

UNAUDITED FINANCIAL STATEMENTS FOR 2019 & SUPERVISORY BOARD RESOLUTION

Celje on: 11 March 2020

In accordance with Article 17 of the EU Regulation 596/2014 (Regulation MAR) and Article 158 of ZTFI-1, we publish unaudited financial statements for 2019, which were discussed at the meeting of the Supervisory Board of the company on 10 March 2020.

The unaudited financial statements for the year will be published on the company's official website www.cinkarna.si on 11 March 2020 and will be available for at least ten years. We will forward the unaudited financial statements and balance sheets to the Agency of the Republic of Slovenia for Public Legal Records and Related Services on 11 March 2020.

A brief comment by the Management Board

Despite the uncertainty of the global economy, the business operation in 2019 was extremely successful. The results achieved are undoubtedly one of the best in Cinkarna history. The most important reason for going beyond the plan and last year's sales is the changed market balance in the titanium dioxide industry, which still allows us to achieve high profit rates. Simultaneously with closing down the line of unprofitable titanium-zinc sheets and the line of construction products, we also significantly improved the structure of business programs and improved the internal efficiency of the entire system operation.

The management estimates that the company's operations are objectively very successful and significantly above expectations. Industry comparisons and periodic result analyses made show that in 2019 Cinkarna Celje, d.d. improved its position among companies in the titanium dioxide pigment industry. The performance of competitors in 2019 has deteriorated on average, and Cinkarna Celje, d.d., in terms of both absolute and relative comparisons, is positively deviating from the industry average and is consolidating its position among the most successful players. Net profit in 2019 reached a high of € 21.7 million. This performance is 29% lower than the € 30.6 million achieved in 2018. With realised net profit, we achieved almost double the plan for 2019 (€ 11.1 million in profit).

From the last trading day in 2018 to the last trading day in 2019, the value of shares of Cinkarna Celje, d.d. on the Ljubljana Stock Exchange entry listing increased from 181 €/share to 188 €/share, or by 4%. The share gained in value until the dividend cut-off day in early June. Before dividend payment, the value of the share decreased by 14% and remained in the range between € 180/share and € 200/share until the end of the year. During the period under review, the value of the SBI TOP index increased by 15%. In 2019, the Company paid EUR 22.8 million in dividends (6% more than the year before), which equates to a gross € 28.27 of dividend/share. The dividend yield on the day of the General Meeting resolution was extremely high, 14.14%, and is again among the highest in the titanium dioxide pigment industry.

In 2019, the investment amounted to just under 50% of the assets invested in the year before, exceeding the planned value by 6.3%. The bulk of the funds were intended for the modernisation, stabilisation and improvement of the quality of our products, environmental protection projects and occupational safety and health. Part of the funds were also spent on updating and ensuring the legal compliance of the devices and infrastructure.

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Balance Sheet

	in EUR		
	31 Dec 2019	31 Dec 2018	Index 19/18
ASSETS	207,750,799	213,954,012	97
A. Non-current assets	107,290,529	107,594,140	100
I. Intangible assets and long-term deferred costs and accrued revenues	1,236,811	1,424,728	87
1. Long-term property rights	1,195,343	1,411,819	85
5. Other Long-term deferred costs and accrued revenues	41,468	12,909	321
II. Tangible fixed assets (Property, plant and equipment)	103,298,508	102,660,428	101
1a. Land	9,821,534	9,857,976	100
1b. Buildings	42,230,411	42,073,048	100
2. Production plants and machinery	32,446,320	35,631,444	91
3. Other plant and equipment	56,214	42,475	132
4a. Property, plant and equipment under construction and in production	18,586,034	14,461,532	129
4b. Advances for acquisition of property, plant and equipment	157,995	593,952	27
IV. Long-term financial investments	950,363	950,363	100
1a. Other shares and interest	950,363	950,363	100
VI. Deferred tax assets	1,804,846	2,558,621	71
B. Current assets	100,127,000	106,067,370	94
II. Inventories	40,992,387	46,067,012	89
1. Material	24,636,886	26,042,456	95
2. Work in progress	2,297,051	2,483,963	92
3. Products and merchandise	13,908,165	17,523,906	79
4. Advances for inventories	150,285	16,687	901
III. Short-term financial investments	360,650	247,681	146
1. Short-term financial investments, excluding loans	160,650	47,681	337
1c. Other short-term financial investments	160,650	47,681	337
2. Short-term loans	200,000	200,000	100
2b. Short-term loans to others	200,000	200,000	100
IV. Short-term operating receivables	27,075,722	26,269,282	103
2. Short-term trade receivables	23,948,700	24,357,937	98
3. Short-term operating receivables due from others	3,127,022	1,911,345	164
V. Cash	31,698,242	33,483,395	95
C. Short-term deferred costs and accrued revenues	333,270	292,502	114

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	in EUR		
	31 Dec 2019	31 Dec 2018	Index 19/18
EQUITY AND LIABILITIES	207,750,799	213,954,012	97
A. Equity	171,115,998	173,925,466	98
I. Called-up capital	20,229,770	20,396,244	99
1. Share capital	20,229,770	20,396,244	99
II. Capital surplus	44,284,976	44,284,976	100
III. Revenue reserves	91,657,545	88,068,917	104
1. Legal reserves	16,931,435	16,931,435	100
2. Reserves for treasury shares	1,992,963	1,364,106	146
3. Treasury shares	-1,992,963	-1,364,106	146
5. Other revenue reserves	74,726,109	71,137,482	105
V. Fair-value reserves	-1,069,849	-1,666,698	64
VI. Retained net profit/accumulated loss	-231,793	-76,610	303
VII. Net profit or loss for the year	16,245,349	22,918,637	71
B. Provisions and long-term accrued costs and deferred revenues	21,748,627	27,763,293	78
1. Provisions for pensions and similar liabilities	3,659,190	3,811,723	96
2. Other provisions	17,811,104	23,439,296	76
3. Long-term accrued costs and deferred revenues	278,333	512,274	54
Č. Short-term liabilities	13,991,310	11,407,422	123
II. Short-term financial liabilities	44,594	70,677	63
1. Other short-term financial liabilities	44,594	70,677	63
III. Short-term operating liabilities	13,946,716	11,336,745	123
1. Short-term trade payables	9,483,325	8,683,609	109
2. Short-term operating liabilities from advances	407,013	27,428	1484
3. Other short-term operating liabilities	4,056,377	2,625,708	154
D. Short-term accrued costs and deferred revenues	894,864	857,831	104

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Income statement for the period from 1 January to 31 december

in EUR

	YEAR 2019	YEAR 2018	Index 19/18
1. Net sales revenues	172,586,979	163,960,861	105
- Net sales revenues generated on the domestic market	18,818,634	21,624,294	87
- Net sales revenues generated on the international market	153,768,345	142,336,567	108
2. Change in the value of inventories of products and work-in-progress	-3,771,053	11,756,418	-32
3. Capitalised own products and own services	2,827,629	3,447,628	82
4. Other operating revenues (including revaluation operating revenue)	6,055,956	2,994,660	202
5. Cost of goods, materials and services	108,285,638	102,004,714	106
a) Cost of goods and materials sold and cost of materials used	93,494,697	88,012,639	106
b) Costs of services	14,790,940	13,992,075	106
6. Labour costs	30,856,980	30,082,256	103
a) Costs of salaries	20,658,999	23,052,938	90
b) Social security costs	1,728,898	1,828,849	95
c) Pension insurance costs	2,476,747	2,469,281	100
č) Other labour costs	5,992,337	2,731,188	219
7. Write-downs in value	11,287,681	12,390,336	91
a) Depreciation and amortisation	10,859,864	12,172,175	89
b) Revaluation operating expenses associated with intangible assets and property, plant and equipment	3,624	49,456	7
c) Revaluation operating expenses associated with current assets	424,193	168,705	251
8. Other operating expenses	1,261,925	1,273,775	99
Operating profit or loss	26,007,287	36,408,486	71
9. Finance income from participating interests	44,228	44,152	100
č) Financial revenues from other investments	44,228	44,152	100
10. Financial revenues from loans granted	16,021	21,956	73
b) Financial revenues from loans given to others	16,021	21,956	73
11. Financial revenues from operating receivables	414,089	486,550	85
b) Finance income from operating receivables due from others	414,089	486,550	85
12. Finance expenses from impairment and write-off of financial assets	0	0	-
13. Financial expenses from financial liabilities	85,764	74,726	115
č) Financial expenses from other financial liabilities	85,764	74,726	115
14. Financial expenses from operating liabilities	378,979	917,405	41
b) Finance expenses from trade payables and bills payable	218,599	494,350	44
c) Financial expenses from other operating liabilities	160,380	423,055	38
15. Other income	28,872	66,988	43
16. Other expenses	63,230	12,346	512
Profit/loss before tax	25,982,523	36,023,655	72
17. Corporate Income tax	3,568,283	5,375,584	66
18. Deferred taxes	-753,775	-89,888	839
19. Net profit or loss for the accounting period	21,660,465	30,558,183	71
Basic earnings per share ¹	26.81	37.51	71
Diluted earnings per share ²	26.81	37.51	71

¹ Net profit / number of all shares

² All shares are ordinary, freely transferable and of the same class

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**Statement of Other Comprehensive Income for the Period from 1 January to
31 December.**

in EUR				
		YEAR 2019	YEAR 2018	Index 19/18
19.	Net profit or loss for the period	21,660,465	30,558,183	71
23.	Other components of comprehensive income	596,849	-401,421	-
24.	Total comprehensive income for the period (19+23)	22,257,314	30,156,762	74

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Statement of Changes in Equity and Determination of Accumulated Profit

in EUR

Statement of changes in equity for 2019	Share capital	Capital surplus	Revenue reserves				Fair value reserve	Retained earnings	Net profit or loss for the year	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares	Other revenue reserves				
			III/1	III/2	III/3	III/5				
	I/1	II	III/1	III/2	III/3	III/5	V	VI	VII/1	VIII
A2. Opening balance for the period	20,396,244	44,284,976	16,931,435	1,364,106	-1,364,106	71,137,482	-1,666,698	-76,610	22,918,637	173,925,467
B1. Changes in equity - transactions with owners				628,857	-628,857			22,841,510		22,841,510
d) Purchase of treasury shares				1,992,963	-1,992,963					0
e) Withdrawal of treasury shares				-1,364,106	1,364,106					
g) Dividend distribution								22,841,510		22,841,510
B2. Total comprehensive income for the reporting period							596,849	-155,182	21,660,465	22,102,132
a) Entry of net profit or loss for the reporting period									21,660,465	21,660,465
c) Change in surplus from revaluation of termination benefits							596,849	-155,182		441,667
B3. Changes in equity	-166,474					3,558,627		22,841,509	-28,333,754	-2,070,092
a) Allocation of the remaining net profit for the period to other equity components								22,841,509	-28,333,754	-77,129
b) Allocation of the remaining net profit for the period to other equity components according to resolution of management and										-1,992,963
d) Reserve formation for treasury shares	-166,474					166,474				0
C. Closing balance for the period	20,229,770	44,284,976	16,931,435	1,992,963	-1,992,963	74,726,109	-1,069,849	-231,793	16,245,348	171,115,997
ACCUMULATED PROFIT								-231,793	16,245,348	16,013,554

in EUR

Statement of changes in equity for 2018	Share capital	Capital surplus	Revenue reserves				Fair value reserve	Retained earnings	Net profit or loss for the year	Total capital
			Legal reserves	Reserves for treasury shares	Treasury shares	Other revenue reserves				
			III/1	III/2	III/3	III/5				
	I/1	II	III/1	III/2	III/3	III/5	V	VI	VII/1	VIII
A2. Opening balance for the period	20,396,244	44,284,976	16,931,435	238,926	-238,926	64,623,116	-1,265,277	-23,965	21,573,973	166,520,502
B1. Changes in equity - transactions with owners				1,125,177	-1,125,177			21,546,890		21,546,890
d) Purchase of treasury shares				1,125,177	-1,125,177					0
g) Dividend distribution								21,546,890		21,546,890
B2. Total comprehensive income for the reporting period							-401,421	-79,728	30,558,183	30,077,034
a) Entry of net profit or loss for the reporting period									30,558,183	30,558,183
c) Change in surplus from revaluation of termination benefits							-401,421	-79,728		-481,149
B3. Changes in equity						6,514,366		21,573,973	-29,213,519	-1,125,180
b) Allocation of the remaining net profit for the period to other equity components according to resolution of management and								21,573,973	-29,213,519	0
d) Reserve formation for treasury shares						-1,125,180				-1,125,180
C. Closing balance for the period	20,396,244	44,284,976	16,931,435	1,364,103	-1,364,103	71,137,482	-1,666,698	-76,610	22,918,637	173,925,466
ACCUMULATED PROFIT								-76,610	22,918,637	22,842,027

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Cash Flow Statement

in EUR

	YEAR 2019	YEAR 2018	Index 19/18
A. CASH FLOWS FROM OPERATING ACTIVITIES			
a) Net profit or loss	21,660,465	30,558,183	71
Profit/loss before tax	25,982,523	36,023,655	72
Corporate income taxes and other taxes, not included in operating expenses	4,322,058	5,465,472	79
b) Adjustments for	10,221,311	12,021,293	85
Amortisation and depreciation +	10,859,864	12,172,175	89
Revaluation operating revenues -	1,235,960	302,935	408
Revaluation operating expenses +	657,655	218,161	301
Finance income excluding that from operating receivables -	60,248	66,108	91
c) Change in net current assets (and accruals and deferrals, provisions, deferred tax assets) of business items BS	2,221,420	-8,381,235	-
Opening less closing operating receivables	-349,158	9,951,884	-
Opening less closing deferred costs and accrued revenues	-40,768	66,001	-
Opening less closing deferred tax assets	753,775	89,888	839
Opening less closing inventories	4,628,384	-4,887,946	-
Closing less opening operating debts	2,609,971	-12,413,074	-
Closing less opening accrued costs and deferred revenues, and provisions	-5,380,784	-1,188,088	453
č) Net cash flow from operating activities (a+b+c)	34,103,196	34,198,241	100
B. CASH FLOWS FROM INVESTING ACTIVITIES			
a) Receipts from investing activities	1,296,208	369,043	351
Receipts from interest and profit participations in other entities pertaining to investing activities	60,248	66,108	91
Receipts from disposal of intangible assets and deferred costs and accrued revenues	0	0	-
Receipts from disposal of property, plant and equipment	1,235,960	302,935	408
Receipts from the disposal of long-term financial investments	0	0	-
b) Disbursements for investing activities	12,316,648	22,855,982	54
Disbursements for the acquisition of intangible assets	55,089	112,047	49
Disbursements for acquisition of property, plant and equipment	11,900,909	22,496,254	53
Disbursements for acquisition of financial assets	360,650	247,681	146
c) Net cash flow from investing activities (a-b) or (b-a)	-11,020,440	-22,486,939	49
C. CASH FLOWS FROM FINANCING ACTIVITIES			
b) Disbursements for financing activities	24,867,909	22,679,322	110
Disbursements for repayment of financial liabilities	26,083	6,896	378
Disbursements for acquisition of treasury shares	1,992,963	1,125,180	177
Disbursements for dividends and other profit distributions	22,848,863	21,547,246	106
c) Net cash flow from financing activities (a-b) or (b-a)	-24,867,909	-22,679,322	110
Č. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	31,698,242	33,483,395	95
x) Cash flow for the period (sum total of items Ač, Bc and Cc)	-1,785,153	-10,968,020	16
y) Opening balance of cash and cash equivalents as at 1 Jan	33,483,395	44,451,415	75

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Celje on: 11 March 2020

SUPERVISORY BOARD RESOLUTION

The Supervisory Board held its meeting on the 10 March 2020 when it informed of the unaudited financial statements and the unaudited business report of Cinkarna Celje, d.d. for 2019.

CINKARNA CELJE, d. d.
Management Board