Metalurško-kemična industrija Celje, d. d.
Kidričeva 26, SI-3001 Celje, Slovenia

UNAUDITED REPORT ON CINKARNA CELJE'S PERFORMANCE FOR THE PERIOD JANUARY-MARCH 2024

Celje, May 2024

INDEX

SELECTION OF THE MOST IMPORTANT DATA

OPERATIONS in € 000	I-III 2024	I-III 2023	2023	2022
Turnover	47,538	50,034	176,464	227,153,12
Operating profit (EBIT)[1]	1,358	4,662	12,723	53,175,64
Operating profit plus depreciation and amortisation (EBITDA)[2]	4,678	7,915	25,078	65,326,33
Net profit	1,289	3,801	12,653	43,396,47
Non-current assets (end of period)	113,740	107,712	114,523	108,559,53
Current assets (end of period)	120,774	153,956	145,393	142,388,47
Equity (end of period)	197,511	212,811	221,230	209,010,15
Non-current liabilities (end of period)	18,859	18,640	18,844	18,831,72
Current liabilities (end of period)	18,144	30,217	19,841	23,106,14
Investments	2,159	2,070	19,825	10,546,5
INDICATORS				
EBIT as a percentage of turnover	0.03	0.09	0.07	0.23
EBITDA as a percentage of turnover	0.10	0.16	0.14	0.29
Net profit as a percentage of turnover (ROS)	2.71	7.60	7.17	19.11
Return on equity (ROE)[3]	0.62	1.80	5.88	21.74
Return on assets (ROA)[4]	0.52	1.48	4.95	17.61
Value added per employee [5]	18,765	22,889	80,305	131,431
NUMBER OF EMPLOYEES				
End of year/period	724	757	742	775
Average at end of year/period	728	762	754	776
SHARE INFORMATION *				
Total number of shares	8,079,770	8,079,770	8,079,770	8,079,770
Number of own shares	264,650	264,650	264,650	264,650
Number of shareholders	2,739	2,439	2,651	2,321
Earnings per share in €[6]	0.16	0.47	1.57	5.37
Dividend yield[7]	13%	n/a	n/a	10 %
Gross dividend per share in €	3.20	n/a	n/a	3.19
Share price at end of period in €	21.50	28.80	20.50	23.00
Book value per share in €[8]	24.45	26.34	27.38	25.87
Market capitalisation (end of period)	173,175	232,697	165,635	185,834,71

* Share split recalculated for previous periods

[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.

Focusing on our core titanium dioxide pigment programme and rationalising our portfolio of strategic business areas are key building blocks of our business performance. Titanium dioxide pigment is our most important product and is an indispensable raw material in the modern world, and we are committed to further developing and continuously improving the quality of titanium dioxide pigment and exploring its use in sustainable applications.

First quarter sales were 5% lower than in the comparable period last year, mainly due to lower average selling prices for titanium dioxide pigment. Demand for pigment, however, improved on the back of restocking and congestion in the Red Sea. The consideration of possible anti-dumping measures is encouraging some European buyers to consider changing their purchasing strategies.

We estimate that the achieved operating results exceed the forecasts for the period. Cinkarna Celje d.d. is a relatively small pigment producer, so we face market conditions and changes as a typical follower, but of course we try to make the most of the market potentials within the given frameworks, in terms of both level and time dynamics.

Euro area sentiment indicators are improving but remain weak. Economic activity is expected to gradually strengthen towards the end of the year. The latter will be influenced by a further gradual decline in inflation, low unemployment and strengthening private consumption. Changes in forecasts and scenarios will be largely linked to developments in the conflicts in the Middle East and Ukraine.

The macroeconomic situation mentioned above in the context of the specific markets and products of Cinkarna Celje means that we are facing a gradual improvement in demand. Although sales prices at the end of March are lower than at the beginning of the year, they are expected to improve in the next quarter.

The prices of some key raw materials remain at high levels or are only marginally decreasing, which will result in a similar profit margin as would have been achieved in 2023, not taking in to account energy aid. As a result of these facts, we also formulated our plan for 2024, taking into account the underperformance and the increased capital expenditure in the energy and sustainability transformation. For the second quarter of 2024, we anticipate an increase in the average selling price and an improvement in the margin compared to the first quarter. Events in the second half of the year will mainly be marked by the decision of the European Commission regarding the anti-dumping procedure. The introduction of significant additional tariffs may lead to an improvement in the margins of European producers.

During the period under review, we generated sales revenues of €47.5 million, down 5% compared to 2023. Total exports during the period under review amounted to €43.8 million, down 2% compared to the same period of the previous year. The net profit amounted to €1.3 million, 66% lower than the €3.8 million achieved in the corresponding period of the previous year. Operating profit plus depreciation and amortisation, or EBITDA, amounted to €4.7 million, representing 10% of sales. Compared to the previous year, EBITDA is down 41%.

In the area of employee relations and human resources management, we are focusing on optimising the organisational structure, with the aim of ensuring the smooth operation of the company and, as a result, the conditions for maximum safety and health for our employees. We follow the principle of a positive and motivating remuneration policy and ensure an appropriate level of employee satisfaction and motivation. At the same time, we are introducing IT support to develop competences and improve the organisational climate. At the end of the year, we presented a project to the social partners to renew the competency and pay model. The aim of the latter is a modern system that will be co-designed by employees and will provide the basis for the company's future growth.

In Q1 2024, we spent €2.2 million on investments, fixed asset purchases and replacement equipment. We invest in programmes that show growth potential. Our investments in production are primarily aimed at reducing operating costs, ensuring profitable volumes of volume production, achieving higher quality, regulatory compliance and energy sustainability.

Our development activity follows a five-year strategy. Development activities were carried out in response to perceived opportunities in areas of our expertise, trends and customer expectations.

We have a number of interlinked projects to manage spatial and environmental risks in a comprehensive way. The most important of these are the alternative water supply project, the harmonisation of the zoning acts at the Za Travnikom Red Gypsum Filling Plant, the remediation of the Bukovžlak Non-Hazardous Waste Disposal Site (ONOB), and ensuring the stability of barrier bodies.

All our activities are planned and implemented with the principles of sustainable development and the circular economy in mind. In the context of ensuring the sustainable development of titanium dioxide production, we continued the integrated water management and waste acid recovery projects and focused on the red gypsum valuation project. We also set up and implemented new activities in the areas of carbon footprint reduction, use of renewable energy and re-use of materials. We are updating last year's draft ESG strategy with the requirements of the ESRS standard and preparing for 2024 reporting under the CSRD within the sustainability team.

The following sections of the report provide more detailed information by business area, as well as an overview of the Company's financial position and performance.

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 adequate resources to continue as a going concern in the future and, therefore, the financial statements of the Company are prepared on the going concern basis.

The Management Board's responsibility for the preparation of the financial statements includes the following:

- Accounting policies are appropriately selected and consistently applied;
- Judgements and estimates are reasonable and prudent;
- The financial statements are prepared in accordance with IFRS as adopted by the European Union, and any departures 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 period January-March 2024 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 report of Cinkarna Celje d.d. for the period January-March 2024 is prepared in accordance with International Financial Reporting Standards as adopted by the EU and that it gives 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 22 April 2024.

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 2024 are 5% below the sales achieved in the comparable period in 2023. The total amount of sales or net turnover reached €47.5 million.

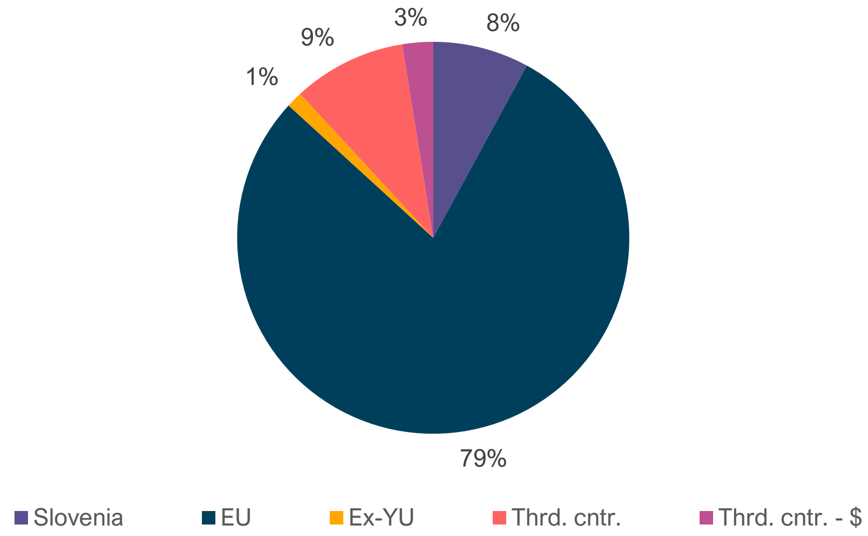
1.1 Sales by regional section

Total sales to foreign markets decreased by 2% compared to the previous year. The decrease in sales to foreign markets is undoubtedly due to lower pigment prices.

Sales by regional section

	2023	2024	ΔPY%
Slovenia	5,329,218	3,766,938	-29
EU	36,678,416	37,491,483	+2
Ex YU	1,107,737	633,383	-43
Third countries	5,662,550	4,444,651	-22
Third countries – dollar markets	1,256,411	1,201,429	-4
TOTAL	**50,034,332**	**47,537,885**	**-5**

Share of each market in the Company's total sales



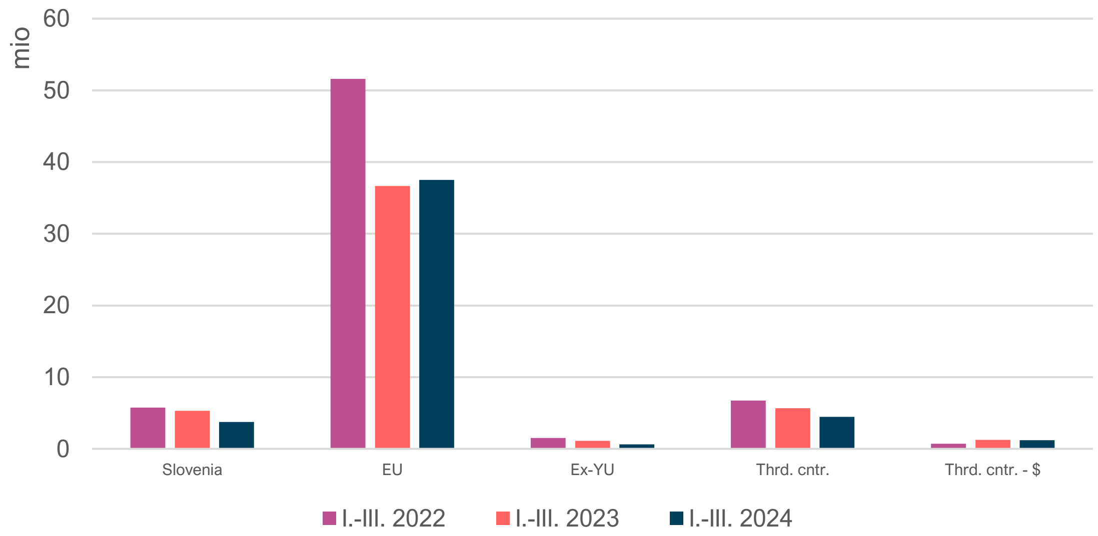
Sales to the EU market are 2% higher than in the previous year. The sales increase was driven by higher pigment volumes and significantly improved demand for copper fungicides. Germany is one of our key markets, accounting for 27.0% of export sales and 24.8% of total company sales. The importance of the German market has decreased slightly compared to the previous year, due to the objective maturity of the market.

Sales to the markets of the former Yugoslavia decreased by 43%, due to lower value sales of pigment and powder varnishes.

Domestic sales are 29% lower compared to 2023. The drop in sales is present in all BUs except Chemistry Celje.

Total sales to third country markets are down 18% compared to the same period of the previous year. The main contributor in this segment was lower pigment volumes. In the dollar markets, however, we are gaining market share. In the next medium term, we intend to focus our marketing activities more on these markets as they offer us good geographical diversification.

Sales by geographical segment



The share of total exports in the Company's total sales in the year under review was 92.1%, an increase of 2.7 percentage points compared to the previous year. The higher share of exports relates to an increase in value sales to the key markets of Poland and Italy. The largest export is to Germany, where we recorded a 19% drop in sales, mainly in titanium dioxide pigment.

The structure of sales by national market naturally varies from quarter to quarter, depending on the conditions prevailing in each market. Roughly speaking, however, the structure is determined by the profitability of the markets, the marketing strategy and the political-economic security and reliability of the markets.

1.2 Sales by business segment

Sales by business segment

	2023	2024	ΔPY%
Titanium dioxide	40,221,912	38,583,657	-4
- of which TiO2 pigment	*39,594,790*	*37,737,096*	-5
Zinc processing	1,883,255	0	-
Varnishes, masters	5,363,972	4,247,737	-21
Agro programme	1,809,278	3,429,382	+90
Polymers	638,877	1,037,852	+62
Other	117,037	239,256	+104
TOTAL	**50,034,332**	**47,537,885**	**-5**

During the period under review, sales of the **titanium dioxide pigment** business reached €38.6 million. The lower value sales of €1.6 million are due to lower average selling prices. The challenging market situation, which continued throughout 2023, is slowly turning around and a gradual pick-up in demand is being observed. Nevertheless, there are excess stocks on the market from Asia. Recently, in light of the consideration of anti-dumping measures against Chinese pigment and the conflicts in the Red Sea, the purchasing strategy of European buyers is changing in favour of European pigment producers.

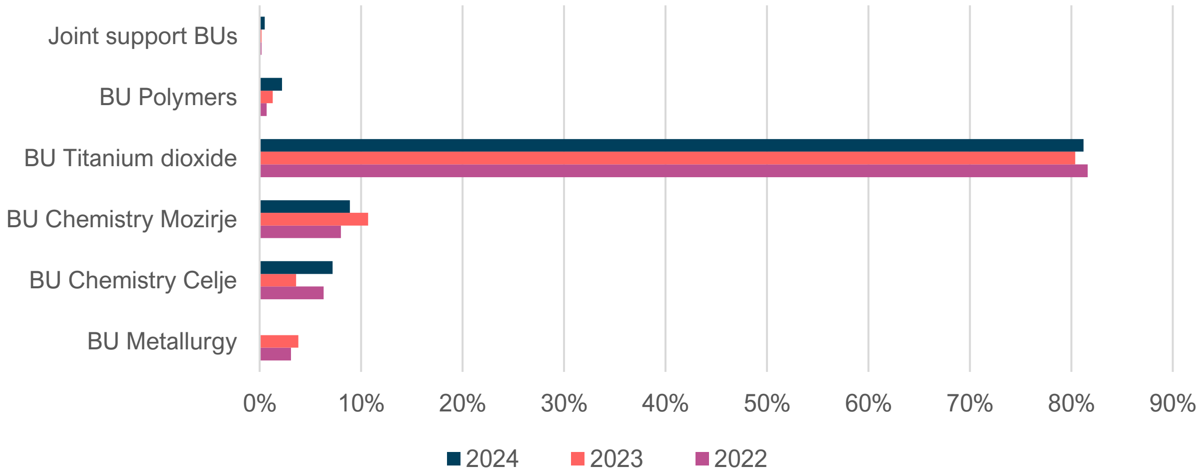
CEGIPS should also be noted here. We sold 32.7 thousand tonnes of CEGIPS, which is important in the context of extending the lifetime of the Za Travnikom landfill.

The **zinc processing** sales programme was discontinued at the end of the year.

In the period under review, there was a 21% decrease in sales of **varnishes and masters** on a comparable basis. The main reason for the decline in sales of powder varnishes was, in addition to the general downturn in economic activity, mainly the reticence of consumers to purchase household and home equipment. In fact, the market experienced a general decline in sales in the home furnishing, household appliances and warehouse and shop equipment segments. The decline in masterbatches is smaller and is being minimised by a timely shift towards sustainable plastics and more demanding applications, as well as the entry into personal care, where consumption is above average.

Sales of the **agro programme**, which includes copper fungicides, Pepelin, copperas and Humovit, increased by 90% compared to the comparable period in 2023. The significantly higher sales volume is related to restocking and the new season. Sales in 2023 were impacted by the sale of old stocks accumulated during the drought in 2022. Sales of Humovit are held at the level of the comparable period in 2023. The fact remains that we are dependent on local and nearby market conditions for our soil sales, as the product does not withstand the additional cost of transport to enter distant markets.

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



Over the period under review, it can be seen that the relative proportions have changed again. With the exception of Chemistry Mozirje, the other business units recorded an increase in their share of sales.

BU Polymers share increased comparatively, as business volumes coincided with investment activity in the regional pharmaceutical and petrochemical industries. It is essentially a contract-based, fully customised production of technological systems, which is directly dependent on the investment cycles of the industry in the region.

There are changes in the sales structure by business units. In the short term, the substantive changes result in a smaller number of business units and, in the longer term, an increase in the relative importance of the main programme, i.e. titanium dioxide.

2 PERFORMANCE ANALYSIS

2.1 Operating result

Overview of revenue and expenditure achieved

In €

	31 March 2023	31 March 2024	ΔPY%
REVENUE	**54,374,015**	**43,956,961**	**-19**
Operating revenue	54,343,284	43,662,079	-20
Financial revenue	30,731	294,882	+860
EXPENDITURE	**49,681,286**	**42,304,851**	**-15**
Operating expenditure	49,681,193	42,304,586	-15
Financial expenditure	93	265	+185
OPERATING RESULT	**4,692,729**	**1,652,110**	**-65**
Profit tax	891,619	363,464	-59
NET OPERATING RESULT	**3,801,110**	**1,288,646**	**-66**

In the first three months of 2024, an **operating result** of €1.4 million was achieved. This result represents only 29% of the operating result for the comparable period in 2023 of €4.7 million. Operating performance was therefore significantly worse than last year, but only at 150% of the level of the business plan. This underperformance of the previous comparative period in 2023 was due to significantly weaker sales of the carrier product, both in volume and value terms, and to the further decline in the selling prices of the carrier product. The EBITDA amounted to €4.7 million, representing 9.8% of sales. Compared to the previous year, EBITDA is down 41%.

After accounting for the impact of financial income and expenses, a **profit before tax** of €1.7 million is reported for the first three months of 2024, compared to a profit before tax of €4.7 million in the comparable period last year. The pre-tax result compared to the previous year is only 35%.

In Q1 2024, a positive financing balance of €0.3 million is achieved (in the same period of 2023, the positive financing balance was only €30.6 thousand). The resulting financing balance is the result of a positive exchange rate balance (forward purchase and sale of dollars) of €79.6 thousand and a positive balance of investment income and interest expense of €215 thousand. The positive exchange rate balance throughout the financial year represents the effective use of hedging instruments to manage the volatile movement of the $/€ currency pair in the purchase of titanium-bearing ores.

The net result for the period amounts to €1.3 million and is 66% lower than the result for the comparable period in 2023 (€3.8 million). Taking into account the developments in the international economy, the unfavourable market conditions for titanium dioxide pigment and the results of competitors in the titanium dioxide industry, we consider that the result achieved is satisfactory and significantly above expectations. The result is largely due to the favourable sales situation in the agro programme and the Polymers business unit. The net result comprises profit before tax and income tax of €0.4 million (the effective tax rate is therefore 22%).

2.2 Expenditure and costs

The structure of consumption of raw materials, packaging and energy shows a greater variation compared to 2023. In relative terms, the most significant reduction is in the cost of energy products, which is 47% lower due to the current situation on the energy market. The energy efficiency improvement measures are aimed at further controlling this cost category.

The ratio between the purchase and selling prices is changing, at the expense of higher input prices. The purchase prices of titanium-bearing raw materials are at slightly lower levels than in the previous year. The purchase prices of certain process support chemicals are significantly lower than in Q1 2023. The total cost of raw material consumption is 16% lower. However, even at the end of the period, raw materials/materials for production accounted for the largest share of production costs (84.5%), followed by energy (13.9%) and packaging (1.6%). Compared to the previous year, there is a noticeable change in the structure, with a decrease of 6.4 percentage points in the share of energy.

The structure of labour costs is disclosed in the Notes to the Financial Statements under 5 Labour costs. Gross salaries are based on the provisions of the collective agreement, taking into account the agreements between the trade unions and the Management Board. Transport to work and meals during work are in accordance with the applicable regulations. Labour costs include supplementary pension insurance, performance-related payments, severance payments, other employee benefits, solidarity grants, jubilee bonuses and other items.

2.3 Assets

	31/12/2023	31/03/2024
ASSETS		
Intangible assets	1,585,108	1,524,583
Tangible fixed assets	109,855,569	109,133,380
Financial assets at fair value through other comprehensive income	1,558,531	1,558,531
Other non-current assets	84,444	84,444
Deferred tax assets	1,439,044	1,439,044
Total non-current (long-term) assets	**114,522,696**	**113,739,982**
Current assets		
Stocks	53,841,480	40,604,383
Financial receivables	38,616,117	23,589,201
Trade receivables	31,545,008	35,475,172
Income tax receivable	5,493,528	5,431,483
Cash and cash equivalents	15,687,805	15,559,388
Other current assets	209,028	114,483
Total current assets	**145,392,966**	**120,774,111**
Total assets	**259,915,662**	**234,514,093**

The share of non-current (long-term) assets in total assets increased by 4.4 percentage points to 48.5% compared to the end of 2023. The largest category of non-current assets is tangible fixed assets (96%). Their value decreased by €0.7 million, or 1%, for the difference between the amount invested in tangible fixed assets and the actual depreciation charged for the first three months of 2024. Non-current financial investments, comprising shares and interests in companies, remained unchanged in 2024. Deferred tax assets are also unchanged compared to the situation at the end of 2023. Other non-current assets consist of emission allowances obtained free of charge from the State. Their balance at 31 March 2024 is the same as at 31 December 2023.

The share of current assets in total assets decreased by 4.4 structural points compared to the end of the previous year to 51.5%. The most important categories in the structure of current assets in terms of value are stocks (34%), financial receivables (20%), trade receivables together with other current assets and income tax receivable (33%) and cash (13%).

Stocks decreased by 25% compared to the situation at the end of 2023, with a 26% decrease in the value of material stocks (including advances), a 1% decrease in work-in-progress stocks and a 26% decrease in the total value of the Company's finished goods and merchandise stocks (all compared to the situation at the end of 2023). The main reason for the decrease in finished goods stocks is the lower volume production of pigment in the last quarter of 2023, which continued at reduced capacity in the first months of 2024.

Current financial receivables as at 31 March 2024 are investments in treasury bills with short-term maturities in order to use cash efficiently.

Current trade receivables comprise current trade receivables from customers and current trade receivables from others (mainly from the State for input VAT). Compared to the situation at the end of 2023, receivables have increased by 12%. Trade receivables also increased by 18%, while other current receivables decreased by 22%. Part of the other current receivables of €1.5 million are receivables from the State for State aid received in 2023, which the Company is claiming under the Act Determining the Aid to the Economy to Mitigate the Consequences of the Energy Crisis (ZPGOPEK). A review of the trade receivables by maturity shows that the age structure of the receivables continues to be of good quality and secured by an external institution or other form of collateral.

Cash (and cash equivalents) represent 13% of the total value of current assets, the amount of cash decreased by 1% compared to the previous year, as did current financial receivables by 39% due to the payment of dividends in February 2024. The remaining amount of cash is necessary to ensure the day-to-day running of operations.

Other current assets comprise prepaid expenses accrued. The value decreased by 45%.

2.4 Liabilities to sources of funds

	31/12/2023	31/03/2024
CAPITAL AND LIABILITIES		
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Profit reserves	119,583,496	119,583,496
Fair value reserve	-1,242,486	-1,242,486
Retained earnings	38,374,703	14,654,964
Total capital	**221,230,458**	**197,510,720**
Provisions for employee benefits	3,843,523	3,738,834
Other provisions	14,233,199	14,183,972
Non-current deferred income	767,414	936,341
Total non-current liabilities	**18,844,136**	**18,859,147**
Financial liabilities	103,692	11,193
Trade payables	18,530,350	15,672,777
Income tax payable	0	0
Liabilities under contracts with buyers	11,351	272,132
Other current liabilities	1,195,674	2,188,124
Total current liabilities	**19,841,067**	**18,144,226**
Total liabilities	**38,685,203**	**37,003,373**
Total capital and liabilities	**259,915,662**	**234,514,093**

The value of capital in the structure of liabilities to sources of funds as at 31 March 2024 is 84.2%, a decrease of 0.9 percentage points compared to the end of 2023. The amount of capital has decreased by 11% compared to the situation at the end of 2023. The decrease (€23.7 million) relates to the difference between the net profit in 2024 of €1.3 million and the dividend payout of €25 million. As at 31 March 2024, the Company holds 264,650 treasury shares (after a split of 1:10 as at 15 August 2022). The Company did not make any purchases of treasury shares in 2024. There were no other significant movements in capital.

In total capital, the share capital amounts to €20,229,769.66 and consists of 8,079,770 ordinary freely transferable bulk shares after a split of 1:10 as at 15 August 2022 (of which 264,650 are treasury shares subscribed in the treasury shares pool). The book value of the share on 31 March 2024 is €24.5 (down 11% since the beginning of the year when it was €27.4).

Provisions and deferred income account for 8% of the payables. Provisions for pensions and similar liabilities were made as at 1 January 2006 (severance and jubilee payments) and are adjusted annually on the basis of actuarial calculations. Other provisions were established in the course of the ownership process under the environmental provision. In recent years, the following additional environmental provisions have been made: €5 million in 2010 for the rehabilitation of the Bukovžlak solid waste landfill and €7 million and €5 million in 2011 for the rehabilitation of the Za Travnik landfill and the destruction of low-level radioactive waste. At the end of 2017, the provisions were examined in detail, verified and only the provision for the elimination of risks due to old burdens of €6.4 million was re-established. At the end of 2023, similarly to the end of 2022, we re-examined the extent of the provisions and made/reversed them accordingly in light of actual market conditions and the reasons for their existence. The volume of environmental provisions decreased by €49 thousand during the period under review due to the earmarking of the above mentioned remediation costs. Non-current deferred income increased by 22% as a result of the funds obtained for the co-financing of the installation of solar power plants.

Financial and trade payables decreased by 9% compared to the end of the previous year, due to a decrease in current trade and other payables. Trade payables decreased by 10% due to repayments to suppliers and other current liabilities decreased by 34% due to lower payables to employees and government institutions. Liabilities for income tax for the financial year 2024 are not yet established as at 31 March 2024, as the balance of income tax receivable at 31 March 2024 still represents the balance of the difference between the prepayments made during 2023 and the tax liability for 2023 and 2024. All financial and operational liabilities are current in nature. The Company's gross gearing ratio is 15.8%, an increase of 0.9% compared to the situation as at 31 December 2023.

Current financial liabilities as at 31 March 2024 amount to €12 thousand, at the end of 2023 they amounted to €104 thousand. The Company's gearing ratio is therefore 0.05 ‰ (0.4 ‰ at the end of 2023).

Current trade payables decreased by 15% over the period. Current trade payables to suppliers amounted to €13.1 million as at the last day of March 2024, down 10% compared to the end of 2023, due to the repayment of payables to suppliers of raw materials and supplies. Other payables decreased by 34% (or €1.3 million), mainly comprising €1.4 million payable for net wages and other net employment benefits, €1.5 million payable for contributions and taxes from and on remuneration, and payable for VAT and to other institutions.

Other current liabilities increased by 83% over the period under review, mainly comprising accrued liabilities for annual leave and other staff costs, accrued environmental contributions and taxes and VAT on advances and deferred tax. Part of the other current liabilities of €6.1 million represent deferred income from State aid received and claimed by the Company under the Act Determining the Aid to the Economy to Mitigate the Consequences of the Energy Crisis (ZPGOPEK).

3 STAFF

Human resources activities are geared towards achieving the basic objectives of the business policy, where particular attention is paid to finding innovative ways of recruiting and to the social cohesion of the Company, which was quite dynamic in terms of labour costs due to the situation on the labour market, the general situation in the country, high inflation and the rise in interest rates. We continued our rational policy of external recruitment, covering the needs of professional and highly-educated workers and university graduates, while most of the other needs were addressed by internal redeployment and recruitment of professional staff. We focused on rejuvenating the workforce in each of our organisational units, replacing critical posts, finding employees with deficit occupations, especially in the natural sciences, and intensively negotiating retirement, both with those employees who already fulfilled the conditions for retirement and with those who will be able to meet these conditions at the Employment Service of the Republic of Slovenia.

As of 31 March 2023, Cinkarna had 724 employees, a decrease of 18 employees, or 2.4%, compared to the situation at the end of 2023. There were minor changes in the number of employees by business unit.

In our communication with employees, we encourage open and inclusive communication between the Management Board, employees, the Works Council and the two representative trade unions. In addition to informing employees about the overall current situation, it is also very important to obtain feedback and suggestions from employees, which has a beneficial effect on the positive working atmosphere in the Company, fosters a good organisational culture, increases loyalty to the Company and strengthens the trust of employees in the management of the Company.

The area of communication continued to receive considerable attention from the Management Board, the Business Unit Managers and the Works Council through a wide range of communication channels. Print and electronic media were used to disseminate information to our employees, such as: Messages from the Management Board via e-mail with the Employee News and the electronic messaging dialogue of our company mascots (Cinko and Cinka), the Informator – printed version, the Cinkarnar magazine – 2x a year, the Facebook and LinkedIn social networks of Cinkarna Celje are active, we also publish a trade union newsletter, we have our own Sharepoint (intranet and extranet) with interesting content and are always actively publishing news, information on bulletin boards, etc. More than 70 bulletin boards are installed throughout the Company as a means of communication.

In 2023, the Moja Cinkarna employee app was upgraded with additional content and access and additionally serves as a new communication channel with employees. Additional functionalities of the app include the delivery of pay slips, time records and other legally required documents by the employer. The app is increasingly well received by employees and will be extended with new functionalities.

In the field of social work, activities continued during the period under review in the areas of individual problem-solving, the management and deployment of disabled workers, ergonomics, employee prevention and the retirement of those employees who meet the conditions for retirement.

In the future, it is planned to continue to optimise the staffing structure by rehiring, optimising business processes and recruiting new young and technically qualified staff. Investments in development, training and further improvement of the working environment of employees will also continue, with a particular focus on the renewal and development of HR systems.

3.1 Value added at Company level

Value added per employee (according to the methodology of the Chamber of Commerce and Industry) is 18% lower than in 2023. Lower sales have a negative impact. The number of employees by calculated hours is lower by 4% (26 employees) and has a positive impact.

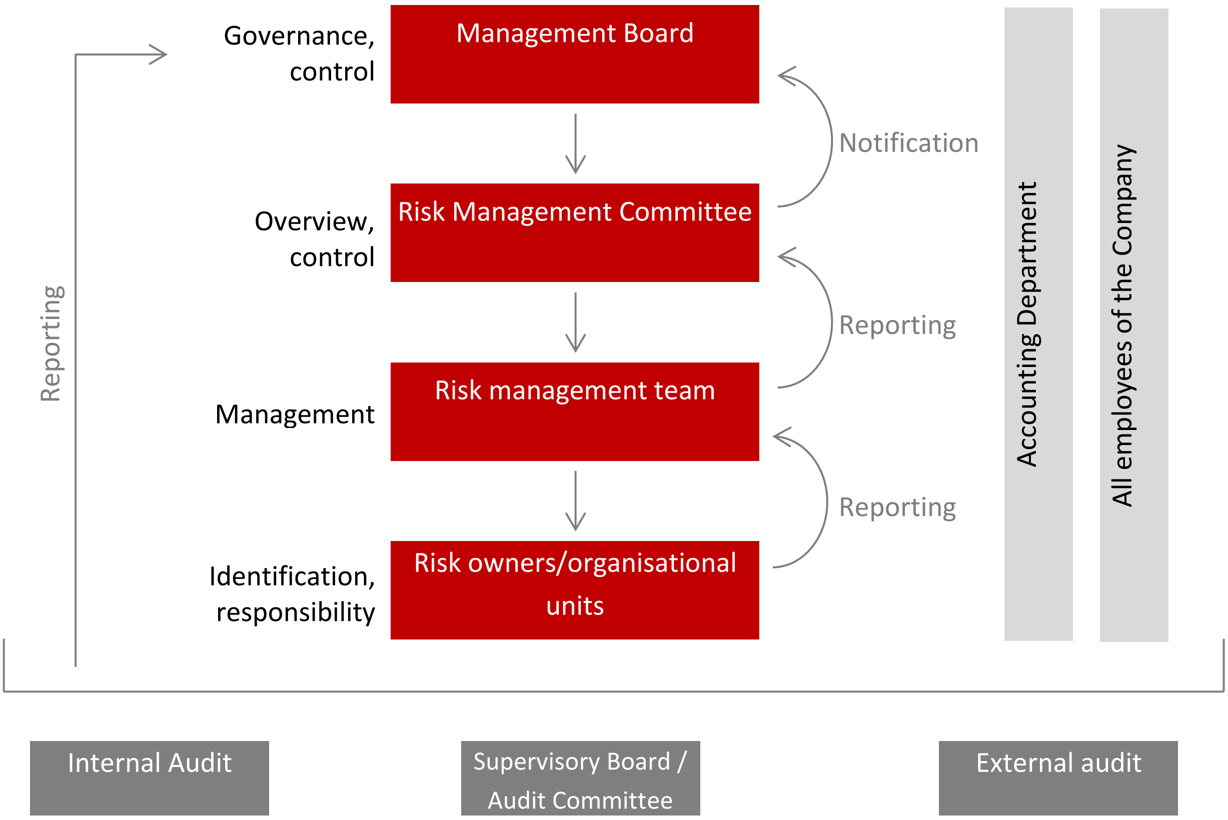
	JAN-MAR 2023	JAN-MAR 2024	ΔPY%
Turnover	50,034,332	47,537,885	-5
Increase or decrease in the value of stocks	3,695,058	-4,820,268	-
Capitalised own products and services	610,439	843,257	+38
Other operating income	3,454	101,205	-
Cost of goods, materials and services	37,489,340	30,239,307	-19
Other operating expenses	419,698	437,180	+4
Value added	**16,434,245**	**12,985,592**	**-21**
Average number of employees by calculated hours	718	692	-4
VA (in €) / employee	**22,889**	**18,765**	**-18**

4 MOST IMPORTANT RISKS OF THE COMPANY

The risk management process is a key process and the cornerstone of the Integrated Management System (IMS). Risks are managed through regulations, performance targets or objectives, the implementation of which is tracked through minutes.

The risk management system includes risk identification, risk assessment and classification, action, monitoring and reporting. Monitoring and analysis of the external and internal environment provides input for the identification of key risks and opportunities, which is crucial for our operational, tactical and strategic planning in line with our sustainable development goals.

The overview of key risks below is updated and defined based on the situation and expectations at the time of writing.



We also communicate to external audiences about the risks of our business and how we manage them in our quarterly and annual reports. The reports are published publicly on SEOnet and on the Company's website www.cinkarna.si.

I. Sales and procurement risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
Energy sources	Price non-competitiveness of our products due to high	We conclude contracts, monitor trends and carry out forward purchases of energy products.	Low

I. Sales and procurement risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
	energy prices (natural gas and electricity)	We negotiate PPAs - long-term power purchase agreements. We implement measures to increase energy efficiency. We systematically increase our own electricity production from renewable sources – solar power plants on buildings, cogeneration of electricity from steam. We regularly rebalance the consumption structure of individual energy products, implement energy management and ongoing energy optimisation measures/projects.	
Key buyers	Loss of market share and revenue due to non-competitiveness with customer expectations, changing customer behaviour or changing customer requirements in relation to ESG performance requirements.	We choose optimal marketing strategies and appropriate sales channels. We provide pre- and after-sales service to increase the added value of our service. We ensure competitive selling prices and align ourselves as far as possible with the selling prices of our European competitors. We provide quality products while increasing productivity and reducing production costs. We are increasing our presence in spot markets. We also manage sales risks indirectly by systematic monitoring and benchmarking of relevant industries (competitors and customers), participation in marketing & industry meetings and the introduction of quality, safety, environmental and health management standards.	Medium
Competition	Loss of market share and revenue due to non-competitiveness with price-aggressive competitors from China and Eastern Europe.	We limit risk by expanding our sales network, diversifying our product and sales portfolio, introducing new sales channels, developing marketing partnerships and developing new products to enter new markets and industries. Through targeted technology investments, we are focusing our sales portfolio on applications and markets that are more sophisticated in content, high in quality and represent a departure from the so-called "commodity" markets, which are characterised by lower added value and high exposure to low-priced Chinese and Eastern European pigments. We pursue optimal marketing strategies, appropriate sales channels, pre- and after-	Low

I. Sales and procurement risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		sales service, quality products, while increasing productivity and reducing production costs. We are also increasing our customer portfolio in so-called spot markets.	
Work items	Loss of revenue due to unforeseen extensions of delivery times throughout the supply chain	We place orders on time, make bookings with suppliers, look for alternative suppliers and alternative testing procedures. We ensure timely planning of raw material requirements and procurement, take into account experienced lead times and increase minimum stock levels where necessary. We will develop a business case and checklist for all strategic raw materials.	Low
Work items	Loss of production due to failure to supply work items from monopoly suppliers	We pursue the objective of adequate protection by contract. In critical cases, we provide larger stocks. We carry out thorough market research on raw materials and potential substitutes and act on our findings in a timely manner. We seek, test and introduce new sources of raw materials into production. We also evaluate alternative raw material sources in terms of 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 quality potential alternative.	Low
Legislative compliance	Loss of revenue due to new chemical sustainability strategy	Within the Titanium Dioxide Manufacturers Association (TDMA), we are following the requirements of the new legislation with a working group and initiating the necessary/possible actions both at EU level and individually within the Company. Within the TDIC consortium, we are in the process of updating the REACH dossiers to the requirements of the European Chemicals Agency (ECHA). To this end, we are carrying out a broad scientific programme within TDMA, which includes studies on the potential impact of nano and pigmented forms of titanium dioxide on human health.	Low

I. Sales and procurement risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**

II. Production risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
Storage and production capacity	Shortfall in volumes due to under-utilisation of production capacity	The Chemistry Mozirje business unit obtained an IDZ quote for options to install an additional line of white masterbatches: • in the existing building, which would be renovated, and • a new building on the Mozirje site. The IDZ for the third option – to be located at the Celje rolling mill site – is under development. We calculate the OEE or loss evaluation at the biggest bottleneck in pigment production, the pigment drying. We developed an inventory of opportunities to increase availability, one of which stands out: reducing the time between campaign changes at the expense of filling the press from the 3rd decanter. A work order was issued for the implementation. We started working with Demetra to introduce lean methods into our operating system.	Medium
Storage and production capacity	Shortfall in volumes due to under-utilisation of production capacity	The poor condition of the three old electrofilters used to clean the flue gases from the calcination of titanium dioxide poses a risk. To enable the gradual renewal of these filters, we invested in the installation of a fourth filter, which is now out of order. We are negotiating with a supplier for the rehabilitation, but in the meantime we are experiencing occasional problems with the old three, which in such cases forces us to reduce production volumes. We ordered two sets of vital parts for each filter (tube bundle). We plan to replace the first one at the end of April. The second bundle, which should arrive by mid-May, is not expected to be replaced immediately as a precautionary measure. It will be stored as a ready reserve for a possible emergency replacement until such time as we can completely rebuild one of the old filters (including the housing and electronics). The tube bundles are a temporary solution, the filters need to be completely rebuilt including the housing. The	High

I. Sales and procurement risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		ordered tube bundles can be used in the new housings. An expert report on the causes of the damage is being prepared for the fourth electrofilter. In the negotiations with the supplier, our aim is to have the knowledge and engineering to make the modifications and to participate financially in the rehabilitation. We held a meeting, planned the necessary activities, and negotiations are underway to meet our requirements. In addition, we are examining other options for the supply of electrofilters.	

III. Financial risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
Credit risk (customer payments)	Increase in expenses due to non-payment by customers whose receivables are not secured, representing approx. 2% of receivables.	We carry out internal credit control for each individual customer, for whom we set an individual credit limit, based on payment discipline, credit rating and good standing with the Company. The process of monitoring and controlling credit risk is enhanced due to the insurance of receivables with an external institution, where credit limits are set, monitored and changed on a daily basis. In addition to the regular monitoring of the credit limit for each customer, the customer's payment discipline and the announcements made on the AJPES register in connection with the announcement of proceedings under the Act on Financial Management, Insolvency and Compulsory Winding-up Proceedings (ZFPPIPP) are monitored on a daily basis. We also remind the customer of the due date of the receivable by reminder, first by telephone and then in writing. We charge interest from the due date until repayment. We regularly obtain updated information for more accurate cash flow planning.	Low

III. Financial risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
Liquidity risk (customer payments)	Failure to pay within agreed deadlines due to customer insolvency or indiscipline, which can cause liquidity problems for the Company.	We ensure a stable cash flow. The Company's business has traditionally been conservative with high cash levels. Liquidity management includes, inter alia, planning and covering expected cash commitments on a daily, weekly, monthly and annual basis, ongoing monitoring of customer solvency and regular collection of overdue receivables. Updated information is obtained on a regular basis to allow for more accurate cash flow planning. The cash flow is produced in a detailed, deliberate and accurate manner on a daily, monthly and annual basis.	Low
Currency risk	Loss of revenue and higher costs due to the euro/dollar exchange rate on the purchase of materials and raw materials in US dollars (titanium-bearing raw materials, partly copper compounds)	We continuously monitor the movements and forecasts regarding the dynamics of the EUR/USD currency pair. Basically, we limit the short-term risk of adverse changes in the dollar exchange rate through the standardised and consistent use of financial instruments (dollar forwards). We also regularly obtain more accurate data for forward purchases of foreign exchange.	Low

IV. Spatial and environmental risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
Climate risks	The occurrence of acute or chronic physical risks that may be caused by climate change (drought, heat waves, storms, etc.).	The Company identifies the potential lack of water to feed production as both the biggest risk from drought and an opportunity to pursue sustainable business principles. It is supplied by the Hudinja River and partly by water from the water wells at Za Travnikom. The water abstraction licence limits the amount that does not pose a risk in relation to production needs. However, on the Hudinja watercourse, the ecologically acceptable flow rate (Qes) is also included as a limitation for pumping. In the case of water levels below Qes, pumping is not allowed.	High

IV. Spatial and environmental risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		To ensure that the Company can survive even in such extreme cases, we have already increased our reuse rate and will do so in the near future with additional activities planned. This would allow us to keep production to a minimum and prevent negative environmental impacts from unplanned, momentary shutdowns. In the past, several possible solutions for alternative supply have been examined (reservoirs, groundwater pumping, use of the existing reservoirs of the lakes Slivniško and Šmartinsko jezero, relocation of the pumping site to the confluence of the Hudinja with the V Ložnica and from the Savinja, respectively). The most appropriate and, above all, sustainable solution was the use of wastewater from the Central Wastewater Treatment Plant (CWWTP) in Celje, which is a source of water that is permanently sufficient in quantity, but which requires additional treatment. Its use results in an improvement of both the biological and hydromorphological status of the watercourse. Together with an external contractor, the Company prepared an IDZ for the pipeline layout and a conceptual design for the additional treatment. Pilot trials are currently underway at the WWTP site. We also obtained an opinion from the Ministry that the planned pipeline siting and pumping does not require an environmental impact assessment. We obtained project conditions from the Slovenian railways company and the Slovenian Water Directorate for the pipeline placement. In accordance with the decision of the Municipality of Celje, we prepared a petition for the adoption of a decision on the initiation of the procedure for the preparation of an OPPN for the installation of the pipeline. The decision was adopted and the procedure is ongoing.	

IV. Spatial and environmental risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		For the other climate risks in this class, we maintain the facilities, identify and address potential hazards and remedy deficiencies (e.g. additional cooling of rooms with electronic equipment).	
Safety	Negative impact on the Company's business due to a natural disaster (earthquake or major flood, lightning strike, sleet, etc.)	We carry out activities in accordance with the preventive actions set out in the Register of Potential Hazards for the Environment and Employees (policies, organisational regulations, compliance with storage instructions in the flooded part of the site, ongoing cleaning of manholes and maintenance of facilities, work instructions, measurements, preventive and periodic inspections, etc.). When designing new buildings, we take earthquake standards and regulations into account. Existing buildings are inspected and maintained. The Bukovžlak high embankment barrier is equipped with seismic monitoring. The Company is flood-proofed with a wall to prevent water ingress in the event of a flood. We have pumping stations in place to pump out any excess water. Based on our experience during the August 2023 flood, we are preparing/implementing a series of preventive measures. We also increased our insurance coverage. Lightning conductors and earthing systems are regularly inspected and maintained.	Low
Safety	Negative impact on the Company's business due to an industrial accident (fire, explosion, spillage, etc.)	Risk is managed by systematically evaluating the impact on the environment and employees, periodic fire risk assessments and by organising jobs according to risk assessment.	Low

IV. Spatial and environmental risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		In the area of environmental impact reduction, we systematically implement European environmental standards by applying the principles of the Responsible Care Programme and harmonise our operations with the requirements of the IED and SEVESO Directives. We are carrying out internal audits of the adequacy of the implementation of the measures required by the SEVESO permit and are addressing the shortcomings identified. We update the Environmental Risk Reduction Design (ZZTO) in light of the changes and implement operational safety assurance for the implementation of the changes. We implement our processes taking into account the Best Available Technique (BAT). In the area of fire safety, we have our own fire brigade and the Company has adequate fire insurance. In the area of accidents at work, there is a professional service organised to monitor compliance with health and safety rules and measures. Regular training and education of employees is carried out. The Company is insured against liability for damages. We conclude written agreements with external contractors and train them. We employ a permanent Health and Safety Coordinator. We introduced work instructions for carrying out maintenance interventions in terms of fire prevention, accident prevention and improving the cleanliness of the working environment.	
Old burdens	Removing old environmental burdens	The Bukovžlak non-hazardous waste landfill (ONOB) and the barriers, with their specific materials, are old burdens. We also set up an environmental	Low

IV. Spatial and environmental risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		provision for them and are carrying out remediation activities. Technical observation and monitoring is regularly carried out in the area of the high embankment barriers (Bukovžlak and Za Travnikom). Based on the results of the monitoring, systematic and long-term maintenance measures are implemented to ensure the stability of the barrier bodies or, where necessary, to remedy the consequences of adverse weather conditions. One of these is the triggering of a landslide after heavy rainfall in August on the lower western part of the high embanked barrier at Za Travnikom. The landslide is being monitored by measurements. We carried out urgent remedial action, which will be followed by full rehabilitation, for which an environmental reservation has been made.	
Legislative compliance	Loss of production and increase in costs due to non-compliance with spatial planning acts	The Company fills waste red gypsum from titanium dioxide production into the Za Travnikom waste disposal plant. The existing zoning plan (ZN) and the building permit allow filling up to an elevation of 300 m nm, which will be reached in about 7-8 years. Due to the new circumstances and lessons learned during the infilling, the implementation as conceived by the project is not possible in certain parts or could lead to the demolition of the planned structures. Another negative point is the planned inadequate drainage, which would lead to the re-flooding of the site with rainwater. The designer, together with the expert support of the UL FGG Chair of Geotechnics, prepared an amendment to the project. The new design provides for increased quantities of red gypsum and a different form of backfill. The planned volumes are already registered in the	High

IV. Spatial and environmental risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		environmental permit and the MOPE issued a decision that the planned modification does not require a reassessment of the environmental impact. However, an amendment to the zoning plan and building permit is required. We submitted an initiative for the ZN amendment to all three municipalities concerned. The conditions for the signing of the contract between the municipalities are being coordinated and will be followed by the submission of the zoning plan amendment petition to the MOPE. According to the ordinance of the Municipality of Šentjur, the filling by Cinkarna should have ceased on 27 October 2023. Due to the extraction of white gypsum and the large subsidence not foreseen in the filling project, this deadline was not achievable in practice. Representatives of the Municipality of Šentjur and KS Blagovna have been informed about this since 2017, but they insisted on the need to respect this date. We obtained a legal opinion on the validity of such a decree. This concludes that the Decree is incompatible with the legislation in force, and we therefore sent a petition to the Ministry of Natural Resources and Spatial Planning (MNVP) to monitor the legality of the Decree on Amendments and Additions to the Decree ZN Za Travnikom. The Ministry of Natural Resources and Spatial Planning referred the application to the Ministry of the Environment, Energy and Climate (MOPE), which agreed with the legal opinion and asked the Municipality of Šentjur to bring the Decree into line with the applicable legislation. The Municipality of Šentjur refused to comply with the legislation by its interpretation. Cinkarna also sent further clarifications to the MNVP and the MOPE.	

IV. Spatial and environmental risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		The Company is also developing procedures to reduce the amount of red gypsum and is looking for other filling options in different locations with the aim of sustainable development and circular economy and to increase the time available for disposal.	
Legislative compliance	Imposition of penalties in the event of non-compliance with the requirements of the Soil Contamination Assessment	We are implementing the measures set out in the findings of the Report on the Review of Technical Measures to Prevent Contamination of Soil and Groundwater. We need to ensure that catch basins, platforms, storage soils, drains and transport routes are fully sealed to prevent contamination of soil and groundwater with the hazardous substances concerned. The plan of measures to be taken was submitted to supplement the requirements for the partial baseline report.	Low
Loss of reputation	Loss of corporate reputation due to various factors (inadequate communication, negative environmental impacts, etc.)	The Company has processes in place by department and designated individuals responsible for investor relations, environmental prevention, health and safety, marketing, product sustainability and recruitment. We also prepared a Sustainability Report for 2023 as part of the Annual Report. Stakeholder feedback is collected and considered as part of the Company's risk management process. We behave in a socially responsible manner. We prepared a draft ESG strategy which will be upgraded in 2024 in line with the ESG standard.	Low

V. Human resources and organisational risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
Competence and availability of staff	Loss of production and revenue due to incomplete succession policies and inadequate staff competences	As part of the 2024 performance targets, we are setting up a system for defining managerial, job-specific and generic competences across the Company for all business units or departments. Based on the revised competencies by job, we will	Medium

V. Human resources and organisational risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		train employees in areas where competencies are lacking. The training plan includes a number of additional external training courses for employees in the areas of planning, lean production and information technology. We are working to maintain the active status of existing certified engineers. We are actively focusing on the following activities to ensure succession: - We carry out an annual review of the succession plan; - Identify potential candidates for key positions; - Conduct an expanded range of annual interviews with wider psychometric testing; - Career plans are being developed for identified prospective staff and training will be provided on this basis; - We run a leadership development programme, the Leadership Academy, for the most promising candidates.	
Competence and availability of staff	Loss of production and revenue due to staff shortages, untimely replacements and inadequate organisation of work	We strive to identify and recruit staff needs in a timely manner, with the aim of ensuring an appropriate educational, skills and age structure. We continuously implement organisational change and adapt agilely to new circumstances. In addition to traditional recruitment methods, we use social recruitment solutions to find new employees. We increased our cooperation with labour placement agencies and contracted external service providers on a case-by-case basis. We are launching recruitment grants. We actively participate in career fairs. We deepened our cooperation with secondary schools. We provide students with opportunities for compulsory internships	Medium

V. Human resources and organisational risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
		and student work. We give students the opportunity to work on their bachelor's, master's and doctoral theses in the Company.	
Legislative compliance	Imposing penalties on the Company and the persons responsible and compensation for breaches of labour law	We regularly monitor changes in legislation and implement them in our system. We organise meetings with our business units, keep each other informed and take action to correct any non-compliance. We maintain an open dialogue with our social partners.	Low
Corruption, theft, fraud	Potential loss of credibility and damage to the business	In making business decisions and in all actions on behalf of the Company, employees must consider the best interests of the Company before their own interests or those of third parties, subject to competing only fairly and honestly. We have a system in place to prevent the possibility of corrupt acts in the area of procurement. Appropriate and expected employee conduct is defined in the Code of Ethical Conduct and Work. A mechanism is in place to disclose or report misconduct.	Low

VI. Support process risks			
Risk name	**General description of risk at company level**	**Risk management**	**Risk level**
Storage and production capacity	Loss of production and revenue due to non-availability of equipment	A risk is identified in the area of maintenance planning, which is not properly implemented. Detailed maintenance plans are being put in place.	Low
Digitalisation	Loss of production and competent workforce due to slow digitalisation of control and management processes	We continue to implement a number of performance targets that increase the level of digitisation and computerise and simplify business processes: - We are upgrading the Power BI business analytics modules as planned;	Medium

		- We increased the share of users and upgraded modules in Moja Cinkarna; - We are continuing the roll-out of the new documentation system; - Continued migration of Oracle Forms 6 to 12; - Activities related to the modernisation of the maintenance information system are delayed, at the expense of the recognition of new insights from BU ViE.	
Risks of cyber-attacks (Security)	Outage due to a cyber-attack on the workstation and/or the server system for the management system by malware with the intent to extort or steal data.	We carried out a security check, which alerted us to deficiencies that were immediately corrected. We put in place additional systems to monitor and ensure information security. Despite the announcement of cyber-attacks by a Russian hacker group, we did not identify any new risks to us. We consider the measures implemented to be adequate.	Low
Risk of server system failure (Security)	Production downtime due to failure of the server system for the management system (fire, earthquake, water, etc.)	The risk is managed by having backup physical servers. We implemented and tested an advanced server environment that is redundant and has redundant connections between facilities and network equipment. We are gradually migrating all physical servers to it.	Low

5 DATA ON SHAREHOLDERS AND OWNERSHIP STRUCTURE

5.1 Ownership structure

The share capital of Cinkarna Celje d.d. amounting to €20,229,769.66, is divided into 8,079,770 ordinary freely transferable bulk shares. The Company's treasury stock at the end of the period comprised 264,650 shares (or 3.28% of the total issue). The number of shareholders at the end of the period was 2,628. 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
UNICREDIT BANK AUSTRIA AG – FID	349,825	4.33
TR5 d.o.o	339,380	4.2
Own shares	264,650	3.28
KRITNI SKLAD PRVEGA POKOJNINSKEGA SKLADA	167,050	2.07
RAIFFEISEN BANK AUSTRIA D.D. – FID	158,740	1.96
CITIBANK N.A. – FID	111,960	1.39
TINFIN d.o.o.	82,000	1.01
NLB SKLADI – Slovenija mešani	74,865	0.93
LP INVEST d.d.	42,635	0.53
Internal shareholders – FO	58,267	0.72
External shareholders – FO	2,055,439	25.44
Other	770,789	9.53

5.2 Trading in shares

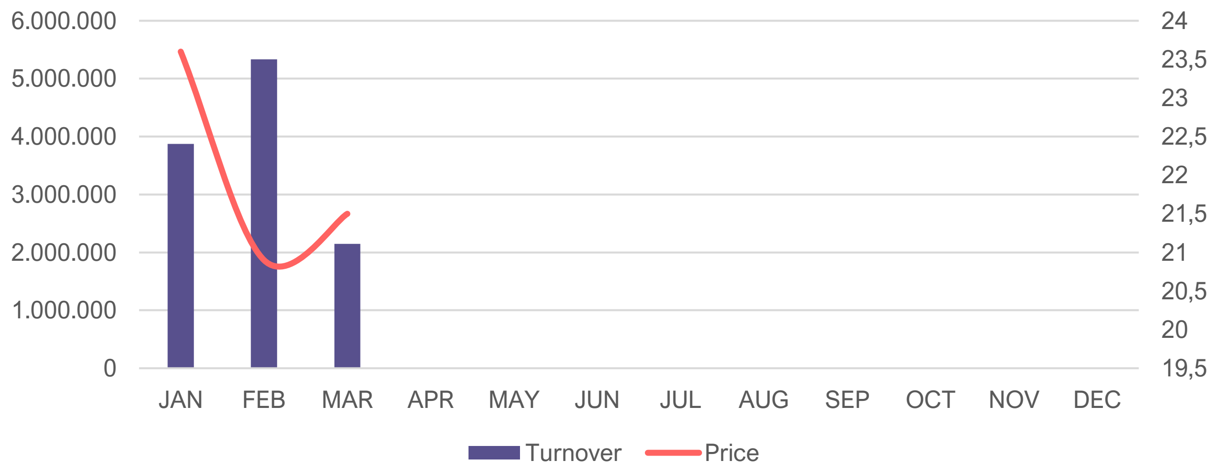
The CICG shares of Cinkarna are traded on the open market. The first day of trading was 6 March 1998. The single share price on that day was €33.71. As from 16 August 2022, trading and settlement of transactions is carried out under the new regime. The quantity of shares on the market was increased and their price was reduced (divided by 10).

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

	Share value		Turnover
	2023	2024	2024
JAN	25.8	23.6	3,874,123
FEB	28.2	20.9	5,331,682
MAR	28.8	21.5	2,148,822
APR	27.8		
MAY	24.4		
JUN	24.8		
JUL	24.8		
AUG	23.2		
SEP	22.6		
OCT	23.9		
NOV	22.0		
DEC	20.5		

The value of the share of Cinkarna Celje, d.d., listed in the first quotation of the Ljubljana Stock Exchange (CICG), fluctuated between €20.0/share and €24.6/share during the period under review. From the last trading day of 2023 to the last trading day of the period under consideration, the value of the share is 3% higher.

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



6 FOUNDATIONS OF DEVELOPMENT

6.1 Investments

In the first three months of 2024, we spent €2.2 million on investments and purchases of fixed assets and replacement equipment, representing 12.8% of the planned budget for 2024.

The largest share of the invested funds was in titanium dioxide production, where activities were carried out on both unfinished and new investments:

- Installation of the additional storage tank 12.10 C for the discharge of solution from the unloading towers - wall is under construction;
- Modernisation of the lime and calcite slurry storage and preparation - contractors selected separately for the construction and mechanical works;
- Installation of the central vessel for the third vacuum cooling line - ready for commissioning;
- Third filter press for metatitanic acid spinning - ordered;
- Capacity expansion in Surface Finishing 2 - preparatory work prior to demolition of the old building.

With the aim of reducing the amount of waste disposed of from titanium dioxide production, the process of preparing the project documentation for the installation of a 7th centrifuge for the extraction of CEGIPS is underway.

The renovation of one of the key technological bridges and the systematic renovation of the structural joints of the TiO_2 steel hall is underway. The multi-year project to modernise the data transmission network of the production processes at BU TiO_2 and to upgrade the control and management of the processes with the most outdated software continued. The upgrade of the production information system Spectrum and the maintenance information system is underway. To enhance information security, we are continuing to invest in the preparation of a platform for setting up a virtual environment of PCS7 servers and operating stations, thus enabling the establishment of a redundancy system.

At BU Chemistry Celje, investment is underway in the automated addition of sodium hydroxide and the purchase of a new filter press for the filtration of dissolved cupric ash.

Two investment options for the installation of an additional line for the production of white masterbatches are being prepared at BU Chemistry Mozirje.

In Bukovžlak, the selection of a contractor for the construction of the sealing curtain on the NE barrier of the Bukovžlak non-hazardous waste landfill (ONOB) and the design of the C1 drainage system is underway. On the W side of the high embankment barrier, an intervention part of the rehabilitation of a landslide triggered during heavy rainfall in August 2023 was carried out.

The Ministry of Environment, Climate and Energy is still carrying out the rehabilitation of the plot 115/1 of Teharje, through which our gypsum pipeline runs. We are engaging with our mandatory works in phases according to the dynamics dictated by the MOPE contractors.

We are continuing with the phased construction of oil traps on the storm water sewer and the rehabilitation of part of the sewer network.

In the area of replacement equipment, the main work was devoted to the preparation for the renewal of one electrostatic precipitator for the treatment of calcination flue gases and the replacement of the first of the two filter presses for pigment spinning.

6.2 Development activities

Several development tasks and assignments are being carried out in all organisational units with the aim of introducing improvements to existing technological processes, products and services.

UF TiO_2-based photocatalytic self-cleaning coating
We are optimising last year's formulation and validating UF TiO_2 for use in sodium-ion batteries.

Weather-resistant TiO_2
Based on the results of the testing, we optimised the developed formulation to ensure better processability in use. A further industrial trial will be carried out when market conditions allow.

Development and stabilisation of pigment quality
Our objectives are aimed at improving certain parameters (opacity, gloss, dispersibility, viscosity) which represent a higher grade pigment in terms of use.

Development of $BaSO_4$
There was no activity on this task in this quarter due to other priorities.

Waste acid recovery
Laboratory tests are being carried out to isolate titanium dioxide by re-hydrolysis. We tried to extract iron by electro-separation processes, and for the other present and commercially interesting products we signed an NDA for development cooperation with IJS Ljubljana.

Development of ferric oxalate
Ferric oxalate is one of the possible by-products that can be obtained from the acid waste produced in the titanium dioxide production process. It is used in the manufacture of batteries and magnets. We are currently achieving 50% recovery. We are exploring the market and arranging for testing.

Alternative source of process water supply
We are continuing testing on pilot ultrafiltration and reverse osmosis plants. The tests indicate an additional need for treatment of nitrate, which occasionally exceeds the limit value in the RO concentrate. In parallel, we are gathering information on treatment technology on SiC ceramic membranes. The procedure for the adoption of the spatial plan for the siting of the pipeline between Tremerje and Cinkarna is ongoing.

Development of powder varnishes
We obtained the necessary raw materials for the development of a low-temperature Primer powder varnish.

Development of masterbatches
The development of a white masterbatch for incorporation into stretch films for outdoor agricultural applications is planned as a priority with our RC 859 titanium dioxide, which we were not able to produce on an industrial scale in the first quarter due to line occupancy with other products.

6.3 Quality assurance

The various aspects of our business (quality, environment, occupational health and safety) are managed through an integrated management system (IMS). The structure of the IMS is based on the ISO 9001 standard, which has been upgraded and extended by ISO 14001 and ISO 45001. We are preparing to extend our IMS to include the area of energy management according to ISO 50001. The first part – the audit of the documentation – is planned for April.

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

The annual internal audit plan was prepared and is already being implemented. We will audit BUs and services that have not been audited recently, carry out some horizontal audits and review the completion of actions and the effectiveness of previous audits.

The external auditors will audit the compliance of our integrated management system with ISO standards for 2024 at the end of May.

The number of customer complaints, claims and comments is regularly monitored and responded to with corrective actions. Complaints are rare.

We continue to work on a project aimed at developing new grades of titanium dioxide and stabilising quality. Optimisations are being made to individual production processes in a planned sequence, which should help to raise and stabilise the quality level of our pigments.

Continuous improvement, dictated by quality standards and guidelines, is the driving force behind progress and continuous improvement in all areas of the Company's operations. In the first quarter, we received 66 suggestions in the CC UM useful suggestion collection system, representing 0.09 improvements per employee.

6.4 Environmental management

For 2024, we set one overarching environmental and energy target, with implementation targets in the areas of climate, pollution, water, biodiversity, resource use and the circular economy.
Activities were therefore carried out in the following areas:

- Alternative water supply project from the Tremarje WWTP;
- Regulation of the zoning act for the NZOZZT;
- Disposal of NaCl waste;
- Consumption of copper-nitrogen dust;
- Incorporation of raw materials, semi-finished and finished products in MB and PL, which were flooded, into new products;
- Replacement of compensation at TP Mozirje (operation without reactive power);
- Finding ways to consume the full amount of filter dust from production and from PL customers;
- Certification of biodegradable colour masterbatches;
- Analysis and evaluation of the production of boreholes for process water and heating in Mozirje;
- Replacement of old electric motors with energy efficient ones;
- Upgrading of the storm water sewerage system with oil traps for proper treatment of storm water;
- Renovation of lighting with more efficient LED lighting;
- Replacing wasteful pumps with more energy efficient ones for the treatment of off-gases;
- Renovation of TP Marketing to allow the connection of additional solar power plants of up to 1.1MW;
- Ensuring the tightness of catch basins, platforms, warehouse floors, drains, transport routes;
- Continuation of the integrated water management project;
- Red gypsum valuation project;
- Waste reduction and re-use of PFA in moulds;
- Reduction of food waste and other organic waste;
- Activities to return packaging to suppliers.

We had one ex officio extraordinary inspection in the field of environment due to a complaint. The operation of an IED plant was checked, namely in the area of emissions of air pollutants. The waste water treatment plants, log books and the surroundings of the titanium dioxide production plant were randomly inspected. No deficiencies were found.

In the first quarter of this year we had two complaints from the public. One complaint concerned smoke and odour and was made by a person directly to the inspection service. This complaint led to an ex officio visit by an inspector as described above. The second complaint was about odour.

In accordance with the legislative requirements, all monitoring reports for 2023 were prepared and submitted by the deadline. There were no exceedances of the limit values except for the specific emission quantity for the H2S parameter at the titanium dioxide dispersion plant. We have taken action (we will check the effectiveness of the cleaning, carry out additional measurements and check the calculation procedure for the determination of the H2S emission quantity).

Activities are underway to coordinate the environmental permit with the Ministry of Environment, Climate and Energy due to the changes introduced and the ex officio amendment (preparation of a partial baseline report). We are also working with the Chamber of Commerce and Industry and the ZKI on the coordination of environmental and energy requirements (amendments to ZVO2-A, draft ZVO-3, amendments to IED, preparation of BREF-BAT conclusions, etc).

We published our annual report, which for the second year includes a sustainability report in line with GRI standards. The sustainability team is active and gradually working on the implementation of ESRS standards with the help of an external consultant, as the Company will be required to prepare a sustainability statement for 2024 in line with these standards. In line with ESRS, we are revising the draft ESG strategy prepared last year. We are also responding to an increasing number of questionnaires received on the implementation of our sustainability commitments.

All the obligations for the re-certification of the POR, which was awarded in January 2024, were met.

6.5 Safety and health

There were no major accidents in the first three months of 2024. We dealt with 5 minor accidents at work – 4 more than in the same period last year. In monitoring occupational accidents, we use various indicators such as the frequency index, the sickness absence index per injury and per 100 employees, and the LTIFR (Lost Time Injury Frequency Rate) – the number of occupational injuries due to loss of working time per 1 million working hours.

To reduce occupational injuries, we have a system in place to identify potential hazards and analyse and eliminate near misses.
We identified 18 potential hazards and 2 near misses were reported. To reduce occupational accidents, "Safety Minute" activities are carried out in production work groups and at different intervals; and analyses of individual occupational accidents are communicated to the responsible employees. Improvements in occupational health and safety and fire safety are also implemented on the basis of useful suggestions from employees (CC UM system) and in cooperation with the Works Council.

In accordance with the legislation, we also carry out employee health promotion, where we plan individual activities according to the results of preventive health checks, sickness absence analyses and current health issues.

Thus, the following health promotion activities were carried out this year:

- Prevention of cardiovascular disease - risk factors (control of lipids and blood sugar, blood pressure measurements);
- First aid at work - "First aid for the injured and suddenly ill at work",
- Promotion of a healthy breakfast;
- Body composition measurements.

7 FINANCIAL STATEMENTS

7.1 Income statement

Income statement for the period 1 January to 31 March

	JAN-MAR 2024	JAN-MAR 2023
Revenue from contracts with buyers	**47,537,885**	**50,034,332**
- Revenue from contracts with domestic buyers	3,766,938	5,329,218
- Revenue from contracts with foreign buyers	43,770,947	44,705,115
Changes in the value of stocks of goods and work in progress	-4,820,268	3,695,058
Capitalised own products and services	843,257	610,439
Cost of goods and materials sold	-114,887	-55,782
Cost of materials	-25,955,640	-33,460,694
Cost of services	-4,168,780	-3,972,864
Labour costs	-8,305,849	-8,439,199
a) Wages and salaries	-5,768,221	-5,238,465
b) Social security costs	-441,014	-390,914
c) Pension insurance costs	-622,188	-555,766
d) Other labour costs	-1,474,426	-2,254,054
Amortisation	-3,320,393	-3,253,293
Other operating income	101,205	3,454
Other operating expenditure	-438,978	-499,340
Impairments and write-offs of trade receivables	-59	-21
Operating result	**1,357,493**	**4,662,090**
Financial revenue	294,882	30,731
Financial expenditure	-265	-93
Financial result	**294,617**	**30,639**
Operating result before tax	**1,652,110**	**4,692,729**
Accrued tax	**-363,464**	**-891,619**
Deferred tax	**0**	**0**
Income tax	**-363,464**	**-891,619**
Net operating result for the period	**1,288,646**	**3,801,110**
Basic and diluted earnings per share	**0.16**	**0.47**

7.2 Statement of financial position of the Company

Statement of financial position of the Company

	31/03/2024	31/12/2023
ASSETS		
Non-current (long-term) assets		
Intangible assets	1,524,583	1,585,108
Tangible fixed assets	109,133,380	109,855,569
Land	9,514,082	9,532,167
Buildings	38,808,621	39,609,507
Manufacturing plants and machinery	49,164,201	51,068,573
Other machinery and equipment	41,244	41,792
Tangible fixed assets in construction and elaboration	11,226,738	9,603,529
Advances for the acquisition of tangible fixed assets	378,494	0
Financial assets at fair value through other comprehensive income	1,558,531	1,558,531
Financial receivables	0	0
Trade receivables	0	0
Other non-current assets	84,444	84,444
Deferred tax assets	1,439,044	1,439,044
Total non-current (long-term assets)	**113,739,982**	**114,522,696**
Current assets		
Assets held for sale	0	0
Stocks	40,604,383	53,841,480
Material	24,130,571	32,611,021
Work in progress	2,452,112	2,469,985
Products and merchandise	13,684,272	18,466,478
Advances for stocks	337,428	293,996
Assets under contracts with buyers	0	0
Financial receivables	23,589,201	38,616,117
Trade receivables	35,475,172	31,545,008
Receivables from buyers	32,283,623	27,437,194
Other receivables	3,191,549	4,107,814
Income tax receivable	5,431,483	5,493,528
Cash and cash equivalents	15,559,388	15,687,805
Other current assets	114,483	209,028
Total current assets	**120,774,111**	**145,392,966**
Total assets	**234,514,093**	**259,915,662**

Statement of financial position of the Company (cont.)

	31/03/2024	31/12/2023
EQUITY AND LIABILITIES		
Owners' equity		
Called-up capital	20,229,770	20,229,770
Capital reserves	44,284,976	44,284,976
Reserves from profit	119,583,496	119,583,496
Statutory reserves	16,931,435	16,931,435
Reserves for own shares	4,814,764	4,814,764
Own shares	-4,814,764	-4,814,764
Other reserves from profit	102,652,061	102,652,061
Fair value reserve	-1,242,486	-1,242,486
Retained profits	14,654,965	38,374,703
Total equity	**197,510,720**	**221,230,458**
Non-current liabilities		
Provisions for employee benefits	3,738,834	3,843,523
Other provisions	14,183,972	14,233,199
Long-term deferred income	936,341	767,414
Financial payables	0	0
Trade payables	0	0
Obligations under contracts with buyers	0	0
Deferred tax liabilities	0	0
Total non-current liabilities	**18,859,147**	**18,844,136**
Current liabilities		
Liabilities included in disposal groups	0	0
Financial payables	11,193	103,692
Trade payables	15,672,777	18,530,350
Payables to suppliers	13,135,368	14,656,554
Other liabilities	2,537,409	3,873,796
Income tax liabilities	0	0
Obligations under contracts with buyers	272,132	11,351
Other current liabilities	2,188,124	1,195,674
Total current liabilities	**18,144,226**	**19,841,067**
Total liabilities	**37,003,373**	**38,685,203**
Total equity and liabilities	**234,514,093**	**259,915,662**

7.3 Statement of changes in equity

Statement of changes in equity in 2024

CINKARNA Metalurško – kemična industrija Celje d.d.	Called up capital	Capital reserves	Profit reserves				Fair value reserve	Retained profits		Total Equity
			Statutory reserves	Reserves for own shares	Own shares	Other reserves from profit		Profit or loss carried forward	Net operating result of 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		25,008,384
Total comprehensive income for the period									1,288,646	1,288,646
Entry of net operating result of the period									1,288,646	1,288,646
Other components of comprehensive income of the period										
B3. Changes in equity								6,326,704	-6,326,704	0
Allocation of the remainder of net profit for the period to other components of equity										0
Allocation of part of net profit of the period to other components of equity by decision of management and supervisory bodies								6,326,704	-6,326,704	0
Creation of reserves for own shares										0
Release of reserves for own shares										
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
BALANCE SHEET PROFIT								13,366,319	1,288,646	14,654,965

Statement of changes in equity in 2023

CINKARNA Metalurško – kemična industrija Celje d.d.	Called up capital	Capital reserves	Profit reserves				Fair value reserve	Retained profits		Total Equity
			Statutory reserves	Reserves for own shares	Own shares	Other reserves from profit		Profit or loss carried forward	Net operating result of the period	
Opening balance of the period	20,229,770	44,284,976	16,931,435	4,814,794	-4,814,794	103,358,966	-809,390	84,159	24,930,233	209,010,148
Changes in equity - transactions with owners										0
Purchase of own shares										0
Withdrawal of own shares										0
Payment of dividends										0
Total comprehensive income for the period									3,801,110	3,801,110
Entry of net operating result of the period									3,801,110	3,801,110
Other components of comprehensive income of the period										0
B3. Changes in equity								24,930,232	-24,930,232	
Allocation of the remainder of net profit for the period to other components of equity										0
Allocation of part of net profit of the period to other components of equity by decision of management and supervisory bodies								24,930,232	-24,930,232	0
Creation of reserves for own shares										0
Release of reserves for own shares										
Closing balance of the period	20,229,770	44,284,976	16,931,435	4,814,794	-4,814,794	103,358,966	-809,390	25,014,391	3,801,110	212,811,258
BALANCE SHEET PROFIT								25,014,391	3,801,110	28,815,502

7.4 Cash flow statement for the period

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

	JAN-MAR 2024	JAN-MAR 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating result before tax	**1,652,110**	**4,692,729**
Adjustments for:	**3,631,889**	**3,344,349**
Depreciation +	3,320,393	3,253,293
Profit/loss on sale of fixed assets	267	-9,449
Impairment/write-down (reversal of impairment) of assets	1,531	69,846
Net increase/decrease in the valuation allowance for receivables	59	21
Net financial income/expenditure	294,617	30,639
Making long-term provisions	103,864	0
Reversal of long-term provisions	-88,843	0
Cash flow from operating activities before change in net current assets (working capital)	**6,605,951**	**-1,004,912**
Change in trade receivables	-3,930,164	-8,855,484
Change in other non-current and current assets	94,545	-132,195
Change in stocks	13,237,097	2,307,734
Change in trade payables	-2,857,573	4,565,516
Change in provisions	-88,843	-1,718,414
Change in deferred income	103,854	7,101
Change in other current liabilities	348,454	3,452,852
Change in liabilities under contracts with buyers	0	-16,434
Income tax paid	-301,418	-615,587
Net cash flow from operating activities	**11,889,950**	**7,032,166**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	**15,242,235**	**25,758**
Income from interest earned	215,319	16,309
Income from financial investments	15,026,916	0
Income from disposal of tangible fixed assets	0	9,449
Investment expenditure	**-2,159,453**	**-12,703,641**
Expenditure on the acquisition of intangible assets	-15,927	-87,351
Expenditure on the acquisition of tangible fixed assets	-2,143,526	-1,982,237
Expenditure on the acquisition of financial investments	0	-10,634,052
Net cash flow from investing	**13,082,782**	**-12,677,883**
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing income	**0**	**0**
Proceeds from increases in financial liabilities	**0**	**0**
Financing expenditure	**-25,101,148**	**-30,979**
Expenditure on repayment of financial liabilities	-92,499	-30,979
Expenditure on interest paid	-265	0
Expenditure on the purchase of own shares	0	0
Expenditure on dividends and other profit-sharing	-25,008,384	0
Net cash flow from financing	**-25,101,148**	**-30,979**
Ending balance of cash and cash equivalents	**15,559,388**	**39,533,402**
Net increase/decrease in cash and cash equivalents	**-128,417**	**-5,676,696**
Opening balance of cash and cash equivalents on 1 January	**15,687,805**	**45,210,098**

7.5 Statement of other comprehensive income

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

	JAN-MAR 2024	JAN-MAR 2023
Net profit	**1,288,646**	3,801,110
Other comprehensive income for the year	0	0
Other comprehensive income for the year that will not be recognised in the income statement in the future	0	0
Other comprehensive income for the year to be recognised in the income statement in the future	0	0
Change at fair value through other comprehensive income	0	0
Translation 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)	**1,288,646**	**3,801,110**

8 NOTES TO FINANCIAL STATEMENTS

1 Reporting by segment

Sales by business segment

In €

	JAN-MAR 2024	JAN-MAR 2023
Titanium dioxide	38,583,657	40,221,912
- of which TiO_2 pigment	*37,737,096*	*39,594,790*
Zinc processing	0	1,883,255
Varnishes, masters	4,247,737	5,363,972
Agro programme	3,429,382	1,809,278
Polymers	1,037,852	638,877
Other	239,256	117,037
TOTAL	**47,537,885**	**50,034,332**

Sales by regional segment

In €

	JAN-MAR 2024	JAN-MAR 2023
Slovenia	3,766,938	5,329,218
European Union	37,491,483	36,678,416
Market of the former Yugoslavia	633,383	1,107,737
Third countries	4,444,651	5,717,532
Third countries – dollar market	1,201,429	1,201,429
TOTAL	**47,537,885**	**50,034,332**

Operating result by business segment

In €

	Titanium dioxide		Zinc processing		Varnishes, masters		Agro programme		Polymers		Other		Total	
	31.03.2023	**31.03.2024**	**31.03.2023**	**31.03.2024**	**31.03.2023**	**31.03.2024**	**31.03.2023**	**31.03.2024**	**31.03.2023**	**31.03.2024**	**31.03.2023**	**31.03.2024**	**31.03.2023**	**31.03.2024**
Rev. from contr. with buyers	40,221,911	38,583,657	1,883,255	0	5,363,972	4,247,737	1,809,278	3,429,382	638,877	1,037,852	117,038	239,256	**50,034,332**	**47,537,885**
Other operating income	31	26,148	0	0	0	6,624	0	3,892	94,615	67,838	519,247	839,960	**613,893**	**944,462**
Change in value of stocks	4,059,936	-3,751,921	-4,733	0	-227,039	-401,961	-132,853	-539,538			-252	-126,848	**3,695,058**	**-4,820,268**
Operating costs	-40,001,838	-34,036,795	-1,815,897	0	-4,712,669	-3,941,555	-1,756,564	-2,583,344	-626,009	-714,097	-768,215	-1,028,795	**-49,681,191**	**-42,304,587**
- of which depreciation	-2,358,267	-2,433,580	-16,250	0	-93,839	-123,847	-67,151	-73,021	-50,132	-52,719	-667,654	-637,226	**-3,253,293**	**-3,320,393**
Operating result	**4,280,040**	**821,089**	**62,625**	**0**	**424,264**	**-89,155**	**-80,139**	**310,392**	**107,483**	**391,593**	**-132,182**	**-76,427**	**4,662,090**	**1,357,493**
Interest income													**16,548**	**215,225**
Other financial income													**14,184**	**79,657**
Interest expense													**94**	**265**
Other financial expenses													**0**	**0**
Financial result	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**30,638**	**294,617**
Deferred taxes													**0**	**0**
Income tax													**891,618**	**363,464**
Net profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,801,110**	**1,288,646**

2 Revenue from contracts with buyers

Revenue from contracts with buyers consists of the sales values of products, merchandise, materials and services sold during the reporting period. A breakdown of net sales revenue by business segment and region is shown below.

In €

	JAN-MAR 2024	JAN-MAR 2023
Net revenues from contracts with buyers of products and services	47,364,571	49,908,189
Net revenues from contracts with buyers of merchandise and materials	173,314	126,143
TOTAL	**47,537,885**	**50,034,332**

3 Other operating income

In €

Income	JAN-MAR 2024	JAN-MAR 2023
Gains on sales and write-downs of assets	12,120	369
Revenue from reimbursement claims	68,630	0
Recovered written-off receivables	0	1,500
Compensation received	13,022	0
Other revenue	7,433	1,585
TOTAL	**101,205**	**3,454**

4 Costs by natural type

In €

	JAN-MAR 2024	JAN-MAR 2023
Cost of materials	25,955,640	33,460,694
Cost of services	4,168,780	3,972,864
Cost of materials and goods sold	114,887	55,782
Other operating expenses	438,978	499,340
TOTAL	**30,678,285**	**37,988,680**

5 Labour costs

In €

Labour costs	JAN-MAR 2024	JAN-MAR 2023
Salaries and allowances	5,768,221	5,238,465
Social security contributions	951,996	841,516
Expenses reimbursements and other staff compensation	1,474,426	2,254,054
Supplementary pension insurance	111,205	105,164
TOTAL	**8,305,849**	**8,439,199**

As at 31 March 2024, the Company employed 724 persons. The average number of employees was 728.

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 cost of each fixed asset.

In €

Description	JAN-MAR 2024	JAN-MAR 2023
Depreciation and amortisation		
- intangible assets	76,450	51,896
- easements	18,086	18,086
- buildings	800,886	835,906
- production equipment	2,424,543	2,346,329
- other equipment	428	1,076
TOTAL	**3,320,393**	**3,253,293**

7 Operating expenses

<u>Operating expenses</u>

In €

Expenses	JAN-MAR 2024	JAN-MAR 2023
Cost of materials and goods sold	114,887	55,782
Cost of materials	25,955,640	33,460,694
Cost of services	4,168,780	3,972,864
Labour costs	8,305,849	8,439,199
Depreciation and amortisation	3,320,393	3,253,293
Other operating expenses	438,978	499,340
Impairments and write-offs of trade receivables	59	21
TOTAL	**42,304,586**	**49,681,193**

Other operating expenses

In €

Other operating expenses	JAN-MAR 2024	JAN-MAR 2023
Environmental fees and refunds	116,775	117,068
Awards to students and trainees	33,860	22,914
Building land use allowance	240,757	140,530
Revaluation of stocks of materials and goods	267	69,825
Loss on sale (disposal) of fixed assets	1,531	9,818
Other costs and expenses	45,788	139,185
TOTAL	**438,978**	**499,340**

8 Financial income and expenditure

In €

Income	JAN-MAR 2024	JAN-MAR 2023
Net exchange differences	79,563	14,184
Interest income	215,319	16,548
Total financial income	**294,882**	**30,731**
Interest expense	-265	-93
Total financial expenses	**-265**	**-93**
Net financial result	**294,617**	**30,639**

9 Income tax

The income tax charge at the effective tax rate of 22% amounts to €363,464.

10 Intangible assets

In €

Intangible asset group for 2024	Acquisition value		Value adjustment		Undepreciated value	
	31/03/2024	31/12/2023	31/03/2024	31/12/2023	31/03/2024	31/12/2023
Property rights	5,407,552	6,161,514	4,361,953	5,093,263	1,045,599	1,068,251
Assets under acquisition	478,984	516,856	0	0	478,984	516,856
TOTAL	**5,886,536**	**6,115,711**	**4,361,953**	**5,093,263**	**1,524,584**	**1,585,108**

Intangible assets have finite useful lives. The Company reviewed their values and determined that their present value does not exceed their recoverable amount.

11 Tangible fixed assets

In €

Tangible fixed assets group for 2024	Acquisition value		Value adjustment		Undepreciated value	
	31/03/2024	31/12/2023	31/03/2024	31/12/2023	31/03/2024	31/12/2023
Land	10,803,263	10,803,263	1,289,181	1,271,096	9,514,082	9,532,167
Buildings	130,036,782	130,042,752	91,228,161	90,433,245	38,808,621	39,609,507
Equipment	237,439,132	239,932,766	188,233,687	188,822,401	49,205,445	51,110,365
Assets under acquisition	11,226,738	9,603,529	0	0	11,226,738	9,603,529
Advances	378,494	0	0	0	378,494	0
TOTAL	**389,884,409**	**390,382,311**	**280,751,029**	**280,526,742**	**109,133,380**	**109,855,569**

The Company reviewed their values and determined that their present value does not exceed their recoverable amount. The Company does not have any assets under finance leases, nor does the Company have any assets pledged as collateral for any guarantees as at 31 March 2024.

12 Financial assets

In €

Non-current financial investments group for 2024	Acquisition value		Value adjustment		Fair value	
	31/03/2024	31/12/2023	31/03/2024	31/12/2023	31/03/2024	31/12/2023
Other investments	2,077,692	2,077,692	519,161	519,161	1,558,531	1,558,531
TOTAL	**2,077,692**	**2,077,692**	**519,161**	**519,161**	**1,558,531**	**1,558,531**

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 2024	Acquisition value		Value adjustment		Undepreciated value	
	31/03/2024	31/12/2023	31/03/2024	31/12/2023	31/03/2024	31/12/2023
Emission allowances	84,444	84,444	0	0	84,444	84,444
TOTAL	**84,444**	**84,444**	**0**	**0**	**84,444**	**84,444**

In the first three months of 2024, the Company recorded no change in its emission allowances compared to the situation at the end of 2023.

14 Deferred tax assets and liabilities

In €

	31/03/2024	31/12/2023	2024 liabilities	2023 liabilities
Situation at start of period	**1,420,921**	**1,420,921**	**194,446**	**194,446**
Increase during the year	369,724	369,724	0	0
Decrease during the year	217,803	217,803	60,649	60,649
Balance at end of period	1,572,842	1,572,842	133,797	133,797
Balancing	-133,797	-133,797	-133,797	-133,797
Situation at end of period	**1,439,044**	**1,439,044**	**0**	**0**

15 Current financial investments

In €

Current financial investments group for 2024	Value of investments		Adjustment of investments		Net investments	
	31/03/2024	31/12/2023	31/03/2024	31/12/2023	31/03/2024	31/12/2023
Current financial investments – Treasury bills	23,589,201	38,616,117	0	0	23,589,201	38,616,117
TOTAL	**23,589,2021**	**38,616,117**	**0**	**0**	**23,589,201**	**38,616,117**

16 Stocks

In €

Stocks group	31/03/2024	31/12/2023	Recoverable amount
Materials	24,130,571	32,611,021	24,130,571
Work in progress	2,452,112	2,469,985	2,452,112
Products	13,632,414	18,434,810	17,313,869
Merchandise	51,858	31,669	51,858
Advances made	337,428	293,996	337,428
TOTAL	**40,604,383**	**53,841,480**	**44,285,531**

Stocks are not pledged as collateral. Advances made represent funds given for the purchase of raw materials and supplies. The net realisable value of inventories as at 31 March 2024 exceeds their carrying amount.

17 Trade receivables

Current trade receivables

In €

Receivables group for 2024	Value of receivables		Value adjustment		Net receivables	
	31/03/2024	31/12/2023	31/03/2024	31/12/2023	31/03/2024	31/12/2023
Buyers in the country	4,002,004	2,841,398	266,985	266,985	3,735,019	2,574,413
Buyers abroad	28,563,412	25,012,549	394,858	394,858	28,168,554	24,617,691
Indirect exporters	377,369	242,410	0	0	377,369	242,410
Receivables on foreign account	2,681	2,681	0	0	2,681	2,681
TOTAL	**32,945,466**	**28,099,037**	**661,843**	**661,843**	**32,283,622**	**27,437,194**

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

Movement in valuation allowances on current trade receivables

In €

2024	As at 31/12/2023	Value adjustment formed 2024	Paid written-off receivables	As at 31/03/2024
Buyers in the country	266,985	0	0	266,985
Buyers abroad	394,858	0	0	394,858
TOTAL	**661,844**	**0**	**0**	**661,844**

Trade receivables by maturity by segment

In €

Trade receivables by maturity	Gross value 31/03/2024	Adjustment 31/03/2024	Gross value 31/12/2023	Adjustment 31/12/2023
Not past due	27,554,238	16,944	24,024,487	16,944
Past due up to 15 days	4,491,014	2,050	2,913,989	2,050
Past due from 16 to 60 days	242,843	1,180	432,721	1,180
Past due from 61 to 180 days	39,658	23,954	109,582	23,954
Past due more than 180 days	617,716	617,716	618,259	617,716
TOTAL	**32,945,468**	**661,844**	**28,099,038**	**661,844**

Other current receivables

In €

Receivables group	31/03/2024	31/12/2023
Receivables for VAT	1,653,132	2,210,850
Receivables from government institutions	4,792	77,506
Receivables for aid under ZPGOPEK*	1,521,872	1,521,872
Receivables from employees	6,948	6,771
Other receivables	4,805	290,815
TOTAL	**3,191,549**	**4,107,814**

*The Company is a beneficiary of the ZPGOPEK Act in 2023. On the basis of the application submitted, the Company has a claim on the State as it has not yet received a final decision and payment of the balance up to the full eligible amount by 31 March 2024.

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

18 Cash and cash equivalents

In €

Assets group	31/03/2024	31/12/2023
Cash in hand	30	30
Cash in accounts	2,981,248	5,687,775
Short-term deposits at call	12,000,000	10,000,000
Foreign currency balances on accounts	578,110	0
TOTAL	**15,559,388**	**15,687,805**

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	31/03/2024	31/12/2023
Prepaid expenses	29,282	142,307
VAT on advances received	85,201	1,681
Other	0	65,040
TOTAL	**114,483**	**209,028**

20 Owners' equity

In €

Equity items	31/03/2024	31/12/2023
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	4,814,764	4,814,764
Own shares	-4,814,764	-4,814,764

Other profit reserves	102,652,061	102,652,061
Fair value reserve	-1,242,486	-1,242,486
Retained earnings	14,654,965	38,374,703
TOTAL EQUITY	**197,510,720**	**221,230,458**

The Company's share capital consists of 8,079,770 freely transferable bulk shares of the same class. All of the ordinary shares have the same nominal value and are fully paid up. As at the balance sheet date of 31 March 2024, the value of the share capital amounts to €20,229,770. The Company holds 264,650 treasury shares as at 31 March 2024. The Company did not acquire any treasury shares in 2024.

On the basis of the resolution of the Extraordinary General Meeting of Cinkarna Celje d.d. of 13 February 2024, the Company paid dividends of EUR 3.2/share or EUR 25 million in February from retained earnings generated before 2023 on 23 April 2024.

21 Non-current liabilities

In €

Non-current liabilities group	31/03/2024	31/12/2023
Provisions for employee benefits	3,738,834	3,843,523
Provisions for the environment	14,183,972	14,233,199
Government grants received - emission allowances	65,073	65,120
Deferred income	871,268	702,294
TOTAL	**18,859,147**	**18,844,136**

Post-employment benefits of employees

In €

Post-employment benefits of employees	31/03/2024	31/12/2023
Provisions for severance payments	3,010,034	3,101,653
Provisions for jubilee awards	728,801	741,870
TOTAL	**3,738,834**	**3,843,523**

In €

Post-employment benefits of employees 2024	31/12/2023	Formation	Dedicated use	31/03/2024
Provisions for severance payments	3,101,653	0	91,619	3,010,034
Provisions for jubilee awards	741,870	0	13,069	728,801
TOTAL	**3,843,523**	**0**	**104,689**	**3,738,834**

Provisions

In €

Environmental provisions	As at 31/12/2023	Annual plan of intended use 2024	Use in 2024	As at 31/03/2024
Provisions for the Za Travnikom landfill site	1,637,234	1,400,000	48,545	1,588,688
Provisions for the Bukovžlak landfill site (ONOB)	8,537,531	2,000,000	682	8,536,849
Provisions for the Bukovžlak high embankment barrier	1,814,771	75,000	0	1,814,771
Environmental provisions - Environmental investment in TiO_2 production	2,243,663	430,000	0	2,243,663
TOTAL	**14,233,199**	**3,905,000**	**49,227**	**14,183,972**

The use of environmental provisions in 2024 is represented by the cost of work carried out by contractors amounting to €49,227.

Deferred income

In €

Deferred income	31/03/2024	31/12/2023
Deferred contributions for employment of disabled people	4,861	780
Long-term deferred income for equipment	1,345	1,345
Funds received from the EU Fund	105,499	105,499
Emission allowances	65,073	65,120
Photovoltaic subsidies	759,563	594,670
TOTAL	**936,341**	**767,415**

22 Current financial liabilities

In €

Liabilities group	31/03/2024	31/12/2023
Current financial liabilities - assignments, cessions	9,552	100,651
Current derivative liabilities – futures	1,641	3,041
TOTAL	**11,193**	**103,692**

23 Current trade payables

In €

Liabilities group	31/03/2024	31/12/2023
Current payables to in-country suppliers	9,765,917	12,215,153
Current payables to suppliers abroad	2,259,306	2,435,198
Current payables for unbilled goods and services	1,109,949	6,203
Current payables against advances	99,647	407,334
Current payables to employees	1,392,191	2,059,725
Current payables for payer's contributions	753,410	1,005,215
Current payables to government and other institutions	285,546	389,631
Other current liabilities	6,812	11,891
TOTAL	**15,672,777**	**18,530,350**

24 Income tax liabilities

As at 31 March 2024, the Company has no income tax liabilities.

25 Obligations under contracts with buyers

In €

Obligations under contracts with buyers	31/03/2024	31/12/2023
Obligations under contracts with buyers	272,132	11,351
TOTAL	**272,132**	**11,351**

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	31/03/2024	31/12/2023
Accrued unused annual leave entitlement	914,887	914,887
Accrued costs	1,188,150	260,042
VAT on advances made	85,087	16,627
Other	0	4,118
TOTAL	**2,188,124**	**1,195,674**

27 Contingent assets and liabilities

In €

Description	31/03/2024	31/12/2023
Guarantees given	2,202,183	2,202,183
Futures	190,660	1,867,592
VISA and Mastercard payment cards	60,000	40,000
Material in finishing and processing	59,726	59,726
TOTAL	**2,512,568**	**4,169,501**

28 Fair value

In €

	31/03/2024		31/12/2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through other comprehensive income	1,558,531	1,558,531	1,558,531	1,558,531
Current financial receivables	23,589,201	23,589,201	38,616,117	38,616,117
Trade receivables	32,283,623	32,283,623	27,437,194	27,437,194
Cash and cash equivalents	15,559,388	15,559,388	15,687,805	15,687,805
Financial liabilities	-11,193	-11,193	-103,692	-103,692
Payables to suppliers	-13,135,368	-13,135,368	-14,656,554	-14,656,554
Payables under contracts with buyers	-272,132	-272,132	-11,351	-11,351
TOTAL	**59,572,051**	**59,572,051**	**68,528,050**	**68,528,050**

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.

Fair value of assets	31/03/2024				31/12/2023			
	Group 1	Group 2	Group 3	Total	Group 1	Group 2	Group 3	Total
Financial assets at fair value through other comprehensive income	0	1,558,531	0	1,558,531	0	1,558,531	0	1,558,531
Total assets measured at fair value	**0**	**1,558,531**	**0**	**1,558,531**	**0**	**1,558,531**	**0**	**1,558,531**
Assets for which fair value is disclosed								
Current financial receivables	0	0	23,589,201	23,589,201	0	0	38,616,117	38,616,117
Trade receivables	0	0	32,283,623	32,283,623	0	0	27,437,194	27,437,194
Cash and cash equivalents	0	0	15,559,388	15,559,388	0	0	15,687,805	15,687,805
Total assets for which fair value is disclosed	**0**	**0**	**71,432,212**	**71,432,212**	**0**	**0**	**81,741,116**	**81,741,116**
Total	**0**	**1,558,531**	**71,432,212**	**72,990,743**	**0**	**1,558,531**	**81,741,116**	**83,299,647**

In €

Fair value of liabilities	31/03/2024				31/12/2023			
	Group 1	Group 2	Group 3	Total	Group 1	Group 2	Group 3	Total
Financial liabilities	0	0	11,193	11,193	0	0	103,692	103,692
Payables to suppliers	0	0	13,135,368	13,135,368	0	0	14,656,554	14,656,554
Payables under contracts with buyers	0	0	272,132	272,132	0	0	11,351	11,351
Total liabilities for which fair value is disclosed	**0**	**0**	**13,418,693**	**13,418,693**	**0**	**0**	**14,771,597**	**14,771,597**

III CASH FLOW STATEMENT

The cash flow statement shows the changes in cash and cash equivalents for the financial year as the difference between the balance as at 31 March 2024 and 31 December 2023. It is drawn up using the indirect method from the statement of financial position as at 31 March of the financial year and the statement of financial position as at 31 December 2023, together with the supplementary information necessary to adjust the income and expenditure and to break down the more significant items appropriately. Theoretical contingent items are not shown, but values are shown for the current and the prior period.

IV STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity takes the form of a composite table of changes in all components of equity. Theoretically possible items are not shown. Changes in equity relate to the decision of the General Meeting to allocate the previous year's balance sheet profit to the payment of dividends to owners which were or will be paid, and to the purchase of own shares. Pursuant to Article 64(14) of the Companies Act, a statement of the balance sheet profit was added to the statement of changes in equity.

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. It's credit rating is AAA.

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 situation, the Company enters into deposit agreements with banks at positive interest rates in order to increase its financial income. As at 31 March 2024, deposits with a maturity of up to one year amount to €12 million. In order to use its cash efficiently, the Company also invests its surplus cash in treasury bills with a short-term maturity, which amount to €23.6 million as at 31 March 2024.

Credit risk

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

For many years, Cinkarna Celje has been carrying out internal credit control for individual customers, who are 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 adjusted 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	31/03/2024	31/12/2023
Financial assets at fair value through other comprehensive income	12	1,558,531	1,558,531
Financial investments	15	23,589,201	38,616,117
Trade receivables	17	32,283,623	27,437,194
Cash and cash equivalents	18	15,559,388	15,687,805
TOTAL		**72,990,744**	**83,299,647**

The Company has a healthy trade receivables structure, as can be seen in Note 17 Trade receivables in the table of trade receivables by maturity and in the table of movements in the valuation 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 €

	31/03/2024		31/12/2023	
	EUR*	USD	EUR*	USD
Financial assets at fair value through other comprehensive income	1,558,531	0	1,558,531	0
Current financial receivables	23,589,201	0	38,616,117	0
Trade receivables	31,474,281	880,240	26,386,651	1,160,850
Advances made	378,494	0	301,333	0
Cash and cash equivalents	15,559,388	0	15,687,805	0
Current financial liabilities	-11,193	0	-103,692	0
Current trade payables	-13,108,849	-28,556	-14,647,822	-9,649
Statement of financial position exposure (net)	**59,439,854**	**851,685**	**67,798,922**	**1,151,201**

*EUR is a functional currency and does not represent an exposure to exchange rate risk. In addition to the functional currency EUR, the Company uses the USD (US Dollar), which was used in the translation of the balance sheet items as at 31 December and is equal to the European Central Bank's reference rate of 1 national currency for EUR 1 at 31 March 2024 of 1.0811 and at 31 December 2023 of 1.1050.

Sensitivity analysis

A 1% change in the value of the USD against the EUR as at 31 March 2024 and 31 December 2023 would change the profit before tax by the amounts shown in the table below. The analysis, which is carried out in the same way for both periods, assumes that all variables, in particular interest rates, remain constant. In calculating the impact of the change in the US dollar exchange rate, account is taken of the stock of receivables and payables denominated in dollars.

In €

	31/03/2024		31/12/2023	
USD currency change	1%	-1%	1%	-1%
Impact on operating result before tax	71,690	-71,690	12,721	-12,721

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 aims to keep pace with changes in the economic environment by managing and adjusting its capital structure. Dividends are paid once a year in accordance with the adopted dividend policy and the resolutions of the General Meeting. Cinkarna Celje has no specific employee ownership targets and no share option programme. There were no changes in the way capital is managed in 2023. To control capital, Cinkarna Celje uses a leverage ratio, which shows the ratio of net debt to capital and total net debt. Net debt includes financial and operational liabilities less cash and cash equivalents.

In €

	31/03/2024	31/12/2023
Financial liabilities	11,193	103,692
Trade and other current liabilities	18,133,033	19,737,375
Cash and cash equivalents	-15,559,388	-15,687,805
Net indebtedness	**2,584,838**	**4,153,262**
Capital	197,510,720	221,230,458
Capital and net indebtedness	**200,095,558**	**225,383,721**
Financial leverage ratio	**1%**	**2%**

9 MAJOR BUSINESS EVENTS AFTER THE END OF THE PERIOD

The Company did not record any event that would have an impact on the financial statements reported as at 31 March 2024.