404	264,650	298,384	264,650
Number of shareholders	2,976	2,739	2,871	2,651
Earnings per share in €[6]	0.78	0.16	2.86	1.57
Dividend yield[7]	n/a	13 %	17 %	0 %
Gross dividend per share in €	n/a	3.2	4.10	0
Share price at end of period in €	31.3	21.5	27.70	20.50
Book value per share in €[8]	26.9	24.5	26.1	27.4
Market capitalisation in € 000 (end of period)	252,897	173,175	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 €0.9 gross per share (28th General Meeting) and €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

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

In the first three months of 2025, we increased sales by 22%, mainly driven by higher volumes and selling prices of titanium dioxide pigment. At the beginning of 2025, permanent anti-dumping measures on imports of Chinese TiO_2 pigment came into force, replacing the provisional measures imposed in 2024. The new methodology is based on absolute duty amounts rather than percentages of the import price, with certain types of pigments, such as those used in printing inks, being exempted. The effects of these changes on market equilibrium will become clearer in the coming quarters.

Net profit amounted to EUR 6.3 million, up 392% on the EUR 1.3 million recorded in 2024. Operating profit before depreciation and amortisation, or EBITDA, amounted to EUR 11.7 million, representing 20% of sales. Compared to the previous year, EBITDA increased by 150%.

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 quarter by effectively exploiting opportunities. Our strategy is guided by a focus on profitable markets, high-quality customers, and long-term partnerships.

The European economy recorded only modest growth in the first quarter of 2025, driven mainly by services, while industry and exports remain weak. Survey indicators such as PMI and economic sentiment indices reflect the challenging conditions. Although the composite PMI for the euro area improved slightly in March, it remains just above the stagnation threshold, and business confidence continues to decline amid uncertain trade policies. Inflation continued to moderate at the beginning of the year. Energy prices were higher in the first quarter of this year than in the same period last year. Sentiment indicators point to weak economic activity in the euro area, having declined in the last quarter of 2024. German institutions do not expect a significant recovery of the German economy in 2025. Changes in economic forecasts will continue to depend heavily on inflation developments, interest rates, the labour market, and the geopolitical situation.

The aforementioned macroeconomic conditions in the context of our markets, particularly the EU, and our core products mean that demand will remain subdued, as key end-user sectors, such as construction and coatings, continue to operate at low capacity. The outlook for 2025 also remains cautious, as customers are holding back due to the uncertain economic outlook and high inventories. Despite the shutdown of the Botlek plant with a capacity of 90,000 tons this year, the supply of TiO_2 pigment in the EU remains sufficient.

Despite the anti-dumping measures introduced, Chinese manufacturers continue to proactively seek ways to enter the European market, often with lower prices, which puts additional pressure on the margins of European manufacturers. In addition, hybrid mixtures with a reduced TiO_2 content below the threshold subject to tariff restrictions are appearing, further challenging the effectiveness of the protective measures. At the same time, due to poorer market conditions and lower prices on non-tariff markets, Western producers are redirecting additional quantities of pigment to protected, tariff-bound markets, which is also increasing price pressure within the EU. This pressure is expected to intensify in the coming months.

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 competencies and improvement of the organisational climate. Together with our social partners, we drafted a proposal for the revision of the competency and pay model.

In the first three months of 2025, we spent EUR 4.2 million on investments, the purchase of fixed assets, and replacement equipment. We are investing in programmes that show growth potential. With investments in production, we are primarily pursuing the goals of reducing operating costs, ensuring a profitable volume of production, 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, and based on trends and customer expectations.

The Company carries out several interrelated projects 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 processing, 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 Board expects that the Company will have sufficient resources to continue as a going concern 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 quarter 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 quarter 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 April 2025.

Management Board

President of the Management Board	**Member of the Management Board – Deputy President of the Management Board – Technical Director**	**Member of the Management Board – Works Director**
Aleš SKOK, BSc (Chem. Eng., MBA – USA)	Nikolaja PODGORŠEK SELIČ BSc (Chem. Eng., Specialist)	Filip KOŽELNIK, MSc (Business Studies)

1 SALES

Total sales in the period under review amounted to EUR 58.2 million, up 22% on the sales achieved in the comparable period of 2024.

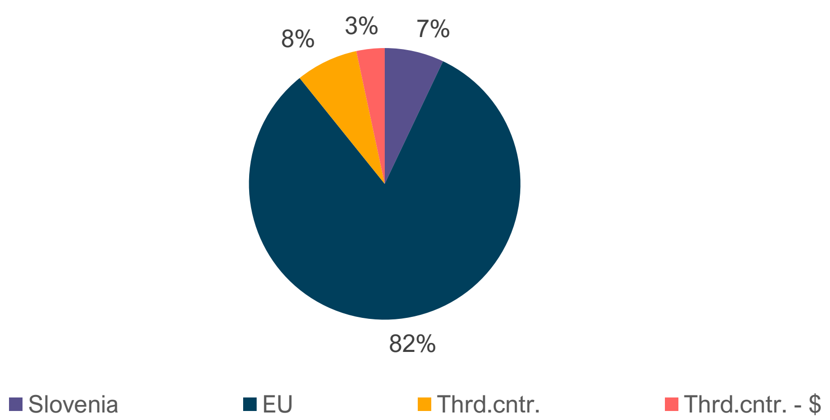
1.1 Sales by regional segment

Total sales on foreign markets increased by 24% compared to the previous year. The increase in sales on foreign markets is undoubtedly the result of improved pigment sales. In absolute and relative terms, the most significant increase in sales was recorded on EU markets, which are our most important markets.

Sales by regional segment

	2025	2024	ΔPY %
Slovenia	4,115,435	3,766,938	+9
EU	47,822,445	37,491,483	+28
Third countries	4,320,693	5,078,034	-15
Third countries – dollar markets	1,954,760	1,201,429	+63
TOTAL	**58,213,334**	**47,537,885**	+22

Share of each market in the Company's total sales

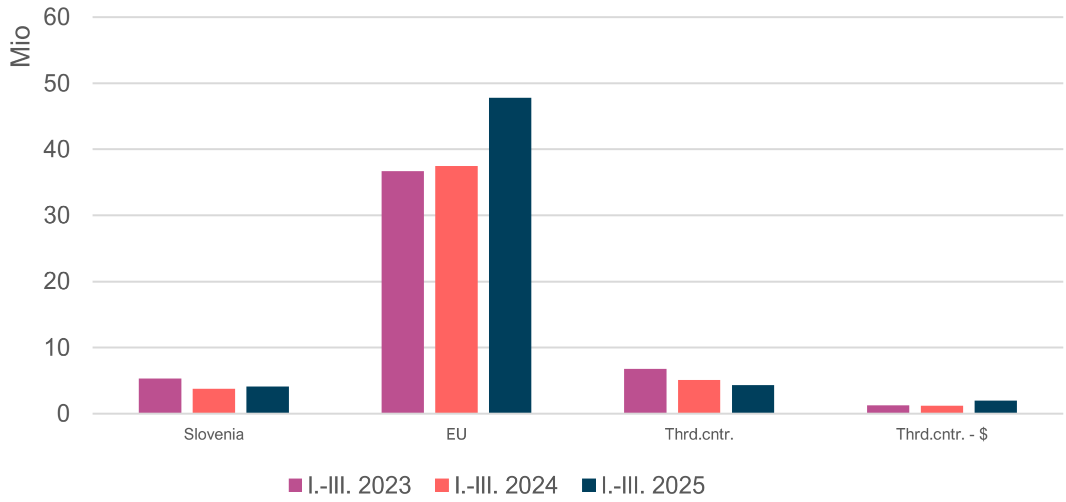


Sales to the **EU market** were 28% higher than in the same period last year. The increase in sales was influenced by higher volumes and prices of pigments, resulting from anti-dumping measures introduced in the relevant market, and significantly better demand for copper fungicides.

Domestic sales are 9% higher than in 2024. This is influenced by investment projects at BU Polimeri.

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 regional segment



In the period under review, exports accounted for 92.9% of total sales, which is 0.9 percentage points more than in the same period last year. The growth in export intensity was mainly driven by an increase in sales value in the key EU markets, which represent the focus of our sales, with the most pronounced growth in France, where sales volume grew by 39%, followed by Germany, our largest export partner, where exports increased by 28%. The key product, titanium dioxide pigment, remains the driving force behind exports and the foundation for further expansion in foreign markets, where we are striving 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 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 price-aggressive competitors, such as Brazil and India, as such markets may represent an opportunity to increase the competitiveness of European manufacturers in the future.

1.2 Sales by business segment

Sales by business segment

	2025	2024	ΔPY%
Titanium dioxide	47,931,987	38,583,657	+24
- of which TiO_2 pigment	*46,862,134*	*37,737,096*	*+24*
Varnishes, masters, and printing inks	4,321,034	4,247,737	+2
Agro programme	4,804,439	3,429,382	+40
Polymers	1,045,395	1,037,852	+1
Other	110,478	239,256	-54
TOTAL	**58,213,334**	**47,537,885**	**+22**

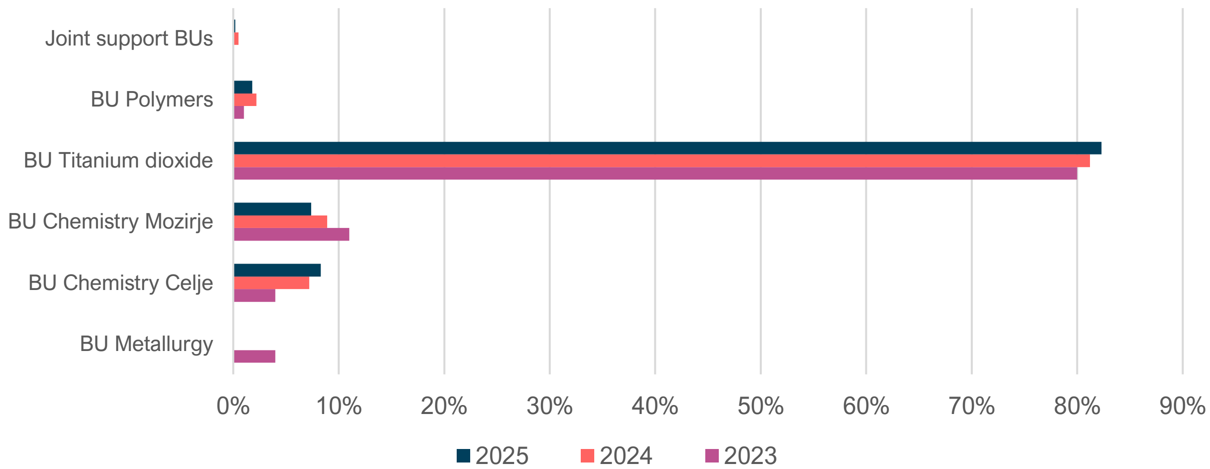
In the period under review, sales of the core **titanium dioxide pigment programme** reached EUR 47.9 million, representing a 24% increase compared to the same period last year. The higher sales value was driven by higher volumes and more favourable prices in European markets, where demand picked up faster than usual for the season in the first quarter. The introduction of permanent anti-dumping measures in the EU helped to restore stability and growth in sales volumes, particularly in Western and Northern Europe. At the same time, we are continuing to replace lost market share in the Middle East with new business in the US and in markets where protectionist trends and additional investigations and measures against Chinese imports are creating favourable conditions for Western manufacturers.

Within the TiO_2 segment programmes, **CEGIPS** deserves special mention, with sales of 38.3 thousand tonnes, representing a 17% increase on the previous period. This result is particularly important as it directly contributes to extending the life of the Za Travnikom site.

In the period under review, we recorded a 2% growth in sales in the **varnishes and masters programme**. The main reason for this was lower growth in sales of powder varnishes due to an improved portfolio structure and consequently better sales prices.

Sales of the **agro programme**, which includes copper fungicides, Pepelin, copperas and Humovit, increased by 40% in the period under review compared to the same period in 2024. The growth is due to the start of the new season. We are managing to maintain sales of Humovit at the same level as in previous periods, but we remain dependent on conditions in the domestic and nearby markets for this product. Due to additional transport costs, it is more difficult for Humovit to enter more distant markets, which limits the geographical scope of sales 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 Titanov dioksid 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 generation in our operating structure.

2 PERFORMANCE ANALYSIS

2.1 Operating result

In €

	31 March 2025	31 March 2024	ΔPY%
Operating income	56,896,071	43,662,079	+30
Operating expenses	48,837,504	42,304,586	+15
OPERATING RESULT	**8,058,567**	**1,357,493**	**+494**
Financial income	175,014	294,882	-41
Financial expenses	105,237	265	+39612
OPERATING RESULT before tax	**8,128,344**	**1,652,110**	**+392**
Profit tax	1,788,236	363,464	+392
NET OPERATING RESULT	**6,340,108**	**1,288,646**	**+392**

In the first quarter, the **operating result** amounted to EUR 8.1 million. This result exceeds the operating result for the same period in 2024 by 494%, when it amounted to EUR 1.4 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-than-expected sales volumes and quantities of the main product, as a result of the introduction of customs duties on imports of Chinese pigment. The operating profit before depreciation and amortisation (EBITDA) amounted to EUR 11.7 million, representing 20.1% of sales. Compared to the previous year, EBITDA increased by 150%.

After accounting for the impact of financial income and expenses, the **operating result before tax** in the first quarter amounted to EUR 8.1 million, compared to a profit of EUR 1.7 million in the same period last year. The result before taxes exceeds last year's result by 392%.

In 2025, similar to the same period in 2024, a positive financing balance of EUR 70 thousand was achieved (in the first quarter of 2024, the positive financing balance amounted to EUR 295 thousand). The resulting balance from financing stems from a positive balance of income, and expenses from investments and interest in the amount of EUR 175 thousand and a negative balance of exchange rate differences, which, despite a negative balance of EUR 104 thousand, represents the effective use of hedging instruments to manage the volatile movement of the USD/EUR 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 reporting period** amounted to EUR 6.3 million, which is 392% higher than in the same period of 2024, when it amounted to EUR 1.3 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 operating result includes the operating result before tax and income tax of EUR 1.8 million (the effective tax rate is 22%).

2.2 Expenditure and costs

In the structure of raw material, packaging, and energy consumption, certain deviations are noticeable compared to the comparable period in 2024, with the most significant increase in relative terms being the rise in energy costs. This must also be interpreted in the context of higher production.

Purchase prices of titanium-containing raw materials remained at comparable levels to the previous year in the period under review, but the total cost of raw materials increased by 17%, mainly as a result of higher production volumes. Raw materials and supplies continue to dominate the production cost structure, accounting for 82.1%, followed by energy at 16.4% and packaging at 1.6%. Compared to the same period last year, there was a noticeable increase in the share of energy by 2.5 percentage points.

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 Board. 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 awards, and other items.

2.3 Assets

	31 March 2025	31 December 2024
ASSETS		
Intangible assets	2,345,633	2,408,779
Tangible fixed assets	111,947,834	111,699,615
Financial assets at fair value through other comprehensive income	1,287,325	1,287,325
Other non-current assets	78,588	105,470
Deferred tax assets	1,462,488	1,462,488
Total non-current (long-term) assets	**117,121,867**	**116,963,678**
Current assets		
Inventories	48,445,526	58,969,428
Financial receivables	41,388,865	47,214,859
Trade receivables	40,899,939	30,243,586
Income tax receivable	0	0
Cash and cash equivalents	19,176,777	17,731,407
Other current assets	265,475	230,760
Total current assets	**150,176,582**	**154,390,040**
Total assets	**267,298,449**	**271,353,718**

The share of **non-current (long-term) assets** in the structure of total assets increased by 0.7 percentage points compared to the end of 2024 and amounted to 43.8%. The largest category of non-current assets is tangible fixed assets (96%). Their value increased by EUR 0.3 million, representing the difference between the amount invested in tangible fixed assets and the actual depreciation recognised in the first three months of 2025. Non-current financial investments and deferred tax assets remained unchanged in 2025. Other non-current assets represent emission allowances acquired free of charge from the state. Their balance as at 31 March 2025 is EUR 27 thousand lower than as at 31 December 2024 due to the transfer of CO_2 allowances for 2024 to ARSO.

The share of **current assets** in the structure of total assets decreased by 0.7 percentage points compared to the end of the previous year and amounted to 56.2%. In the structure of current assets, the most significant categories in terms of value are inventories (32%), financial receivables (28%), trade receivables together with other current assets and income tax receivables (27%), and cash and cash equivalents (13%).

Compared to the end of 2024, **inventories** decreased by 18%, with the value of material inventories (including advances) decreasing by 21%, the value of work in progress decreased by 31%, and the total value of finished goods and merchandise inventories decreased by 8% (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 31 March 2025 mainly comprise investments in treasury bills with a maturity of up to one year 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 35%. Trade receivables increased by 42% due to higher sales, while other current receivables decreased by 20% due to lower VAT receivables from the state. An overview of trade receivables by maturity shows that the age structure of receivables remains sound and is secured by external institutions or other forms of collateral.

Cash (and cash equivalents) represents 13% of the total value of current assets, with cash increasing by 8% compared to the last day of the previous year. The remaining value of cash is necessary to ensure ongoing operations.

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

2.4 Liabilities to sources of funds

	31 March 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	125,078,236	125,078,814
Fair value reserve	-1,650,342	-1,650,342
Retained earnings	29,433,366	23,093,258
Total capital	**217,376,006**	**211,036,476**
Provisions for employee benefits	3,709,052	3,748,722
Other provisions	14,288,420	14,302,270
Non-current deferred income	903,392	873,579
Total non-current liabilities	**18,900,865**	**18,924,572**
Financial liabilities	18,298	29,915
Trade payables	22,038,998	36,124,537
Income tax payable	5,430,197	4,019,469
Liabilities under contracts with buyers	174,315	0
Other current liabilities	3,359,771	1,218,750
Total current liabilities	**31,021,579**	**41,392,670**
Total capital and liabilities	**267,298,449**	**271,353,718**

The **value of capital** in the structure of liabilities to sources of funds as at 31 March 2025 represents 81.3%, which is 3.6 percentage points more than at the end of 2024. The amount of capital increased by 3% compared to the end of 2024. The increase (EUR 6.3 million) relates to net profit for the first quarter of 2025 in the amount of EUR 6.3 million and expenditure for the purchase of own shares in the amount of EUR 578. As at 31 March 2025, the Company held 298,404 treasury shares (3.7% of all shares). In accordance with the decision of the 28th regular General Meeting of Shareholders of Cinkarna Celje, d. d. held on 19 June 2024, the Company acquired 20 treasury shares in the amount of EUR 578 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 298,404 are treasury shares). The book value of one share as at 31 March 2025 is EUR 26.90 (an increase of 3% since the beginning of the year, when it was EUR 26.1).

Provisions and non-current deferred income account for 7% of liabilities to sources of funds. Provisions for pensions and similar obligations were established on 1 January 2006 (severance payments and jubilee awards) and are adjusted annually on the basis of actuarial calculations. Other provisions were established in the privatisation process from environmental provisions, 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/released them accordingly based on actual market conditions and the reasons for their existence. The amount of environmental provisions decreased by EUR 14 thousand in the first quarter of 2025 due to the coverage of remediation project costs. Non-current deferred income increased by 3% from funds received for the co-financing of electric vehicles purchased in 2024.

Financial and trade liabilities decreased by 25% compared to the end of the previous year due to a decrease in current trade liabilities from the settlement of liabilities to suppliers of strategic raw materials. Liabilities to suppliers decreased by 38% for the aforementioned reason. Other current trade liabilities decreased by 43% due to lower liabilities to employees and state institutions. Liabilities for income tax for the 2024 financial year and the first quarter of 2025 as at 31 March 2024 amount to EUR 5.4 million, as advance payments made during 2024 do not cover the tax liability for 2024. This is because the advance payments made during 2024 do not cover the tax liability for 2024 and will be settled for 2024 on 30 April 2025. All financial and business liabilities are current. The Company's gross debt ratio is 11.6%, which is 3.6% lower than on 31 December 2024.

Current financial liabilities as at 31 March 2025 amounted to EUR 18 thousand, compared to EUR 30 thousand at the end of 2024. The Company's gearing ratio is therefore 0.06‰ (at the end of 2024 it was 0.1‰).

Current trade payables decreased by 39% in the reporting period. Current trade payables amounted to EUR 19 million as at 31 March 2025, down 38% compared to the end of 2024, due to the settlement of payables to suppliers of strategic raw materials. Other operating liabilities decreased by 43% (or EUR 2.2 million) and mainly comprise EUR 1.4 million in liabilities for the payment of net salaries and other net payments from employment, EUR 1.5 million in liabilities from contributions and taxes on personal income, and liabilities for VAT and to other institutions.

Other current liabilities increased by 176% 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 31 March 2025, Cinkarna had 722 employees, which represents an increase of 4 employees or 0.6% compared to the end of 2024. There were minor changes in the number of employees in individual business units.

When 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 employee trust 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 printed and electronic media to communicate information to our employees, such as: Company Management announcements via e-mail with the latest news for employees and electronic messaging dialogue with our company mascots (Cinko and Cinka), Informator – printed version, Cinkarnar company magazine – twice a year, active social networks Facebook and LinkedIn Cinkarna Celje, we also publish a trade union newsletter, have established our own Sharepoint (intranet and extranet), and always have interesting and active news on bulletin boards. More than 70 bulletin boards are installed throughout the Company as a means of communication.

We are also 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 given new functionalities. 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 content.

In the field of social work, activities were also carried out during the period in question in relation to the individual resolution of workers' problems, the management and allocation of disabled workers, ergonomics, preventive measures for employees, 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 65% higher than in the first quarter of 2024, which is a result of significantly higher sales and a slight decrease in the number of employees in terms of calculated hours, which was 1% lower, or eight employees. The combination of higher revenues and an optimised staffing structure thus contributed significantly to improved productivity.

	JAN-MAR 2025	JAN-MAR 2024	ΔPY%
Revenue from sales	58,213,334	47,537,885	+22
Increase or decrease in the value of inventories	-2,245,383	-4,820,268	-
Capitalised own products and services	731,367	843,257	-13
Other operating income	196,754	101,205	+94
Cost of goods, materials, and services	35,233,798	30,239,307	+17
Other operating expenses	453,254	437,180	+4
Added value	**21,209,019**	**12,985,592**	**+63**
Average no. of employees according to working hours	684	692	-1
AV (in €) / employee	**31,007**	**18,765**	**+65**

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 Committee for Managing Impacts, Risks, and Opportunities has identified important areas of financial impact on the Company, which are clearly described by topics, subtopics, and sub-subtopics.

Starting in 2025, we will monitor trends in financial effects in individual areas or by topic on a quarterly basis.

Alongside these changes, we have 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 in 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 minutes. 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 Expert Committee. We inform the Management Board and the Supervisory Board of key impacts, risks, and opportunities on a quarterly basis.

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

The overview of key risks below is updated and defined based on the status and expectations as at the reporting date for the first quarter of 2025 (31 March 2025).

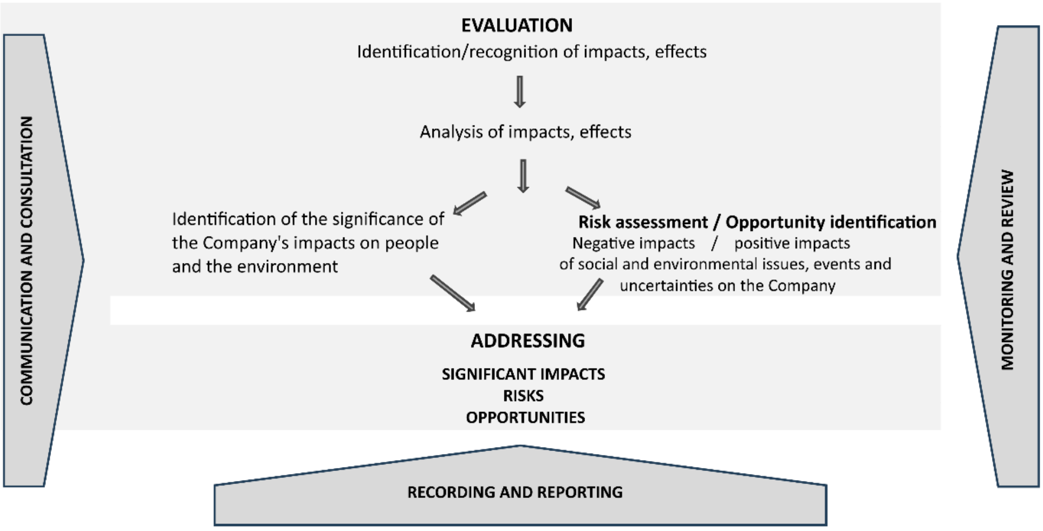


Figure 1: Impact, Risk and Opportunity (IRO) management process

We identified the following key residual risks:

1	Subjects of work
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	Subjects of work

In the area of raw material procurement, we face two types of risks. A shortfall in production and consequently in planned revenues can lead to a shortfall in the supply of work items from monopoly suppliers, as well as to unforeseen extensions of delivery times throughout the supply chain.

We manage risk by using appropriate contractual protection

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 raw material sources by producing 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 that we do not deal with operationally, but which represent a high quality potential alternative.

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

We ensure timely planning of requirements and procurement of raw materials, take into account experienced lead times and increase minimum stocks where necessary. For all strategic raw materials, we continuously update the business case and checklist according to changes in the market, raw material prices, the Company's business needs and other external factors.

2	Digital transformation

Untapped opportunities in digitisation and additional costs due to failure in digital transformation or lack of digital security. Falling behind modern technologies can lead to increased uncompetitiveness. Digitisation can reduce the risks of lost volume production, increased maintenance costs, manual data entry errors, reduced administrative costs and better management of security risks.

The risk is being mitigated by implementing several implementation objectives that increase the level of digitisation and computerise and simplify business processes (upgrading modules in the Power BI business analytics and in Moja Cinkarna, the document system, migration of Oracle Forms, modernisation of 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 is facing a wave of retirements on the one hand and a shortage of personnel on the labour market on the other. The percentage of sick leave represents an additional risk.

With a large number of retirements, there is a risk that succession policies are insufficiently developed and that new employees lack the necessary skills, as it takes a long time to acquire them.

We established a staffing system in which a training programme and a mentor are assigned to each position.

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

We developed and approved a new competency model.

We are implementing a broad project entitled Knowledge Transfer in the key titanium dioxide production.

We 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 offer a development management programme called the Leadership Academy and individual coaching.

When searching for new employees, in addition to traditional methods of recruitment, we use social media recruitment solutions. We 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 high school and university students to complete their mandatory internships and student work. We enable students to complete their bachelor's, master's, and doctoral theses at the 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)

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 our desired goal. In the first quarter of 2025, we recorded individual risks of equipment breakdowns in all production business units.

We significantly reduced the risk in titanium dioxide production in 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 calcination and gel rinsing. The necessary equipment repairs are jeopardising the achievement of the production plan. We will minimise downtime by preparing a detailed plan in advance, purchasing the necessary parts and organising work efficiently 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 put less strain on the line, using bigger packaging, and getting subcontractors to do some of the packaging.

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 conducted a feasibility study for the installation of an additional line. We are preparing project documentation.

5	Products

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, 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 preparing 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

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 (CČN). 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 CČN 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 the project documentation for the construction of the pipeline.

7	Safety

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. We are monitoring the landslide with measurements. We have carried out emergency remediation work, which will be followed by comprehensive remediation, for which an environmental provision has been established. A prerequisite for the remediation is the relocation of the cable route, for which we obtained the necessary permit in Q1 2025.

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 mitigation, we have systematically introduced European environmental standards by implementing the principles of the Responsible Care Program 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 have appointed a permanent coordinator for safe and healthy work. We have 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

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 have 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 cease 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 is 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) have 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

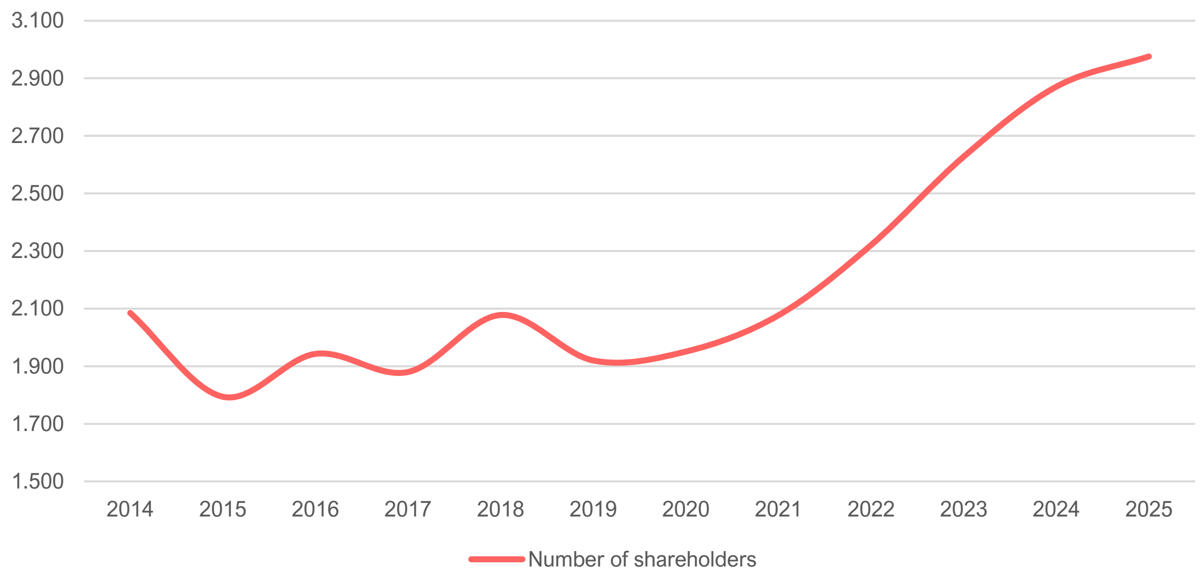
5.1 Ownership structure

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 2,976. 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

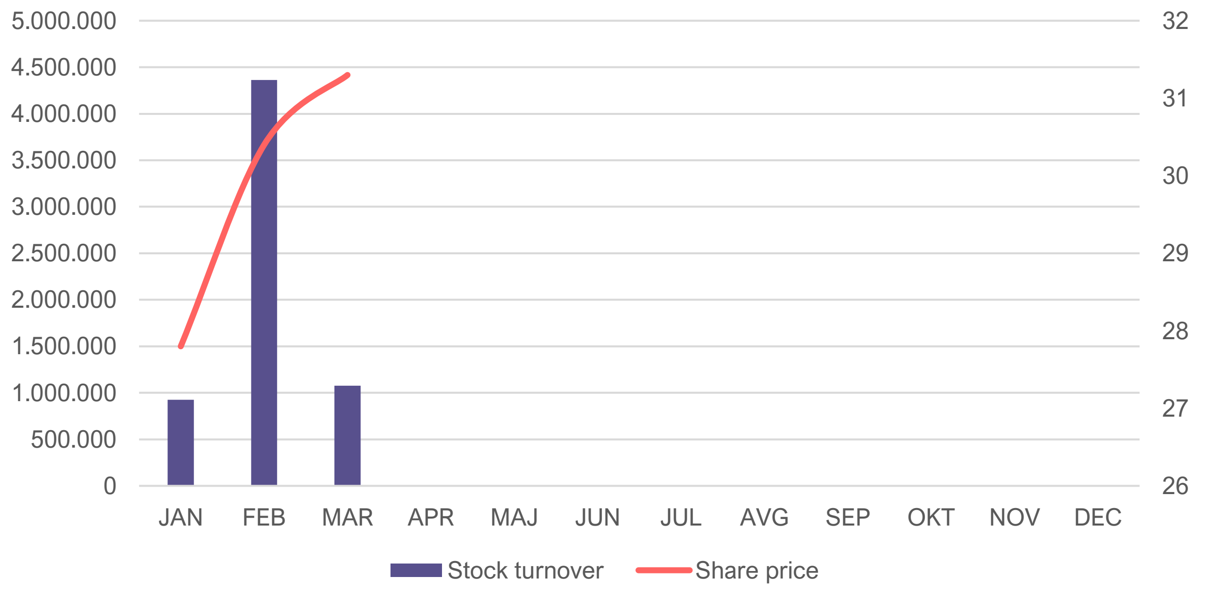
Cinkarna shares with the ticker symbol CICG are traded on the open securities market. The first day of trading was 6 March 1998. The single share price on that day was EUR 33.71. In August 2022, a 1:10 share split was carried out.

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
MAR	21.5	31.3	1,077,570
APR	21.8		
MAY	21.6		
JUN	22.3		
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 in the first quotation of the Ljubljana Stock Exchange (CICG), fluctuated between EUR 27.5 per share and EUR 31.3 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 12%.

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



6 FOUNDATIONS OF DEVELOPMENT

6.1 Investments

In the first quarter of 2025, we spent EUR 4.2 million on investments, the purchase of fixed assets, and replacement equipment, thereby achieving 21.4% of the plan.

Table of investments by individual areas

	Planned 2025 (in €)	Realised Q1 2025 (in €)	Purchases Q1/ Plan 2025 (%)
Investments	11,489,900	3,156,867	27.5%
Fixed assets	2,727,000	190,599	7.0%
Replacement equipment	5,618,300	889,993	15.8%
Total	**19,835,200**	**4,237,459**	**21.4%**

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 for 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 field of environmental provisions, the contractor for the sealing curtain and C1 drainage in Bukovžlak prepared a technological and economic study and marked out the route of the C1 drainage. Implementation will follow.

Overview of investments by strategic pillar

Pillar	Planned 2025 (in €)	Realised Q1 2025 (in €)	Purchases Q1/ Plan 2025 (%)
Sustainability and energy transformation	9,757,700	48,240	0.5%
Quality and expansion of production	2,741,200	2,926,293	106.8%
Digitisation	665,000	69,643	10.5%
Other	6,673,300	1,193,282	17.9%
Total	**19,837,200**	**4,237,459**	**21.4%**

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.

Development of $BaSO_4$
Based on the developed concept of $BaSO_4$ precipitation from wastewater in a static mixing reactor, we prepared a conceptual technological project for production in PD 2. Due to unfavourable market conditions between the price of raw materials and the product, we are currently not pursuing activities to continue with the implementation of the detailed design for an industrial trial production of $BaSO_4$, which would serve as a larger sample for customers.

Waste acid processing
In Q1, we successfully carried out laboratory separation of TiO_2. A conceptual technology project is in preparation. We are continuing with the development task of preparing Fe oxalate, which was interrupted due to the departure of the task leader.

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. The investigation of the possibility of using red gypsum for the production of building materials such as green concrete, geopolymer, and noise-reducing panels has also yielded no positive results.

Treatment of wastewater from the KČN Tremerje plant
Discussions are underway for pilot testing of alternative ultra filtration – SiC membranes. We will examine other potential treatment techniques based on references researched from other possible suppliers. At the same time, we are also conducting the procedure for the adoption of a spatial plan for the location of the pipeline on the Tremerje–Cinkarna route.

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.

Introduction of lean manufacturing
In 2024, we upgraded the project task by covering new areas for each acquired TPM pillar. We started monitoring OEE on one process. We record losses at the process outputs and resolve them using lean methods. We extended independent maintenance to the entire White Part process.

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 will also have it certified by an independent external institution (Slovenian Institute of Quality and Metrology, SIQ) in 2025. The assessment will take place in early June.

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

6.4 Environmental management

For 2025, we set implementation targets in the areas of climate, pollution, water resources, biodiversity, resource use, and the circular economy.

In addition to the activities already described in projects for managing key business risks and development tasks in the field of reducing environmental impact, we also carried out the following:
- Optimisation of energy use at the Mozirje and Polimeri production sites;
- Activities to manage the potential risk of masterbatches falling under microplastics;
- Gradual improvement of energy efficiency by replacing old lighting with more efficient LED lighting;
- Preparatory activities for the installation of a 1 MW battery storage system with a capacity of 2.2 MWh;
- Gradual replacement of old electric motors with energy-efficient ones;
- Verification of legal/regulatory options for changing Cinkarna's electricity supply group (connection to collectors) with a view to reducing network charges;
- Continuation of the comprehensive water management project aimed at reducing fresh water consumption and sulphate concentrations in waste water (optimisation of thickener 54.40, obtaining documentation for the construction of a water intake at NZOO Bukovžlak for water return purposes, preparation of project documentation for the renovation of the DN 175 pipeline to Cinkarna, identification of new possibilities for internal water recycling in the process, technological solutions for reducing emissions in wastewater – TOC content);
- Procedures for obtaining documentation for a new pumping station for leachate from ONOB;
- Reduction of the amount of food waste and other organic waste;
- Electrification of the vehicle fleet.

We did not conduct any environmental inspections in the first quarter of the year. However, we did receive one complaint from the public. It concerned a foul odour.

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 wastewater from blue copper production. We checked the effectiveness of the treatment, implemented measures, and performed additional measurements to prove the adequacy of the discharge after the measures were implemented.

We received a decision on the successful completion of preliminary proceedings for changes to the sulphuric acid production plant (increase in acid production capacity, increase in the amount of sludge, increase in the operating pressure of steam produced on acid, installation of a steam condensation turbine and construction of a new steam pipeline, installation of a cooling tower for cooling) and Energy (installation of a device for removing silicon from demi water in water treatment). Several amendments were prepared at the request of MOPE to change the OVD for the installation of a CO_2 capture plant, a seventh centrifuge for white gypsum separation, the decommissioning of the A5-Metallurgy plant, the definition of the quantities of white and red gypsum, and corrections of irregularities in the OVD. In March, we received a decision on the amendment of the OVD for all the applications mentioned in the previous sentence. We sent an amendment to the existing Monitoring Program to MOPE, including a Program of Measures in case of exceeding the warning changes in groundwater parameters. 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 GZS and ZKI organisations 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. An external audit of the sustainability statement was also carried out.

All obligations for the re-acquisition of the POR certificate, which was awarded in January 2025, were fulfilled.

6.5 Safety and health

We did not record any serious accidents at work in the first three months. We dealt with six minor accidents, **one more** than in the same period last year.

We implement a system for identifying potential hazards and responding to near misses. We identified **42** potential hazards (40 PHs in the same period last year), which we are addressing on an ongoing basis. **One near miss was** reported. In production work environments, we conduct a "Minute for Safety" activity 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.

We pay great attention to fire safety. We have installed fire doors in business units PO, TiO_2, SRR and SK. The fire department conducted **one tactical exercise** in cooperation with the Celje Professional Fire Department (Maintenance and Energy – Hall B – construction workshop; SEVESO).

We participated in several meetings of the URSZR service to prepare for the "Earthquake 2025" exercise, which will take place on 24 May 2025 and will also include events within Cinkarna Celje, d. d.

We established a system for electronic recording and handling of potential hazards and extraordinary events.

We are preparing a revision of OP 183 for managing extraordinary events.

We had an inspection in the field of civil protection.

In the area of employee health care, **69** periodic and **14** follow-up medical examinations were performed.

We developed the Health Promotion Program for 2025. In accordance with this program, we carried out **four** activities (Prevention of heart and vascular diseases with an emphasis on risk factors; Early detection of cancer – presentation of the SVIT program and viewing of an inflatable model of the intestine, NIJZ; World Day for Safety and Health at Work – safe working conditions – publication; Sports Month in Celje – free sports activities – publication).

7 FINANCIAL STATEMENTS

7.1 Income statement

Income statement for the period 1 January to 31 March

	JAN-MAR 2025	JAN-MAR 2024
Revenue from contracts with buyers	**58,213,334**	**47,537,885**
- Revenue from contracts with domestic customers	4,115,435	3,766,938
- Revenue from contracts with foreign customers	54,097,898	43,770,947
Changes in the value of stocks of goods and work in progress	-2,245,383	-4,820,268
Capitalised own products and services	731,367	843,257
Cost of goods and materials sold	164,756	114,887
Cost of materials	30,418,667	25,955,640
Cost of services	4,650,375	4,168,780
Labour costs	9,410,943	8,305,849
a) Wages and salaries	6,334,048	5,768,221
b) Social security costs	461,331	441,014
c) Pension insurance costs	666,387	622,188
č) Other labour costs	1,949,177	1,474,426
Amortisation	3,631,364	3,320,393
Other operating income	196,754	101,205
Other operating expenses	561,238	438,978
Impairment and write-offs of trade receivables	162	59
Operating result	**8,058,567**	**1,357,493**
Financial income	175,014	294,882
Financial expenses	105,237	265
Financial result	**69,777**	**294,617**
Operating result before tax	**8,128,344**	**1,652,110**
Accrued tax	**1,788,236**	**363,464**
Deferred tax	**0**	**0**
Income tax	**1,788,236**	**363,464**
Net operating result for the period	**6,340,108**	**1,288,646**
Basic and diluted earnings per share	**0.78**	**0.16**

7.2 Statement of financial position of the Company

Statement of financial position of the Company

	31 March 2025	31 December 2024
ASSETS		
Non-current (long-term) assets		
Intangible assets	2,345,633	2,408,779
Tangible fixed assets	111,947,834	111,699,615
Land	9,533,547	9,551,633
Buildings	38,031,940	38,846,617
Manufacturing plants and machinery	50,330,512	52,831,132
Other machinery and equipment	41,588	41,538
Tangible fixed assets in construction and elaboration	12,726,989	8,731,586
Advances for the acquisition of tangible fixed assets	1,283,258	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	78,588	105,470
Deferred tax assets	1,462,488	1,462,488
Total non-current (long-term assets)	**117,121,867**	**116,963,678**
Current assets		
Assets held for sale	0	0
Inventories	48,445,526	58,969,428
Material	31,824,032	40,009,286
Work in progress	2,361,386	3,407,765
Products and merchandise	14,217,991	15,421,020
Advances for inventories	42,117	131,357
Assets under contracts with customers	0	0
Financial receivables	41,388,865	47,214,859
Trade receivables	40,899,939	30,243,586
Receivables from customers	38,396,018	27,100,674
Other receivables	2,503,921	3,142,911
Income tax receivable	0	0
Cash and cash equivalents	19,176,777	17,731,407
Other current assets	265,475	230,760
Total current assets	**150,176,582**	**154,390,040**
Total assets	**267,298,449**	**271,353,718**

Statement of financial position of the Company (cont.)

CAPITAL AND LIABILITIES	31 March 2025	31 December 2024
Owners' capital		
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Profit reserves	125,078,236	125,078,814
Statutory reserves	16,931,435	16,931,435
Reserves for own shares	5,646,727	5,646,149
Own shares	-5,646,727	-5,646,149
Other profit reserves	108,146,801	108,147,379
Fair value reserve	-1,650,342	-1,650,342
Retained earnings	29,433,366	23,093,258
Total capital	**217,376,006**	**211,036,476**
Non-current liabilities		
Provisions for employee benefits	3,709,052	3,748,722
Other provisions	14,288,420	14,302,270
Non-current deferred income	903,392	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	**18,900,865**	**18,924,572**
Current liabilities		
Liabilities included in disposal groups	0	0
Financial payables	18,298	29,915
Trade payables	22,038,998	36,124,537
Payables to suppliers	19,130,859	30,982,718
Other liabilities	2,908,139	5,141,818
Income tax liabilities	5,430,197	4,019,469
Liabilities under contracts with customers	174,315	0
Other current liabilities	3,359,771	1,218,750
Total current liabilities	**31,021,579**	**41,392,670**
Total liabilities	**49,922,444**	**60,317,242**
Total capital and liabilities	**267,298,449**	**271,353,718**

7.3 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				**578**	**-578**					**0**
Purchase of own shares				578	-578					**0**
Withdrawal of own shares										**0**
Payment of dividends										0
Total comprehensive income for the period									**6,340,108**	**6,340,108**
Entry of net profit or loss for the period									6,340,108	6,340,108
Other components of comprehensive income for the period										0
B3. Changes in equity						**-578**		**23,087,251**	**-23,087,251**	**-578**
Allocation of the residual part of net profit for the period to other components of capital										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						-578				-578
Closing balance of the period	**20,229,770**	**44,284,976**	**16,931,435**	**5,646,727**	**-5,646,727**	**108,146,801**	**-1,650,342**	**23,093,258**	**6,340,108**	**217,376,006**
DISTRIBUTABLE PROFIT								**23,093,258**	**6,340,108**	**29,433,366**

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 reserves	Reserves for own shares	Own shares	Other profit reserves		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								**25,008,384**		**25,008,384**
Purchase of own shares										**0**
Withdrawal of own shares										**0**
Payment of dividends								25,008,384		0
Total comprehensive income for the period									**1,288,646**	**1,288,646**
Entry of net profit or loss for the period									1,288,646	1,288,646
Other components of comprehensive income for the period										0
B3. Changes in equity								**6,326,704**	**-6,326,704**	**0**
Allocation of the residual part of net profit for the period to other components of capital										0
Allocation of part of reported net income to								6,326,704	-6,326,704	0
other components of capital as decided by management and supervisory bodies										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**	**102,652,061**	**-1,242,486**	**13,366,319**	**1,288,646**	**197,510,720**
DISTRIBUTABLE PROFIT								**13,366,319**	**1,288,646**	**14,654,965**

7.4 Cash flow statement for the period

Cash flow statement for the period from 1 January to 31 March

	JAN-MAR 2025	JAN-MAR 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating result before tax	**8,128,344**	**1,652,110**
Adjustments for:	**3,788,686**	**3,631,888**
Depreciation +	3,631,364	3,320,393
Profit/loss on sale of fixed assets	422	267
Impairment/write-down (reversal of impairment) of assets	100,812	1,531
Net increase/decrease in the valuation allowance for receivables	162	59
Net financial income/expenses	69,777	294,617
Formation of long-term provisions	0	103,864
Reversal of long-term provisions	-13,850	-88,843
Cash flow from operating activities before change in net current assets (working capital)	**-12,223,421**	**6,605,951**
Change in trade receivables	-10,656,353	-3,930,164
Change in other non-current and current assets	-34,715	94,545
Change in stocks	10,523,902	13,237,097
Change in trade payables	-13,984,227	-2,857,573
Change in provisions	-39,670	-153,916
Change in deferred income	29,813	168,927
Change in other current liabilities	2,141,021	87,673
Change in liabilities under contracts with buyers	174,315	260,782
Income tax paid	-377,507	-301,418
Net cash flow from operating activities	**-306,391**	**11,889,949**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	**175,436**	**215,319**
Income from interest earned	175,014	215,319
Income from disposal of tangible fixed assets	422	0
Expenditure on investments	**-4,237,459**	**12,867,463**
Expenditure on the acquisition of intangible assets	-32,968	-15,927
Expenditure on the acquisition of tangible fixed assets	-4,204,491	-2,143,526
Expenditure on the acquisition of financial investments	0	15,026,916
Net cash flow from investing	**-4,062,023**	**13,082,782**
Cash flows from financing activities		
Income from financing activities	**5,825,994**	**0**
Proceeds from increases in financial liabilities	5,825,994	0
Financing expenses	**-12,211**	**-25,101,148**
Expenditure on repayment of financial liabilities	-11,617	-92,499
Expenditure on interest paid	-15	-265
Expenditure on the purchase of own shares	-578	0
Expenditure on dividends and other profit-sharing	0	-25,008,384
Net cash flow from financing activities	**5,813,784**	**-25,101,148**
Closing balance of cash and cash equivalents	**19,176,777**	**15,559,388**
Net increase/decrease in cash and cash equivalents	**1,445,370**	**-128,417**
Opening balance of cash and cash equivalents (01/01)	**17,731,407**	**15,687,805**

7.5 Statement of other comprehensive income

Statement of other comprehensive income for the period from 1 January to 31 March

	JAN-MAR 2025	JAN-MAR 2024
Net profit	6,340,108	1,288,646
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)	**6,340,108**	**1,288,646**

8 NOTES TO FINANCIAL STATEMENTS

1 Reporting by segment

Sales by business segment

In €

	JAN-MAR 2025	JAN-MAR 2024
Titanium dioxide	47,931,987	38,583,657
- of which TiO_2 pigment	*46,862,134*	*37,737,096*
Varnishes, masters	4,321,034	4,247,737
Agro programme	4,804,439	3,429,382
Polymers	1,045,395	1,037,852
Other	110,478	239,256
TOTAL	**58,213,334**	**47,537,885**

Sales by regional segment

In €

	JAN-MAR 2025	JAN-MAR 2024
Slovenia	4,115,435	3,766,938
European Union	47,822,445	37,491,483
Third countries	4,320,693	5,078,034
Third countries – dollar market	1,954,760	1,201,429
TOTAL	**58,213,334**	**47,537,885**

Operating result by business segment

In €

	Titanium dioxide		Varnishes, masters		Agro programme		Polymers		Other		Total	
	31/3/2024	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/3/2025	31/3/2024	31/3/2025
Rev. from contr. with customers	38,583,657	47,931,987	4,247,737	4,321,034	3,429,382	4,804,439	1,037,852	1,045,395	239,256	110,479	**47,537,885**	**58,213,334**
Other operating income	26,148	73,808	6,624	7,217	3,892	8,500	67,838	118,852	839,960	719,744	**944,462**	**928,121**
Change in value of inventories	-3,751,921	-970,824	-401,961	-270,051	-539,538	-1,004,508	0	0	-126,848	0	**-4,820,268**	**-2,245,383**
Operating costs	-34,036,795	-40,152,563	-3,941,555	-3,822,304	-2,583,344	-3,120,833	-714,097	-865,585	-1,028,795	-876,220	**-42,304,587**	**-48,837,504**
Operating result	**821,089**	**6,882,408**	**-89,155**	**235,896**	**310,392**	**687,598**	**391,593**	**298,662**	**-76,427**	**-45,997**	**1,357,492**	**8,058,567**
Interest income											**215,225**	**175,014**
Other financial income											**79,657**	**0**
Interest expense											**265**	**709**
Other financial expenses											**0**	**104,527**
Financial result	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**294,617**	**69,778**
Income tax											**363,464**	**1,788,236**
Net profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,288,646**	**6,340,108**

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-MAR 2025	JAN-MAR 2024
Net revenues from contracts with customers of products and services	57,879,967	47,364,571
Net revenues from contracts with customers of merchandise and materials	333,367	173,314
TOTAL	**58,213,334**	**47,537,885**

3 Other operating income

In €

Income	JAN-MAR 2025	JAN-MAR 2024
Profit on sales and write-offs of assets	6,750	12,120
Revenue from refund claims	159,236	68,630
Compensation received	25,765	13,022
Income from previous years	4,995	6,824
Other income	7	609
TOTAL	**196,754**	**101,205**

4 Costs by natural type

In €

	JAN-MAR 2025	JAN-MAR 2024
Cost of materials	30,418,667	25,955,640
Cost of services	4,650,375	4,168,780
Purchase value of materials and goods sold	164,756	114,887
Other operating costs	561,238	438,978
TOTAL	**35,795,036**	**30,678,285**

5 Labour costs

In €

Labour costs	JAN-MAR 2025	JAN-MAR 2024
Salaries and allowances	6,334,048	5,768,221
Social security contributions	1,007,423	951,996
Expenses reimbursements and other staff compensation	1,949,177	1,474,426
Supplementary pension insurance	120,295	111,205
TOTAL	**9,410,943**	**8,305,849**

On 31 March 2025, the Company employed 722 people. The average number of employees was 723.

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-MAR 2025	JAN-MAR 2024
Depreciation and amortisation		
- intangible assets	96,114	76,450
- easements	18,086	18,086
- buildings	814,677	800,886
- production equipment	2,702,225	2,424,543
- other equipment	262	428
TOTAL	**3,631,364**	**3,320,392**

7 Operating expenses

<u>Operating expenses</u>

In €

Expenses	JAN-MAR 2025	JAN-MAR 2024
Purchase value of materials and goods sold	164,756	114,887
Cost of materials	30,418,667	25,955,640
Cost of services	4,650,375	4,168,780
Labour costs	9,410,943	8,305,849
Depreciation and amortisation	3,631,364	3,320,393
Other operating expenses	561,238	438,978
Impairment and write-offs of trade receivables	162	59
TOTAL	**48,837,504**	**42,304,586**

Other operating expenses

In €

Other operating expenses	JAN-MAR 2025	JAN-MAR 2024
Environmental fees and refunds	97,528	116,775
Awards to students and trainees	27,087	33,860
Building land use allowance	250,375	240,757
Revaluation of stocks of materials and goods	100,812	1,531
Loss on sale (disposal) of fixed assets	7,172	267
Other costs and expenses	78,264	45,788
TOTAL	**561,238**	**438,978**

8 Financial income and expenses

In €

Income	JAN-MAR 2025	JAN-MAR 2024
Net exchange differences	0	79,563
Interest income	175,014	215,319
Total financial income	**175,014**	**294,882**
Net exchange differences	-104,527	0
Interest expense	-709	-265
Total financial expenses	**-105,237**	**-265**
Net financial result	**69,777**	**294,617**

9 Income tax

The income tax expense at the effective tax rate of 22% amounts to EUR 1.8 million.

10 Intangible assets

In €

Intangible asset group for 2025	Acquisition value		Value adjustment		Undepreciated value	
	31/3/2025	31/12/2024	31/3/2025	31/12/2024	31/3/2025	31/12/2024
Property rights	5,708,114	5,690,758	4,675,107	4,630,393	1,033,006	1,060,366
Assets under acquisition	1,312,627	1,348,412	0	0	1,312,627	1,348,412
TOTAL	**7,020,741**	**7,039,170**	**4,675,107**	**4,630,393**	**2,345,633**	**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	
	31/3/2025	31/12/2024	31/3/2025	31/12/2024	31/3/2025	31/12/2024
Land	10,895,071	10,895,071	1,361,524	1,343,438	9,533,547	9,551,633
Buildings	131,641,160	131,641,160	93,609,220	92,794,543	38,031,940	38,846,617
Equipment	245,054,437	245,772,392	194,682,336	192,899,723	50,372,100	52,872,669
Assets under acquisition	12,726,989	8,731,586	0	0	12,726,989	8,731,586
Advances	1,283,258	1,697,110	0	0	1,283,258	1,697,110
TOTAL	**401,600,915**	**398,737,319**	**289,653,080**	**287,037,704**	**111,947,834**	**111,699,615**

The Company reviewed 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 31 March 2025.

12 Financial assets

In €

Non-current financial investments group for 2025	Acquisition value		Value adjustment		Fair value	
	31/3/2025	31/12/2024	31/3/2025	31/12/2024	31/3/2025	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 shares of Elektro Celje and Elektro Maribor are valued using the fair value model and represent less than 1% of the total shares of these companies.

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

13 Other non-current assets

In €

Other non-current assets group for 2025	Acquisition value		Value adjustment		Undepreciated value	
	31/3/2025	31/12/2024	31/3/2025	31/12/2024	31/3/2025	31/12/2024
Emission allowances	78,588	105,470	0	0	78,588	105,470
TOTAL	**78,588**	**105,470**	**0**	**0**	**78,588**	**105,470**

In 2025, the Company submitted 23,273 emission allowances to ARSO for CO_2 emissions for the 2024 financial year and returned 3,609 allowances based on a decision. The Company has not yet received allowances for the 2025 financial year.

14 Deferred tax assets and liabilities

In €

Description	31/3/2025	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	
	31/3/2025	31/12/2024	31/3/2025	31/12/2024	31/3/2025	31/12/2024
Current financial receivables – treasury bills	41,375,583	47,150,115	0	0	41,375,583	47,150,115
Fair value of derivative financial instruments	13,282	64,744	0	0	13,282	64,744
TOTAL	**41,388,865**	**47,214,859**	**0**	**0**	**41,388,865**	**47,214,859**

16 Inventories

In €

Inventories group	31/3/2025	31/12/2024	Recoverable amount
Material	31,824,032	40,009,286	31,824,032
Work in progress	2,361,386	3,407,765	2,361,386
Products	14,155,231	15,354,235	20,475,563
Merchandise	62,760	66,785	62,760
Advances made	42,117	131,357	42,117
TOTAL	**48,445,526**	**58,969,428**	**54,765,859**

Inventories are not pledged as collateral. Advances given represent funds provided for the purchase of raw materials and supplies. The net realisable value of inventories as at 31 March 2025 exceeds their carrying amount.

17 Trade receivables

Current trade receivables

In €

Receivables group for 2025	Receivables group for		Receivables group for		Receivables group for	
	31/3/2025	31/12/2024	31/3/2025	31/12/2024	31/3/2025	31/12/2024
Buyers in the country	4,301,072	2,157,838	273,233	273,233	4,027,839	1,884,604
Buyers abroad	34,731,898	25,408,800	363,719	363,719	34,368,179	25,045,081
Indirect exporters	0	170,989	0	0	0	170,989
TOTAL	**39,032,970**	**27,737,626**	**636,952**	**636,952**	**38,396,018**	**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 31/3/2025
Buyers in the country	273,233	0	0	0	0	273,233
Buyers abroad	363,720	0	0	0	0	363,720
TOTAL	**636,952**	**0**	**0**	**0**	**0**	**636,952**

Trade receivables by maturity by segment

In €

Trade receivables by maturity	Gross value 31/3/2025	Adjustment 31/3/2025	Gross value 31/12/2024	Adjustment 31/12/2024
Not past due	35,927,432	4,298	21,758,815	4,298
Past due up to 15 days	1,899,504	919	4,776,348	919
Past due from 16 to 60 days	406,489	440	402,918	440
Past due from 61 to 180 days	30,602	30,202	30,602	30,202
Past due more than 180 days	768,943	601,093	768,943	601,093
TOTAL	**39,032,970**	**636,952**	**27,737,626**	**636,952**

Other current receivables

In €

Receivables group	31/3/2025	31/12/2024
Receivables for VAT	2,340,554	2,697,649
Receivables from government institutions	6,047	2,990
Receivables from employees	4,850	6,297
Other receivables	152,471	435,975
TOTAL	**2,503,921**	**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	31/3/2025	31/12/2024
Cash in hand	30	30
Cash in accounts	9,619,195	9,218,478
Short-term deposits at call	9,039,794	8,040,374
Foreign currency balances on accounts	517,758	472,524
TOTAL	**19,176,777**	**17,731,407**

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

19 Other current assets

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

In €

Description	31/3/2025	31/12/2024
Prepaid expenses	264,280	179,975
VAT on advances received	1,195	2,100
Other	0	48,686
TOTAL	**265,475**	**230,760**

20 Owners' capital

In €

Capital items	31/3/2025	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	5,646,727	5,646,149
Own shares	-5,646,727	-5,646,149
Other profit reserves	108,146,801	108,147,379
Fair value reserve	-1,650,342	-1,650,342
Retained earnings	29,433,366	23,093,258
TOTAL CAPITAL	**217,376,006**	**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 31 March 2025, the share capital amounted to EUR 20,229,770.

As at 31 March 2025, the Company holds 298,404 treasury shares (3.7% of all shares). Based on the resolution of the 28th regular General Meeting of Shareholders of Cinkarna Celje, d. d. held on 19 June 2024, the Company acquired 33,754 treasury shares worth EUR 0.8 million in 2024 and 2025. In the first quarter of 2025, the Company acquired 20 treasury shares worth EUR 578.

	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**	**24.65**	**5,646,149**
Purchases in 2025	20	28.90	578
Balance as at 31 March 2025	**298,404**		**5,646,727**

21 Non-current liabilities

In €

Provisions and long-term accruals	31/3/2025	31/12/2024
Provisions for employee benefits	3,709,052	3,748,722
Provisions for the environment	14,288,420	14,302,270
Government grants received - emission allowances	78,588	78,675
Deferred income	824,805	794,904
TOTAL	**18,900,865**	**18,924,572**

Post-employment benefits of employees

In €

Post-employment benefits of employees	31/3/2025	31/12/2024
Provisions for severance payments	2,926,898	2,947,434
Provisions for jubilee awards	782,154	801,288
TOTAL	**3,709,052**	**3,748,722**

In €

Post-employment benefits of employees 2025	31/12/2024	Designated use	31/3/2025
Provisions for severance payments	2,947,434	20,536	2,926,898
Provisions for jubilee awards	801,288	19,134	782,154
TOTAL	**3,748,722**	**39,670**	**3,709,052**

Provisions

In €

Provisions for the environment 2024	As at 31/12/2024	Annual plan for designated use 2025	Use 2025	As at 31/3/2025
Provisions for the Za Travnikom landfill site	1,937,448	922,000	12,680	1,924,768
Provisions for the Bukovžlak landfill site (ONOB)	8,586,266	1,410,000	1,170	8,585,096
Provisions for the Bukovžlak high embankment barrier	1,811,864	133,000	0	1,811,864
Environmental provisions - Environmental investment in TiO_2 production	1,966,691	0	0	1,966,691
TOTAL	**14,302,270**	**2,465,000**	**13,850**	**14,288,420**

The use of environmental provisions in 2025 represents the costs incurred by contractors for work performed in the amount of EUR 13,850.

Deferred income

In €

Deferred income	31/3/2025	31/12/2024
Funds received from the EU Fund	35,341	35,341
Emission allowances	78,588	78,675
Photovoltaic subsidies	789,463	759,562
TOTAL	**903,392**	**873,579**

22 Current financial liabilities

In €

Liabilities group	31/3/2025	31/12/2024
Current financial liabilities – assignments, cessions	18,298	29,915
TOTAL	**18,298**	**29,915**

23 Current trade payables

In €

Liabilities group	31/3/2025	31/12/2024
Current payables to in-country suppliers	13,067,475	13,112,651
Current payables to suppliers abroad	5,802,050	17,830,038
Current payables for unbilled goods and services	261,334	40,029
Current payables against advances	313,720	749,351
Current payables to employees	1,462,655	2,508,986
Current payables for payer's contributions	818,728	1,288,315
Current payables to government and other institutions	301,261	559,614
Other current liabilities	11,774	35,553
TOTAL	**22,038,998**	**36,124,537**

24 Income tax liabilities

In €

Income tax	31/3/2025	31/12/2024
Current liabilities for income tax	5,430,197	4,019,469
TOTAL	**5,430,197**	**4,019,469**

25 Liabilities under contracts with customers

In €

Liabilities under contracts with customers	31/3/2025	31/12/2024
Liabilities under contracts with customers	174,315	0
TOTAL	**174,315**	**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	31/3/2025	31/12/2024
Calculated unused entitlement to annual leave	851,641	851,641
Accrued costs	2,382,693	277,173
VAT on advances made	39,257	2,100
European funds received	86,180	86,180
Other	0	1,656
TOTAL	**3,359,771**	**1,218,750**

27 Contingent assets and liabilities

In €

Description	31/3/2025	31/12/2024
Guarantees given	2,131,657	2,131,657
Futures	1,251,576	3,966,896
VISA and Mastercard payment cards	60,000	60,000
Material in finishing and processing	59,726	59,726
TOTAL	**3,502,958**	**6,218,279**

28 Fair value

In €

	31/3/2025		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	41,388,865	41,388,865	47,214,859	47,214,859
Trade receivables	38,396,018	38,396,018	27,100,674	27,100,674
Cash and cash equivalents	19,176,777	19,176,777	17,731,407	17,731,407
Financial liabilities	-18,298	-18,298	-29,915	-29,915
Payables to suppliers	-19,130,859	-19,130,859	-30,982,718	-30,982,718
Liabilities under contracts with customers	-174,315	-174,315	0	0
TOTAL	**80,925,512**	**80,925,512**	**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	31/3/2025				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	0	0	41,388,865	41,388,865	0	0	47,214,859	47,214,859
Trade receivables	0	0	38,396,018	38,396,018	0	0	27,100,674	27,100,674
Cash and cash equivalents	0	0	19,176,777	19,176,777	0	0	17,731,407	17,731,407
Total assets for which fair value is disclosed	**0**	**0**	**98,961,660**	**98,961,660**	**0**	**0**	**92,046,940**	**92,046,940**
Total	**0**	**1,287,325**	**98,961,660**	**100,248,984**	**0**	**1,287,325**	**92,046,940**	**93,334,265**

In €

Fair value of liabilities	31/3/2025				31/12/2024			
	Group 1	Group 2	Group 3	Total	Group 1	Group 2	Group 3	Total
Financial liabilities	0	0	18,298	18,298	0	0	29,915	29,915
Payables to suppliers	0	0	19,130,859	19,130,859	0	0	30,982,718	30,982,718
Liabilities under contracts with customers	0	0	174,315	174,315	0	0	0	0
Total liabilities for which fair value is disclosed	**0**	**0**	**19,323,472**	**19,323,472**	**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 31 March 2025 and 31 December 2024. It is prepared using the indirect method based on the statement of financial position as at 31 December of the reporting year and the statement of financial position as at 31 December 2024, as well as additional information necessary to adjust income and expenses, and to appropriately classify significant items. Theoretically possible items are not shown, and values are reported 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.

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 deposit agreements with positive interest rates with banks in order to increase its financial income. As of the balance sheet date of 31 March 2025, deposits amounted to EUR 9 million. Also, to make the most of its extra cash, the Company is putting it into short-term treasury bills, which totalled EUR 41.3 million as of 31 March 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, d. d., 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	31/3/2025	31/12/2024
Financial assets at fair value through other comprehensive income	3	1,287,325	1,287,325
Financial receivables	7	41,388,865	47,214,859
Trade receivables	8	38,396,018	27,100,674
Cash and cash equivalents	9	19,176,777	17,731,407
TOTAL		**100,248,985**	**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 €

	31/3/2025		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	41,388,865	0	47,214,859	0
Trade receivables	36,983,887	1,496,447	26,086,389	1,059,110
Cash and cash equivalents	19,176,777	0	17,731,407	0
Current financial liabilities	-18,298	0	-29,915	0
Current trade payables	-18,289,152	-889,355	-17,429,009	-14,177,564
Exposure in the statement of financial position (net)	**80,529,404**	**607,092**	**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 31 March and 31 December, and is equal to the reference rate of the European Central Bank, which is the number of one national currency for 1 euro as at 31 March 2025 of 1.0815, and as at 31 December 2024 of 1.0389.

Sensitivity analysis

A 1% change in the value of the USD against the EUR on 31 March 2025 or 31 December 2024 would change the operating result before taxes 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.

In €

	31/3/2025		31/12/2024	
USD currency change	1%	-1%	1%	-1%
Impact on operating result before tax	5,558	-5,558	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. aims to manage and adjust 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 program. There were no changes in the method of capital management in 2024. Cinkarna Celje, d. d. uses the financial leverage ratio to monitor its capital, which shows the ratio of net debt to equity and total net debt. Net debt includes financial and operating liabilities, less cash and cash equivalents and financial receivables (bills of exchange).

In €

	31/3/2025	31/12/2024
Financial liabilities	18,298	29,915
Trade and other current liabilities	25,398,769	37,343,286
Cash and cash equivalents	-60,552,360	-64,881,522
Net indebtedness	**-35,135,293**	**-27,508,321**
Capital	217,376,006	211,036,476
Financial leverage ratio	**-19%**	**-15%**

9 SIGNIFICANT EVENTS THAT OCCURRED 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 31 March 2025.