

## PROPOSAL OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD ON THE APPROPRIATION OF THE BALANCE SHEET PROFIT FOR 2021

Celje, 12 April 2022

<b>PROPOSAL ON THE USE OF THE 2021 BALANCE SHEET PROFIT</b>	
<b>Balance sheet profit</b>	<b>25,006,577</b>
- Dividends (21.00 EUR/s)	16,411,752
- Director's remuneration	/
- Retained profits from previous periods	8,594,825
- Increase in other revenue reserves	/

**Explanation of the proposal on the use of the balance sheet profit of 2021:** In the preparation phase of the business plan for the 2022 financial year, due to very uncertain conditions in the international economy, especially in the field of raw materials and energy, and fluctuations in demand and pressure on prices in the titanium dioxide pigment industry, we planned to realise net profit in the amount of EUR 20.1 million (realised net profit in 2021 amounted to EUR 33.3 million), which is a 40% planned decline.

The situation in the first quarter of 2022 is extremely uncertain due to the further deterioration of the situation in supply chains and the consequent rising prices of strategic raw materials and energy sources. The war in Ukraine also adds a further dose of uncertainty. We expect volatility to increase significantly, both in the area of product demand and in the area of raw material procurement. We face great risks in the field of supply of strategic raw materials, where shortages of certain types of raw materials and energy sources are not excluded, which can mean an extraordinary increase in prices or even an inability to supply and the associated risk of stopping production. Regardless of the good first business estimates in the first quarter of 2022, we estimate that it will not be possible to balance the effect of increased purchase prices with a change in sales prices in all periods of the year, so we can expect a decrease in realised sales margins.

In accordance with the described situation in the business environment, the Management Board proposes the payment of dividends in the amount of EUR 16.4 million or EUR 21.00 per share. The total value of the dividend payment would reach 49.4% of the generated net profit or loss in 2021.

The Management Board believes that the proposed distribution of the balance sheet profit adequately reflects the company's business performance, provides above-average dividend yield compared to other companies in the industry, and represents a responsible response to greatly increased business risks due to unstable conditions in the procurement of strategic raw materials and energy products. The present proposal on the allocation of the balance sheet profit also helps to build the appropriate amount of capital of the company needed to start a new cycle of investment activities.

The difference in the balance sheet profit of EUR 8.6 million is carried forward as retained profits to the next financial year.

Chairman of the Management Board  
Cinkarna Celje, d. d.

Chairman of the Supervisory Board  
Cinkarna Celje, d. d.