Balancing
Efficiency and
Accountability

CINKARNA

# ANNUAL REPORT 2025

CINKARNA

# Annual Report of Cinkarna Celje d.d. for 2025

# Table of contents

# Key highlights

## 2025 at a Glance

**EUR 198.8 million**
in sales revenue.

**EUR 19.5 million**
net profit.

**724**
employees.

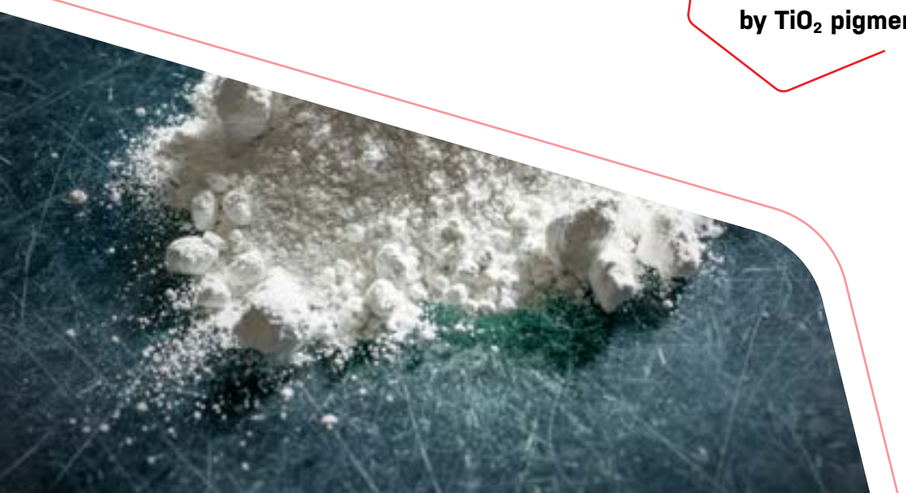
**TOP 5 %**
of companies globally for sustainability performance.

**93 %**
of sales revenue generated from exports.

**85 %**
of total revenue generated by $TiO_2$ pigment sales.

**TOP 1,5 %**
of the most reliable and financially stable companies in Slovenia.

**EUR 19.5 million**
invested in capital projects, fixed assets, and replacement equipment.



# BUSINESS OVERVIEW

# 01

# Analysis of the Company's development, business performance, and position

# Concise overview of performance and alternative performance measures

Cinkarna Celje, d. d., (hereinafter the "Company") uses, among other metrics, alternative performance measures (APMs) as defined by ESMA to demonstrate its past business performance. The selected performance metrics reveal the Company's business performance and efficiency considering the cyclical nature of the pigment industry.

**Table 1: Concise overview of performance and alternative performance measures**

| OPERATIONS (in EUR 000) | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Turnover | **198,801,28** | 200,285,41 | 176,464,29 | 227,153,12 |
| Operating profit (EBIT) [1] | **22,226,71** | 26,664,24 | 12,722,75 | 53,175,64 |
| Operating profit + depreciation and amortisation (EBITDA) [2] | **36,097,93** | 39,565,05 | 25,078,12 | 65,326,33 |
| Net operating result | **19,469,55** | 23,087,25 | 12,653,41 | 43,396,47 |
| Non-current assets (end of period) | **121,392,52** | 116,963,68 | 114,522,70 | 108,559,53 |
| Current assets (end of period) | **139,844,09** | 154,390,04 | 145,392,97 | 142,388,47 |
| Equity (end of period) | **216,755,09** | 211,036,48 | 221,230,46 | 209,010,15 |
| Non-current liabilities (end of period) | **17,427,34** | 18,924,57 | 18,844,14 | 18,831,72 |
| Current liabilities (end of period) | **27,054,18** | 41,392,67 | 19,841,07 | 23,106,14 |
| Investments | **19,525,40** | 14,302,00 | 19,825,30 | 10,546,50 |

| INDICATORS | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| EBIT as a percentage of turnover | **11.18** | 13.31 | 7.21 | 23.41 |
| EBITDA as a percentage of turnover | **18.16** | 19.75 | 14.21 | 28.76 |
| Net profit as a percentage of turnover (ROS) | **9.79** | 11.53 | 7.17 | 19.10 |
| Return on equity (ROE) [3] | **9.10** | 10.68 | 5.88 | 21.74 |
| Return on assets (ROA) [4] | **7.31** | 8.69 | 4.95 | 17.61 |
| Value added per employee [5] | **106,613** | 107,471 | 80,305 | 131,431 |

| NUMBER OF EMPLOYEES | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| End of year/period | **726** | 718 | 742 | 775 |
| Average end of year/period | **724** | 725 | 754 | 776 |

| SHARE INFORMATION * | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Total number of shares | **8,079,770** | 8,079,770 | 8,079,770 | 8,079,770 |
| Number of own shares | **299,874** | 298,384 | 264,650 | 264,650 |
| Number of shareholders | **3,199** | 2,871 | 2,651 | 2,321 |
| Earnings per share in EUR [6] | **2.41** | 2.86 | 1.57 | 5.37 |
| Dividend yield [7] | **5 %** | 17 % | n/a | 10 % |
| Gross dividend per share in EUR | **1.80** | 4.10 | n/a [8] | 3.19 |
| Share price at end of period in EUR | **31.50** | 27.70 | 20.50 | 23.00 |
| Book value per share in EUR [9] | **26.83** | 26.12 | 27.38 | 25.87 |
| Market capitalisation in EUR 000 (end of period) | **254,513** | 223,810 | 165,635 | 185,835 |

**[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 Company.**
**[6] Net profit/average number of shares in issue.**
**[7] Amount of dividend/share value (at the date of the resolution).**
**[8] In 2023, no dividends were paid due to the energy aid granted to the Company in accordance with the ZPGOPEK.**
**[9] Capital at end of period/total number of shares in issue.**

# Letter from the Management Board

With a continuous history of more than 150 years in business, the Company is a modern, forward-looking chemical enterprise that has entered this new era in excellent shape, with ambitious goals for sustainable operations. As part of the chemical industry, which is a vital component of the European and Slovenian economies, we are aware of our opportunities, responsibilities, and challenges in the context of the green, low-carbon, and circular transformation of European industry and the dynamic nature of the pigment industry.

**Titanium dioxide pigment remains at the core of the Company's business, with a continued focus on ongoing improvement and development.**

During the period under review, we generated sales revenue of EUR 198.8 million. The total value of exports reached EUR 185.0 million during this period, which is on par with the level seen in 2024. In 2025, market conditions were challenging and quite unpredictable, primarily due to reduced competitiveness in markets outside the EU, which was reflected in lower sales volumes and, consequently, slightly lower sales, despite higher selling prices. Pressure in EU markets intensified further because some of our Western competitors (who are otherwise globally dispersed) shifted their focus more toward the European market, as they, like us, were less competitive in unprotected markets. Although anti-dumping measures on imports of Chinese $TiO_2$ remained in effect throughout the year, they have so far failed to provide the expected protection against price pressure. Chinese producers have absorbed the bulk of the tariffs and adjusted their output prices, while continuing to actively seek ways into the European market. Given the persistent excess capacity in the industry (primarily of Chinese origin) and more subdued demand, this continued to put pressure on selling prices and margins; furthermore, the situation was exacerbated by rising sulphur costs, which negatively impacted manufacturers' cost structures.

Net profit amounted to EUR 19.5 million, representing 84.3% of the net profit achieved in 2024, when it reached EUR 23.1 million. Operating profit before depreciation and amortisation (EBITDA) reached EUR 36.1 million, representing 18.2% of total revenue. Compared to the previous year, EBITDA is down by 8.8%.

Titanium dioxide pigment remains at the core of Company's business, and we focus on continuously improving its quality and developing sustainable applications. Despite our role as a smaller manufacturer that follows market trends, we exceeded expectations by effectively capitalising on opportunities. Our strategy is guided by a focus on profitable markets, high-quality customers, and long-term partnerships.

Economic sentiment indicators in the euro area in the last quarter point to a gradual continuation of economic growth, as both the composite PMI and the economic sentiment indicator reached their highest levels since mid-2023, with improved confidence across all sectors and among consumers. Nevertheless, the

**Aleš Skok,**
*MSc (Chemical Engineering), MBA (USA)*
**President of the Management Board**

**Nikolaja Podgoršek-Selič,**
*BSc (Chemical Engineering), Specialist*
**Member of the Management Board – Deputy Chairman of the Management Board – Chief Technical Officer**

**Dr Nika Veronovski,**
**Member of the Management Board – Works Director**

ECB expects slightly lower euro area GDP growth this year, around 1.2%, after growth last year was temporarily supported by a surge in exports ahead of the introduction of higher tariffs. The main driver of growth remains private consumption, supported by higher real wages and high employment, along with investment and increased infrastructure and defence spending, particularly in Germany. In Slovenia, economic activity last year was driven primarily by construction and household consumption amid weak industry and exports, while manufacturing output remained lower year-on-year, and exports lost market share in the EU market, indicating persistent pressures on competitiveness. These pressures intensified in 2025 due to rising labour costs, particularly in construction and manufacturing, although the deterioration in price competitiveness indicators slowed toward the end of the year. Taken together, this means that the recovery remains fragile and uneven, with high risks related to trade tensions, geopolitics, and financial markets, while positive surprises could come primarily from larger public investment cycles and reforms to boost productivity.

## In 2025, the Company maintained business stability despite challenging market conditions.

In this macroeconomic environment, the $TiO_2$ industry ended the fourth quarter of 2025 on a subdued note. In Europe, Q4 contracts declined for the second consecutive quarter, despite a competitor's insolvency and capacity outages, as weak demand from the construction and coatings sectors and customers' inventory reductions at year-end prevented market rebalancing. Supply remained more than sufficient, partly due to the redirection of volumes from less profitable, non-tariff markets to protected EU markets, which further intensified price pressure. Similar dynamics were also present in the U.S., where Q4 contracts fell for the fifth consecutive time. In Asia, the market was characterised by highly competitive Chinese supply, low spot prices, and excess capacity, with attempts to raise prices at the end of the year being primarily cost-driven due to rising acid prices, but without clear support from end markets, particularly amid the continued contraction of real estate investment in China.

Western manufacturers faced further margin compression under these conditions, so in Q4 and as they transitioned into 2026, they focused primarily on maintaining positive cash flow, high capacity utilisation, and cost discipline. Additional pressures stem from hybrid mixtures with reduced $TiO_2$ content that remain below the thresholds for tariff restrictions, calling into question the long-term effectiveness of protective measures and increasing competitive pressure on the European market. The start of the first quarter of 2026 is thus marked by cautious stabilisation at low levels, with isolated forecasts of moderate price adjustments, the implementation of which depends heavily on an actual improvement in demand. In the short term, seasonal inventory replenishment is primarily expected, while any recovery in the $TiO_2$ market will be slow, uneven, and closely linked to developments in the construction sector, coatings, and the broader industrial cycle, requiring careful management of working capital and capacity in the coming months as well.

In the area of employee relations and human capital management, we continued to optimise our organisational structure in 2025 with the aim of ensuring the smooth operation of the Company and creating conditions for safe, healthy, and productive work for our employees. We adhere to the principles of a balanced and motivating compensation policy and ensure an appropriate level of employee satisfaction and engagement, while simultaneously controlling labour costs. We are implementing IT support for the systematic development of competencies and the improvement of the organisational climate, and together with our social partners, we prepared a draft for the overhaul of the competency and pay model, which will enable greater transparency and the long-term sustainability of the remuneration system.

In 2025, we allocated EUR 19.5 million for investments, the purchase of fixed assets, and replacement equipment, making our investment decisions in a selective and prudent manner. We invested primarily in programmes and projects with clear growth potential, as well as in production investments that contribute to reducing operating costs, ensuring profitable production volumes, improving product quality, ensuring regulatory compliance, and enhancing energy efficiency. Thus, despite challenging market conditions, investment activity was focused on longterm competitiveness and business stability.

Our development activities largely followed the established five-year strategy, while adapting to new market conditions as they arose. We carried out development activities in a targeted manner, based on identified opportunities, our own expertise, and taking into account trends and customer expectations, with an emphasis on areas where we can create higher added value.

In the area of spatial and environmental risks, we implemented several interrelated projects designed to comprehensively manage long-term risks and ensure a stable business environment. Among the more significant ones are the alternative water supply project, the harmonisation of spatial planning documents for the red gypsum filling facilities at Za Travnik and Bukovžlak, and projects to ensure the stability of barrier structures.

In planning and implementing all activities, we consistently adhere to the principles of sustainable development and the circular economy. As part of ensuring the sustainable development of titanium dioxide production, we continued projects for comprehensive water management and waste acid treatment, and further focused on the recovery of red gypsum. At the same time, we initiated and implemented new activities in the areas of carbon footprint reduction, renewable energy use, and material reuse, with a clear goal of long-term cost and environmental sustainability.

The following sections of the report provide a detailed overview of the results by business segment, as well as a comprehensive presentation of the Company's financial position and operations.

**Management Board of Cinkarna Celje, d. d.**

# Report of the Supervisory Board

**Tomaž Berločnik,**
**Chairman of the Supervisory Board**

In 2025, the Supervisory Board exercised active and responsible oversight of the Company's operations and the Management Board's activities within the scope of its authority. In doing so, it focused primarily on ensuring long-term business stability, managing key operational and environmental risks, and addressing issues of succession planning and the development of the Company's management structure. Particular attention was paid to monitoring day-to-day operations, investment decisions, and the preparation and approval of business plans.

The Supervisory Board assessed 2025 as a challenging year in terms of content, yet a stable one. It understood its role not only as formal oversight, but also as an active and constructive dialogue with management, with the aim of identifying risks in a timely manner, clarifying open issues, and supporting management in decisions important for the Company's long-term development.

In 2025, the Supervisory Board held six meetings, including five regular and one extraordinary meeting. At these meetings, the members of the Supervisory Board reviewed the materials and explanations provided by the Management Board and, where necessary, sought additional information and opinions, including from external experts.

At the end of 2025, the Supervisory Board consisted of Chairman Tomaž Berločnik and members Melita Malgaj, Boštjan Furlan, Dubravka Derossi Uršič, Aleš Stevanovič, and Matej Pompe, the latter two of whom were employee representatives. The composition of the Supervisory Board enabled the effective performance of supervisory functions and the professional consideration of key issues regarding the Company's operations and development.

In 2025, there was a change among the employee representatives on the Supervisory Board. Following the expiration of the term of the previous member, Jože Koštomaj, Matej Pompe, who was appointed by the Works Council, assumed the role of Supervisory Board Member as employee representative.

In 2025, the Supervisory Board regularly monitored the Company's operations, with a focus on financial performance, investment activities, and the implementation of business plans. The Management Board kept the Supervisory Board promptly and comprehensively informed of developments in key business indicators and any deviations from planned targets, enabling the Supervisory Board to address and respond to issues in a timely manner.

Special attention was paid to managing the key risks faced by the Company. The Supervisory Board reviewed in detail the risk of a shortage of process water and possible solutions, and also monitored other significant operational, market, and environmental risks. The review of risks was conducted in conjunction with the Company's sustainability strategy, with the Supervisory Board emphasising the importance of the long-term stability and resilience of the business model.

In 2025, the Supervisory Board monitored the implementation of the Company's medium-term strategy and discussed key development directions for future periods. Particular emphasis was placed on strengthening the Company's competitive position, increasing market share, and growing the physical volume of business, while maintaining financial stability.

A significant portion of the discussions was devoted to development and research activities and the implementation of investments. The Supervisory Board actively monitored the progress of key development tasks and investment projects, paying particular attention to their substantive justification, alignment with development goals, and implementation within approved financial frameworks and timelines.

The Supervisory Board reviewed and approved the 2026 business plan and concluded that the set goals are realistic, financially sustainable, and consistent with the Company's strategic direction. It also believes that, with a conservative financial approach, a stable business model, and targeted development investments, the Company is creating a solid foundation for further growth and adaptation to future challenges in the business environment. The focus will therefore continue to be on improving or strengthening the competitive position, increasing market share, and expanding the physical volume of business. In parallel with this, the possibility of further diversifying the product portfolio will be explored.

In 2025, the Supervisory Board adopted a new Remuneration Policy, which established the principles, criteria, and procedures for determining the remuneration of the Management Board and the Supervisory Board. The policy emphasises the link between remuneration and responsibilities, performance, sustainable business practices, and the Company's long-term development.

The Supervisory Board reappointed the President of the Management Board for a new full term and appointed a member of the Management Board—the Technical Director—for a term ending on 31 March 2027, taking into account the fact that she will retire upon the expiration of her term. In this context, the Supervisory Board encouraged the President of the Management Board to initiate procedures in a timely manner to ensure an appropriate succession and a smooth transfer of knowledge, experience, and responsibilities.

In the second half of 2025, the Supervisory Board was regularly briefed on the progress of the recruitment process and monitored the onboarding of a potential candidate for the Management Board, confirming the candidate's continued onboarding.

Upon the expiration of the term of office of Management Board Member, Employee Director, Filip Koželnik, who decided not to seek re-election upon the expiration of his term, the Works Council, in accordance with its statutory powers, proposed Nika Veronovski to the Supervisory Board as a member of the Management Board, Employee Director, whom the Supervisory Board appointed to the Management Board.

Within the scope of its authority, the Supervisory Board reviewed and approved the Internal Audit work plan for 2026. It reviewed the annual report on the work of this department and, during its review of the semi-annual reports, familiarised itself with the operations of the internal audit function, its key findings, the recommendations issued, and the implementation of those recommendations. By approving the internal audit strategy, it confirmed the strategic objectives for its development for the 2026–2028 period.

In 2025, the Supervisory Board monitored the integration of sustainability considerations into the Company's operations and reviewed the implementation of the sustainability strategy and key initiatives in the areas of the environment, social responsibility, and governance, including the DMA. It paid particular attention to environmental issues related to the nature of the Company's activities, the management of environmental risks, and compliance with applicable regulatory requirements. In doing so, the Supervisory Board reviewed progress in the area of sustainability reporting and measures aimed at reducing environmental impacts, the efficient use of resources, and responsible conduct toward employees, the local community, and other stakeholders. It treated sustainability issues as an integral part of business decision-making and the Company's long-term stability.

In 2025, the Audit Committee of the Supervisory Board fulfilled its role as the Supervisory Board's central expert body in the areas of financial reporting, internal controls, internal audit, and cooperation with the independent auditor. It operated with an appropriate composition that ensured the necessary expertise and independence, and held six meetings in 2025.

The Audit Committee regularly reviewed the Company's interim operating results and paid particular attention to financial and accounting data, the quality of financial reporting, and the content of interim and annual business reports, while also keeping abreast of the Company's key risks and their management. In doing so, it also monitored the operations of the internal audit function, reviewed its reports on completed internal audits, monitored the implementation of recommendations, and reviewed periodic reports on the work of the internal audit function. It collaborated with the head of Internal Audit in developing the internal audit function's strategy, thereby supporting the Supervisory Board in setting expectations regarding its further development.

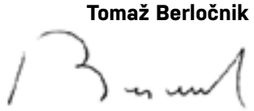
Within the scope of its responsibilities, the Audit Committee reviewed the results of the statutory audit of the financial statements, the sustainability statement, the auditor's report, and the letter to management, and assessed the independence and impartiality of the external auditor. In addition to the statutory audit, the auditor also performed a review of the compliance of the financial statements in electronic form (ESEF) and a review of the report on the remuneration of management and supervisory bodies.

Based on its review of the auditor's report, the Audit Committee took note of the findings that the 2025 Annual Report of Cinkarna Celje, d. d., has been prepared in accordance with the requirements of the Companies Act and International Financial Reporting Standards, and that the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Company. Based on a review of the auditor's independent limited assurance report on the sustainability statement, the Audit Committee also took note of the findings that the Sustainability Statement has been prepared in all material respects in accordance with Articles 70c and 70d of the Companies Act (ZGD-1) and that the sustainability report complies with the requirements of the European Sustainability Reporting Standards (ESRS).

Based on its review of the Audit Committee's reports, the Supervisory Board, within the scope of its authority, examined the Company's Annual Report and the proposal for the appropriation of retained earnings; and, after reviewing the relevant supporting documents and additional explanations, it assessed their compliance with applicable legal requirements. It also reviewed the auditor's report. Following its final review of the Annual Report, the Supervisory Board has no comments.

At its regular meeting on 14 April 2026, the Supervisory Board approved the Annual Report of Cinkarna Celje, d. d., for 2025.

**Chairman of the Supervisory Board**
**Tomaž Berločnik**



# Internal audit report

Internal audit services are performed by the Internal Audit Department, which is an independent organisational unit that reports functionally to the Supervisory Board and organisationally to the Company's Management Board. Its role, scope of work, types of services, and authority are defined in the Internal Audit Charter, which was revised upon the adoption of the Global Internal Audit Standards.

The purpose of internal auditing is to strengthen the Company's ability to create, protect, and preserve value by providing independent, unbiased assurance. By adhering to professional standards and systematically evaluating the internal control system, it assists the Company in improving control procedures and management processes, thereby helping it achieve its objectives.

In 2025, the Internal Audit Department carried out its work in accordance with the approved annual plan. Seven regular internal audits were conducted, with the last one completed in the following year. The audits covered areas within the production business units and company-wide processes. In accordance with the plan, an audit was conducted in collaboration with an external expert to assess the Company's compliance with the Information Security Act (ZInfV-1). Recommendations were issued for identified opportunities for improvement, ranked according to risk level, and their implementation was subsequently monitored and verified on a regular basis. Information on the implementation of internal audit recommendations is included in regular periodic reports on the department's operations, intended for the Management Board, the Audit Committee, and the Supervisory Board.

Improvements were also implemented in the area of the internal audit function. Among the most significant was the preparation and adoption of a strategy for the 2026–2028 period, which, with its defined vision, objectives, initiatives, and key activities, guides the operations of the internal audit function and its continuous improvement. Activities from the quality assurance and improvement programme, which includes internal and external assessments, also serve as a foundation for further development. As part of internal activities, a self-assessment of compliance with the requirements of the Global Internal Audit Standards was conducted in early 2025, and the work plan for 2026 includes the implementation of an external independent quality assessment.

**Head of the Internal Audit Department**
**Mag. Mateja Rupnik**

# Highlighted events

**The range of events reflects the Company's development orientation, international engagement, and social responsibility.**

### Cinkarna Celje d.d. in Antwerp to improve conditions for European industry

In February, the Company participated in an event in Antwerp with the President of the European Commission. At the event, 400 business leaders, including the President of the Management Board, Aleš Skok, discussed immediate measures with President Ursula von der Leyen ahead of the March European Council meeting. The focal point of the event was, of course, the so-called Clean Industrial Deal, an industrial agreement aimed at strengthening the EU's competitiveness and supporting decarbonisation, particularly in energy-intensive industries. The goal is to create a more competitive, sustainable, and resilient European industry.

### The 17th competition for primary and secondary schools completed

As part of Company's 17th competition, young people explored how the Company reduces its environmental impact in various ways and increases its responsibility toward the environment in which it operates. More than 430 primary and high school students from 24 schools in the region participated. At Company, we are thrilled every year by the many young people who combine creativity and chemistry. The students created numerous board games on the theme of sustainability measures. Over 100 contest participants attended this year's closing event.

### Successfully completed Open House Day

In June, we successfully held an Open House Day at our locations in Celje and Mozirje. The event gave numerous visitors a glimpse into the Company's more than 150-year history, modern technology, sustainable practices, and, above all, the work of the people who contribute daily to the Company's development and success. Visitors were able to tour modern production processes and learn about our truly exceptional efforts in the area of sustainability, as this year we will allocate nearly 20 million EUR in investments primarily toward production modernisation, sustainable development, and the development of a circular economy. The event was thus an excellent opportunity for dialogue between the Company and the local community, which is crucial for our continued joint development and success..

### Successful completion of a civil protection and rescue exercise as part of a regional drill

In May, the Company conducted a challenging civil protection and rescue exercise as part of the regional drill "Earthquake in the Western Styria Region." Company's firefighters , together with civil protection and rescue units, carried out PIRS procedures (identify, isolate, rescue, and remediate). The purpose of such exercises is to test rapid response, coordinated action, and effective communication among all participants.

The exercise involved 100 personnel from the Company's Fire Department, the Celje Professional Fire Department, the Radiological, Chemical, and Biological Protection Unit, Emergency Medical Services, the Slovenske Konjice Volunteer Fire Department, the Štore Volunteer Fire Department, and the Rogaška Slatina Volunteer Fire Department. The exercise confirmed the high level of professional competence of all participating units and good cooperation with protection and rescue services, which is crucial for mitigating the consequences of accidents at chemical plants.

## At the Abrafati trade fair in Brazil

We made our debut as exhibitors at this year's Abrafati Show in São Paulo, Brazil. This marks an important strategic step for Cinkarna Celje's entry into the South American market. The Abrafati fair is considered the premier event for the paint and coatings industry in Latin America, bringing together leading raw material manufacturers, experts, researchers, and distributors. By participating in the fair, we presented our most important product, titanium dioxide ($TiO_2$), to industry professionals. We emphasised its key importance in the coatings, paints, and other materials industries, where quality, stability, and sustainability aspects are increasingly at the forefront. The fair featured a diverse mix of technological solutions and technical content presented during the accompanying congress. Our presence at the Abrafati Show thus strengthened our brand recognition, confirmed the importance of $TiO_2$ in the global market, and enabled us to build our position in Latin America with even greater confidence through direct contact.

## EcoVadis gold certification for sustainable business practices

In August, we received the prestigious Gold Medal in the EcoVadis assessment, placing our Company among the top 5% of globally assessed companies in the field of sustainable business. The methodology is based on international sustainability standards and covers more than 200 procurement categories and over 175 countries. The EcoVadis assessment is based on 21 indicators across four areas: environmental impact, business ethics, respect for labour and human rights, and sustainable procurement. The significance of this prestigious award: EcoVadis is the most trusted global assessor of corporate sustainability. Since 2007, more than 150,000 companies in global supply chains have been assessed for responsible performance in the aforementioned areas. EcoVadis awards recognise not only short-term achievements but also long-term and comprehensive sustainability strategies, supported by transparent reporting and continuous improvements.

## Cinkarna Celje, d. d., ranks among the top 1.5% of companies in Slovenia for the 8th consecutive year

For the eighth consecutive year, we have been awarded the AAA Platinum Credit Excellence Certificate. This highest credit rating confirms that our company ranks among the top 1.5% of the most reliable, credible, and financially stable companies in Slovenia. Maintaining Platinum Excellence over the long term demonstrates our consistent adherence to the highest standards and is a recognition awarded only to companies with a long-standing above-average credit rating. It serves as an additional assurance to our customers, partners, and employees that we operate successfully, responsibly, and with an eye toward the future. Companies with Platinum Credit Excellence perform exceptionally well and meet strict criteria for achieving a low probability of adverse events occurring in the next twelve months.

## European Court of Justice ruling overturning the classification of $TiO_2$ as a hazardous substance

During the summer, Company received a ruling from the European Court of Justice upholding the decision of the Titanium Dioxide Manufacturers Association (TDMA) and removing certain forms of $TiO_2$ from the list of hazardous substances. The decision of the court of appeal is final.

This ruling primarily means that $TiO_2$ will be removed from the list of hazardous substances in the EU once the regulatory process is completed. At Company, we welcome this decision, which is based on extensive scientific evidence. This evidence unequivocally confirms that the use of $TiO_2$ is safe for humans.

The European Court of Justice's ruling will thus simplify regulatory requirements and enable a more stable regulatory environment for the industry. Only a stable regulatory environment creates the right conditions for sound business planning, openness to development, and innovation.

Collaboration with regulators, coupled with support for scientific research, remains among our top priorities. Only through joint efforts to ensure the safe, responsible, and efficient use of raw materials such as $TiO_2$—which is crucial for many industries—can we ensure sustainable development while simultaneously fostering the competitiveness and innovation of European industry.

The Company remains committed to both adhering to the highest environmental and safety standards and to comprehensive sustainable development. Such science-based decisions lay an additional foundation for a more stable and responsible future in the long term.

## The 18th competition for elementary and secondary schools announced

For the 2025/2026 school year competition, we are looking for a hero or heroine who uses clean energy, recycled power, and imagination to protect our planet, people, and businesses—and how this superhero or superheroine is already helping Company and the environment today. This year's contest offers plenty of creative opportunities for self-expression, as children and young people can choose between the art or literary category.

## The power of community: Social responsibility and support for the local community

We believe that sustainable success is closely linked to social responsibility and active support for the community in which we operate. Sponsorships, donations, and partnerships with local organisations and associations are a key part of our social responsibility strategy. We realise that by joining forces, we can help create better conditions for sports, culture, education, and other initiatives in our community. We are proud of the many collaborations that contribute to talent development, the strengthening of social bonds, and the sustainable development of the local environment. Many such partnerships enhance the visibility of the municipalities and the region where we operate and confirm that the combined efforts of the Company and the local community create a story that resonates throughout Slovenia and beyond.

## Cinkarna Celje, d. d., has a new Employee Director

In November, the Company's Supervisory Board appointed Dr. Nika Veronovski as a member of the Management Board, Employee Director, following a proposal by the Works Council. The new member of the Management, Employee Director, Dr. Nika Veronovski, has been employed at Company for over 15 years. She holds a Ph.D. in environmental engineering. As an expert, she has many years of experience in the field of surface modifications, the development and characterisation of new materials, and their applications. In her work, she also focuses on optimising production processes and improving the final properties of titanium dioxide ($TiO_2$) pigment, which is the Company's main product. Dr. Nika Veronovski succeeded Filip Koželnik in this position; he remains with Company and will focus his expertise on investor relations and further strengthening trust with stakeholders.

## Strengthening dialogue with the local community: A successful Community Council meeting

In December, we held a meeting of the Community Council, a new advisory body designed to foster an even more constructive dialogue with the local community. The Community Council was established in early 2025, and its work began in the autumn of 2025 with an introductory coordination meeting, where the foundations for cooperation were laid. The main purpose of the Community Council's establishment and operation is to facilitate regular dialogue with key stakeholders from the City of Celje and the municipalities of Štore and Šentjur, with the aim of promoting the coexistence of the economy with local communities, mutual understanding, and the creation of added value through the search for feasible solutions to improve the quality of life in the region. The members of the council were briefed on the Company's activities, its plans, and its sustainable development strategy. The Company transparently presented all its sustainability measures, efforts to reduce environmental impacts, investments in the local community, and support for youth, sports, and socially responsible projects. Special emphasis was also placed on past activities related to cooperation and communication with local communities. The meetings and activities of the Community Council represent an important step toward an even more transparent dialogue with residents. This form of dialogue provides direct insight into the Company's operations and contributes to the sustainable development of the local community. Council members highlighted the Company's positive progress in the areas of sustainability, cooperation with the local community, and social responsibility. The Community Council will continue to serve as a forum for regular and open dialogue aimed at strengthening cooperation and jointly seeking solutions for sustainable development, while also ensuring long-term and structured dialogue with local communities and fostering mutual trust and understanding.

# Company profile

Company, with its 150-year tradition of continuous operation, is one of the most resilient companies in the Slovenian economy. Until 1968, the Company's defining activity was metallurgy, but with the launch of the production of titanium dioxide pigment in 1973 and its subsequent expansion, Company now operates in the chemical processing industry.

**Table 2: Basic company identification information**

| **Company** | **Cinkarna, kemična industrija Celje, d. d.** |
|---|---|
| Short name | Cinkarna Celje, d. d. |
| Headquarters | Kidričeva ulica 26, 3000 Celje, Slovenia |
| Telephone – Central Office | +386 3 427 60 00 |
| Telex | info@cinkarna.si |
| E-mail | www.cinkarna.si |
| Person responsible | Aleš Skok, President of the Management Board |

| **Dislocated business unit** | **Kemija Mozirje** |
|---|---|
| Headquarters | Ljubija 11, 3330 Mozirje |
| Telephone | +386 3 837 09 00 |
| Ownership | Presented in the financial report |

## Organisational structure

The organisational structure comprises the Management Board, five business units, and ten specialised departments. As of the beginning of 2025, the Environmental Protection Department and the Occupational Safety and Health Department were merged into the Department of Safety, Health and the Environment.

### Cinkarna Celje, d.d.

**MANAGEMENT BOARD**
President: Aleš Skok
Technical Director: Nikolaja Podgoršek Selič
Employee Director: Nika Veronovski

**BUSINESS UNIT TITANOV DIOKSID**
Director: Tomi Gominšek

**BUSINESS UNIT KEMIJA CELJE**
Director: Andrej Lubej

**BUSINESS UNIT KEMIJA MOZIRJE**
Director: Irena Vačovnik

**BUSINESS UNIT POLIMERI**
Director: Roman Deželak

**BUSINESS UNIT VZDRŽEVANJE IN ENERGETIKA**
Director: Boštjan Podkrajšek

**FINANCE**
Head of Finance: Dejana Starčević

**MARKETING**
Director: Irena Franko Knez

**PROCUREMENT & LOGISTICS**
Director: Dejan Skok

**HUMAN RESOURCES AND GENERAL SERVICES**
Head of Department: Marko Cvetko

**LEGAL DEPARTMENT**
Head of Department: Gregor Gajšek

**QUALITY DEPARTMENT**
Head of Department: Ksenija Gradišek

**DEPARTMENT OF SAFETY, HEALTH AND THE ENVIRONMENT**
Head of Department: Jure Hictaler

**ACCOUNTING DEPARTMENT**
Head of Department: Karmen Fujs

**IT DEPARTMENT**
Head of Department: Boris Špoljar

**INTERNAL AUDIT DEPARTMENT**
Head of Department: Mateja Rupnik

# BUSINESS OVERVIEW

# 02
# Company management

# Corporate Governance Statement

**G1-1: 7**
Company is organised as a joint-stock company with its registered office in Celje. The Company has a two--tier management system consisting of the Management Board and the Supervisory Board. The Management Board manages the Company for the benefit of the Company, independently and on its own responsibility. The Management Board represents the Company and is accountable to the General Meeting and the Supervisory Board.

**G1-1: 7-8**
Information on the composition and functioning of the management and supervisory bodies and their committees is presented in the section [GOV-1] Role of administrative, management, and supervisory bodies.

**G1-2:12, 13, 14**
In its operations, the Company applies the Slovenian Code of Corporate Governance for Public Joint-Stock Companies, which was adopted in December 2021 by the Ljubljana Stock Exchange and the Slovenian Association of Supervisors. In accordance with a business decision by the Company's Management Board, the Company complies with the Code, with the exception of the explained deviations. Due to the specific nature of the Company's management, the legal framework (ZGD-1, ZTFI-1, Market Abuse Regulation (MAR), etc.) is strictly adhered to in areas that deviate from the Code. Below, we provide an overview and explanations of deviations from individual provisions of the Code.

**G1-1:9**
Item 5.6 – The compliance of the components of the Governance Statement with the provisions of ZGD-1 was verified by the external auditor as part of the regular audit. No additional external compliance audit was carried out.

**G1 1:10**
Item 6 – The Supervisory Board, in cooperation with the Management Board, drafted the Remuneration Policy for Management and Supervisory Bodies in accordance with relevant legislation and best practice recommendations in this area, and submitted it to the General Meeting for approval. The General Meeting approved the document.

**G1 1:11**
Item 10.1 – The Company has concentrated ownership, with the two largest shareholders holding more than 20 percent of the voting rights. Furthermore, the majority of shareholders are from Slovenia.

**G1-1:9–10**
Item 16 – During the reporting period, the Supervisory Board and the Audit Committee of the Supervisory Board did not carry out a formal evaluation of their performance. The year 2025 was the first full year of operation of the Supervisory Board in its composition following the most recent change in membership; therefore, a formal evaluation was planned for the next reporting period. The Supervisory Board and the Audit Committee plan to conduct the evaluation in 2026, taking into account the applicable recommendations and appropriate methodology for assessing the effectiveness of supervisory boards.

**G1-6:31-32**
Item 26 – The Company does not yet have established procedures in place regarding transactions with related parties to assess whether a transaction is conducted in the ordinary course of the Company's business and under arm's-length terms. Although the Company did not record any transactions with related parties during the reporting period, it does maintain a list of related parties.

**G1-2:15**
Item 30 – The Company does not have a defined corporate communication strategy as an integral part of its Governance Policy. The Company's Management Board and specialised departments are responsible for corporate communication and business transparency. Public disclosures (SEOnet and the Company's website) comply with legal requirements and contain information that enables securities investors to assess the situation and evaluate the impact of a business event on the price of the security.

The diversity policy is publicly available on the website and is outlined in Section G1 of the Sustainability Statement, along with other codes and policies that the Company adheres to in its operations.

To manage the risks that affect the achievement of our objectives, a system of operational and supervisory internal controls has been established at all levels and in all areas of business. These are the objectives:

- operational efficiency and effectiveness,
- reliability of financial reporting,
- compliance with legal regulations and internal rules.

Control activities and responsible parties are documented in internal documents (job descriptions, authorisations, organisational regulations, rules, and procedures).

The Company ensures the following:

- Accounting data verification, which involves assessing the accuracy of accounting data and correcting any identified discrepancies. Implementation is the responsibility of the Accounting Department and the Finance Department;
- Verification of the reliability of accounting data, which is performed through an inventory of assets and liabilities. The inventory is conducted by a permanent inventory commission in accordance with the annual inventory schedule. For specific types of inventories or extraordinary inventories, the Company's Management Board may also appoint special inventory commissions;
- Assessing deviations of actual figures from planned ones, which may indicate shortcomings in implementation as well as in goal planning. These activities are carried out within the Accounting Department;
- Internal control over the implementation of prescribed procedures in the areas of procurement, storage, and consumption of materials, as well as in the areas of production, storage, and sale of products (control of the use and approval of prescribed documentation, analysis of potential deviations, and proposal of measures). These activities are carried out within the Accounting Department and by the Management Board;
- Internal controls within the computer-based information system, relating to management, infrastructure, security, procurement, development, and maintenance of software support, are provided by the IT Department. Controls within individual applications and controls at the user level of software solutions ensure the completeness and accuracy of data capture and processing;
- The internal control system is also supplemented by a system for conducting assessments in accordance with acquired ISO standards;
- Internal process audits, conducted by qualified internal auditors to verify whether activities are carried out in accordance with management system requirements and whether the management system is appropriate and effective for achieving the set objectives. External audits are performed by a selected certification body;
- Audit of the annual financial statements, conducted by an external audit firm;
- Annual review of the functioning of operational and supervisory internal controls based on a decision by the Company's Management Board. The Management Board defines, by resolution, the responsible party, the areas of supervision, and the timeline for conducting the review.

We established the Internal Audit Department in 2016. Based on the adopted charter, work methodology, professional rules, and annual work plan, it has been operational since 2017. Its purpose is to verify and assess, within the scope of internal audit engagements, the adequacy and effectiveness of the internal control system in achieving the Company's significant objectives.

Deviations identified in individual internal control mechanisms are analysed by responsible personnel and Company management, who then take measures to eliminate or prevent the causes of risks that have led to, or could lead to, deviations from the Company's established rules and objectives.

Risk management is discussed in more detail in the following chapter.

# Risk management

The risk management process is a key process and the foundation of the Integrated Management System (IMS). Risk management within the Company is carried out systematically in accordance with the Policy on the Management of Impacts, Risks, and Opportunities, which defines the organisation, responsibilities, methodology, and the manner of implementing and monitoring measures.

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

From the perspective of reporting in accordance with the CSRD, we added an assessment of sustainability impacts, along with the associated risks and opportunities, to our existing risk management approach. We identified the method for assessing sustainability impacts, risks, and opportunities through the Double Materiality Assessment (DMA) process.

At the end of 2024, following the model of European reporting standards—where the identification of impacts is focused on predefined sustainability themes, sub-themes, and sub-sub-themes—we implemented this approach in the area of risk assessment as well.

At the Committee for the Management of Impacts, Risks, and Opportunities, we identified key areas of financial impact on the Company, which we clearly describe using themes, sub-themes, and sub-sub--themes. Along with these changes, we made a major change to risk assessment in the area of work items, where we evaluate a group of key raw materials and energy sources during risk assessment.

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

We manage impacts, risks, and opportunities through implementation objectives or tasks, the execution of which we track via reports and/or minutes. We monitor impacts, risks, and opportunities on an ongoing basis, and conduct a thorough review within the Committee once a quarter. This is followed by reporting to the Management Board's Broader Professional College. We inform the Management Board and the Supervisory Board of key impacts, risks, and opportunities on a quarterly basis.

We also communicate with the external public regarding the Company's operational risks and their management, specifically in interim and annual reports, i.e., every three months. The reports are publicly available on the SEO-net portal and on the Company's website www.cinkarna.si.

Overview of key risks–the residual risk described below is updated and defined based on the status and expectations as at the reporting date.

**RISKS/OPPORTUNITIES (RO)** | **IMPACTS (I)**

COMMUNICATION AND CONSULTATION

MONITORING AND REVIEW

| Responsible | Activities | Responsible |
|---|---|---|
| | **ASSESSMENT** | |
| External and internal stakeholders | IDENTIFICATION | External and internal stakeholders |
| IRO owners | ANALYSIS | IRO owners, Sustainability team |
| IRO owners | EVALUATION | IRO owners, Sustainability team |
| RO team leaders, IRO committee | **Assessment verification** | Sustainability team coordinator, IRO committee |
| IRO committee | Classification of impacts, risks and opportunities | Sustauinability team |
| sustainability team, IRO committee | **Assessment classifications** | Sustainability team, IRO committee |
| | **REVIEW** | |
| IRO owners | **Preventive measures, measures to realize opportunities**<br>OPERATIONAL RISKS/OPPORTUNITIES<br>NONMATERIAL IMPACTS | IRO owners |
| RO owners, IRO committee, Management board, Supervisory board | **Changes in strategy, business model and goals**<br>CORPORATE RISKS/OPPORTUNITIES<br>MATERIAL IMPACTS | Impacts owners, Sustainability team, Management board, Supervisory board |
| | **RECORDING AND REPORTING** | |
| RO Owners | **Register of IRO**<br>PREPARATION | Impacts (I) owners |
| IRO committee, Management board | VERIFICATION AND APPROVAL | Sustainability team, Management board, Supervisory board |
| | **DMA documentation and report** | |
| | PREPARATION | Sustainability team |
| | REVIEW AND REPORTING | Sustainability team coordinator |
| | EVALUATION | Management board, Supervisory board, Audit committee |
| | APPROVAL | Management board, Supervisory board |
| Administrator | **MINUTES of sustainability team and IRO team** | Administrator |

We identified key residual risks in the following areas:

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

## 1 Work items

In the area of raw material procurement, we face three types of risks. A loss of production and, consequently, planned revenue can result from a failure to deliver work items by strategic suppliers, as well as from unforeseen delays in delivery times throughout the entire supply chain. Price increases also pose a risk in cases where demand exceeds supply.

We ensure timely planning of requirements and ordering of raw materials, factor in time buffers based on experience, and increase minimum stock levels as needed. For all strategic raw materials, we continuously update the business case and checklist in response to market changes, raw material prices, the Company's business needs, and other external factors.

We identify, test, and introduce new sources of raw materials into our production. We also evaluate alternative raw material sources by compiling catalogues of verified alternative raw materials and suppliers. We build long-term, stable partnerships in a targeted manner. We maintain regular contact even with suppliers with whom we do not currently do business, but who represent a high-quality potential alternative.

We manage risks by implementing appropriate contractual safeguards.

Recently, as the volume of liquid sulphur on the market has decreased, prices for both liquid and solid sulphur have risen significantly. We manage price and volume risks to the extent possible by expanding our supplier base.

## 2 Digital transformation

Digitisation allows us to reduce the risks of production volume losses, excessive maintenance costs, and errors in manual data entry; it also helps us cut administrative costs and better manage security risks.

We mitigate this risk by implementing several operational objectives that increase the level of digitisation and streamline business processes (upgrading modules in the Power BI business analytics platform and in Moja Cinkarna, the document management system, migrating Oracle Forms applications, implementing the mSign system, an AI agent for knowledge transfer, and updating the maintenance information system and the Spekter production information system).

Within this risk, we also address automation and cybersecurity as sub-themes, which relate to potential disruptions in the operation of information systems, unauthorised access to data, loss or disclosure of confidential information, cyberattacks, and the failure or malfunction of automated processes, which could negatively impact business continuity, data security, financial results, regulatory compliance, and the Company's reputation. We mitigate this risk through a virtual backup environment, the implementation of security tools, and regular updates of critical hardware and software.

## 3 Human resources

On the one hand, the Company is facing a wave of retirements, and on the other, a shortage of qualified personnel in the labour market. The rate of sick leave poses an additional risk.

Given the large number of retirements, ensuring adequate succession planning and the risk of new hires lacking the necessary skills pose a challenge, as it takes a considerable amount of time to develop those skills.

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

We are identifying all specific and general skills within the Company, revamping the onboarding process for new employees, and assessing the existing skills of current employees.

We developed and approved a new competency model. In it, we precisely described the competencies required for all job positions. Based on this, we are conducting systematic training through the Leadership Academy for Level B-1 and for all employees via the Smart Arena training platform.

We are implementing a comprehensive project on knowledge transfer in the key titanium dioxide production.

We identified key positions within the Company, defined potential successors, and determined the timeframe for necessary replacements and the additional competencies required.

For the most promising candidates, we implement the Leadership Academy development programme and individual coaching sessions.

In addition to traditional recruitment methods, we use social media-based recruitment solutions when seeking new employees. We increased our cooperation with staffing agencies and, in specific cases, entered into contracts with external service providers.

We offer staff scholarships. We actively participate in career fairs. We deepened our cooperation with secondary schools. We offer secondary school and college students opportunities for mandatory internships and student work. We provide students with opportunities to complete their bachelor's, master's, and doctoral theses within the Company.

We are continuously implementing organisational changes and adapting flexibly to new circumstances.

By introducing team-based task management and communicating with employees, we strive to increase employee engagement. We systematically address safety issues during daily meetings and eliminate the causes of injuries. We ensure employee versatility to the extent possible.

## 4 Overall equipment effectiveness (OEE)

At the Company, we prepare annual and strategic plans based on achieving maximum equipment utilisation. Breakdowns, unplanned maintenance, and limited storage capacity pose a risk of failing to meet our desired goals.
We significantly reduced the risks associated with titanium dioxide production in the flue gas cleaning process through the successful commissioning of the fourth electrostatic precipitator. This was followed at the end of the year by the refurbishment of one of the older electrostatic precipitators, and the replacement of another will be carried out early next year. During the year, we faced reduced overall equipment efficiency in the areas of vacuum cooling, calcination, and gel washing. We managed this risk by conducting a root cause analysis, adopting a systematic approach to resolution, and implementing preventive maintenance and systematic monitoring of critical points.

At Kemija Celje, the risk stems from the possibility of equipment failure when the production line is operating at high capacity. We manage this risk by focusing on operations that place less strain on the line, by using larger packaging, and by outsourcing packaging to subcontractors.

At Polimeri, the sandblasting machine posed a risk to availability, but we successfully replaced it in 2025.

At Kemija Mozirje, we successfully mitigated the risk of production downtime due to equipment failure through expanded preventive maintenance and by maintaining a stock of key spare parts.

## 5 Products

In both the titanium dioxide and masterbatch sectors, sales volumes in our traditional markets are changing noticeably due to the deteriorating economic situation in Europe and the influx of low-cost Chinese pigments, as well as the imposition of tariffs on masterbatches. As a countermeasure, we are increasing pigment sales to Scandinavian markets, expanding our sales network in the U.S., and exploring opportunities for expansion into the Indian and Brazilian markets. In the masterbatch sector, we are increasing sales in the segment of more demanding applications.

We are also implementing cost optimisation.

## 6 Water resources

This is a risk associated with climate change that could have a negative impact on the Company's operations due to restrictions on water supply during periods of drought.
The Company recognises the potential shortage of water for titanium dioxide production as both a significant risk due to drought and an opportunity to adhere to sustainable business principles.

The solution involving the use of wastewater from the Celje Municipal Wastewater Treatment Plant (KČN) has proven to be the most suitable and, above all, the most sustainable. This source is quantitatively sufficient in the long term, but requires additional treatment. Its use consequently improves both the biological and hydromorphological status of the watercourse.

Pilot tests of one type of technology at the wastewater treatment plant site have been completed and serve as the basis for equipment planning; in 2026, we will conduct pilot tests of an alternative technology. In cooperation with the City of Celje, the process of preparing the Detailed Spatial Plan (OPPN) for the installation of the pipeline is underway. At the same time, we are also preparing the project documentation for the construction of the pipeline.

Through various measures, we have already partially increased the use of internal water recycling systems and ensured the availability of a short-term emergency power supply, thereby preventing the need to halt production.

## 7 Safety

Heavy rainfall (floods, landslides) or an earthquake pose a risk of negatively impacting the Company's operations due to damage to retaining structures, which could result in partial collapse and a subsequent flood wave.

Regular technical observation and monitoring are conducted at the high embankments (Bukovžlak and Za Travnik).

Based on the results of our observations, we implement systematic and long-term maintenance measures to ensure the stability of the barrier structures; where necessary, we take measures to address the consequences of adverse weather conditions. One such incident was a landslide triggered by heavy rainfall in August 2023 on the lower western section of the high embankment barrier at Za Travnik. We are monitoring the landslide through measurements. We carried out an emergency remediation, which will be followed by a comprehensive remediation, for which an environmental provision has been established. A prerequisite for the remediation was the relocation of the cable line, which we successfully completed in 2025.

An incident involving an industrial accident poses a potential risk of negatively impacting the Company's operations. At the end of the year, a railway accident occurred in our area during ore unloading; however, thanks to proper work organisation, it did not result in any production downtime or negative environmental impacts.

We manage risk through systematic assessments of the impacts on the environment and employees, periodic fire risk assessments, and the classification of jobs based on risk assessments.

In the area of mitigating environmental impacts, we are systematically implementing European environmental standards by applying the principles of the Responsible Conduct Programme and aligning our operations with the requirements of the IED and SEVESO Directives.

We conduct internal assessments of the adequacy of the implementation of the measures required by the SEVESO permit and address any identified deficiencies.

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

We have a professional service dedicated to workplace accidents that ensures compliance with occupational health and safety rules and measures. We conduct regular training and education programmes for our employees. The Company is insured for liability.

We enter into written agreements with external contractors and provide them with training. We employ a permanent coordinator for occupational safety and health. We introduced work instructions for performing maintenance tasks with a focus on fire prevention, accident prevention, and improving cleanliness in the workplace.

**8 Regulatory compliance**

The Company fills the Za Travnik waste disposal facility with waste red gypsum from titanium dioxide production. The existing zoning plan (ZN) and building permit allow for filling up to an elevation of 300 metres above sea level, which, according to the latest projections, will be reached in 5–6 years.

Due to new circumstances and insights that have emerged during the construction process, the project cannot be carried out as originally planned in certain areas, or doing so could result in the collapse of the planned structures. Another negative aspect is the planned inadequate drainage, which would lead to the site being partially flooded again by rainwater.

In response to the new circumstances and findings described above, the designer, with the technical support of the Department of Geotechnics at the Faculty of Civil Engineering, University of Ljubljana, has prepared a revised version of the Za Travnik project. This revision calls for increased quantities of red gypsum and a different method of backfilling. The projected volumes have already been included in the environmental permit, and the Ministry of the Environment and Spatial Planning (MOPE) has issued a decision stating that the planned change does not require a new environmental impact assessment. However, an amendment to the zoning plan and the building permit is required.

We have submitted the proposal to amend the zoning plan to all three municipalities concerned. A resolution to initiate the amendment of the zoning plan must be adopted by all three municipalities. At this time, one of the municipalities is not in favour of this.

According to the provisions of the Municipality of Šentjur's decree, the Company should have ceased filling operations by October 27, 2023. Due to the separation of white gypsum and significant subsidence, which the backfilling project did not anticipate, the stated deadline was not achievable in practice. We have been informing representatives of the Municipality of Šentjur and the Blagovna Local Community about this since 2017, but they have insisted on the need to adhere to the stated date. We obtained a legal opinion regarding the validity of such a decree. It concludes that the decree is inconsistent with applicable legislation; therefore, we submitted a request to the Ministry of Natural Resources and Spatial Planning (MNVP) to review the legality of the Decree on Amendments and Supplements to the ZN Za Travnik Decree. The Ministry of Natural Resources and Spatial Planning partially referred the complaint to the Ministry of the Environment, Energy, and Climate (MOPE) for review; the latter concurred with the legal opinion and called on the Municipality of Šentjur to bring the decree into compliance with applicable legislation within 90 days. Since it failed to do so, the Government initiated a constitutional review procedure at the proposal of MOPE.

With the aim of promoting sustainable development and the circular economy, as well as extending the available disposal time, the Company is also developing processes to reduce the volume of red gypsum. We are continuing to take steps toward the adoption of a new, appropriate zoning plan for the disposal of gypsum at a different location.

In the distant past, waste was also disposed of at the Bukovžlak Non-Hazardous Waste Landfill (ONOB) site, from which rainwater and groundwater leach heavy metals. While we successfully collect some of this leachate and send it to the Company for treatment, some of it escapes into the environment. To minimise this impact, the Company is carrying out extensive remediation of this area, for which it has also established an environmental provision. The remediation includes reinforcing the embankment, restoring the drainage system and the deep pipeline (all three already completed), the construction of channels for the drainage of backwater, the restoration of the C1 drainage system beneath the high-fill Bukovžlak embankment, the installation of a sealing curtain and a minimised permeable cover, and the construction of a diversion embankment. Work on the restoration of the C1 drainage system began in 2025, and in 2026 we will begin construction of the sealing curtain.

In the field of chemicals, a series of compliance requirements has been established in accordance with various laws and regulations around the world (REACH, registration of copper-based preparations). Assessments of potential harm and the resulting withdrawal of products from the market are underway (TMP, PFAS). Requirements regarding the use of plastics—both for food contact and microplastics—are becoming stricter.

This legislation also affects our products. We are managing this risk through various approaches. We are carrying out the necessary registration procedures and seeking alternatives for products whose use may be restricted or even banned.

**9 Financial risks**

Credit risk: A potential risk arises from the possibility of increased expenses due to non-payment by customers for whom we have not secured receivables, which accounts for approximately 5% of receivables. As a safeguard, we implement internal credit controls for individual customers, for whom we have set individual credit limits based on their ability to pay.

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

Currency risk: A loss of revenue and higher costs due to the euro/dollar exchange rate when purchasing materials and raw materials in U.S. dollars (titanium-bearing raw materials, some copper compounds) is the third potential financial risk. To mitigate this risk, we continuously monitor trends and forecasts regarding the dynamics of the EUR/USD exchange rate. We primarily mitigate the short-term risk of unfavourable changes in the dollar exchange rate through the standardised and consistent use of financial instruments (dollar forward contracts). We also regularly obtain more precise data for forward foreign exchange purchases.



# Functioning of the General Meeting and shareholders' rights

The General Meeting is convened by the Management Board on its own initiative, at the request of the Supervisory Board, or at the request of shareholders representing one-twentieth of the share capital. The General Meeting reviews the annual report and makes binding decisions at the meeting by a majority of the votes cast, in particular regarding:

- the appropriation of retained earnings,
- the appointment of members of the Supervisory Board,
- the discharge of members of the Management Board and Supervisory Board,
- the appointment of an auditor, etc.

It decides by a three-quarters majority, in particular, on the following matters:

- amendments to the Articles of Association,
- measures to increase or decrease the share capital,
- changes in the Company's legal form and its dissolution, as well as other cases where so provided by law or the Articles of Association.

Shareholders may attend the General Meeting and exercise their voting rights only if they have notified the Management Board of their intention to attend the General Meeting in writing no later than the end of the fourth day prior to the date of the General Meeting. At the meeting, the number of votes of each shareholder is determined by the shares held by the shareholder as recorded in the share register as at the end of the seventh day prior to the date of the meeting. Shareholders may exercise their rights attached to the shares either directly at the meeting or through proxies. The proxy must be submitted in writing and filed with the Company. In principle, one General Meeting is held per year.

On 21 May 2025, the 29th Annual General Meeting of Shareholders of the Company was held at the Company's headquarters, where the shareholders:

- approved the Rules of Procedure for the General Meeting of Shareholders and an amendment to the Articles of Association,
- adopted and approved the Remuneration Policy for Management and Supervisory Bodies,
- •reviewed the Management Board's annual report for the 2024 financial year, the auditor's report and its approval, and the report on the remuneration of members of the Management Board and the Supervisory Board in 2024,
- •adopted a resolution on the appropriation of retained earnings for 2024,
- •granted discharge to the Management Board and the Supervisory Board for 2024,
- •have been informed of the appointment of a member of the Supervisory Board, Matej Pompeta, employee representative, for a five-year term of office that began on 18 June 2025. In accordance with the law, the employee representative on the Supervisory Board is elected by the Works Council of the company, which elected Matej Pompeta.

# BUSINESS OVERVIEW

# 03

# Strategic directions and future development

# Strategic objectives and directions

The Company's strategy will continue to focus on ensuring the highest possible levels of production volume and sales, as well as on utilising the potential of the most profitable pigment markets. The Company's future development is based on the following four pillars:

- energy transition,
- digitisation,
- sustainable development,
- capacity expansion.

Sales efforts will continue to focus primarily on European markets. The Company's presence in existing markets will be strengthened in the key strategic business area of titanium dioxide, as well as in related areas and programmes of Kemija Mozirje (masterbatches, powder coatings), Kemija Celje, and Polimeri.

Going forward, the Company will continue to strive for productive cooperation with its employees, business partners, and the local community in order to maintain its successful operations and ensure adequate returns for its owners. We plan to continue optimising our workforce structure through redeployment and the recruitment of new, young, and technically skilled staff.

We will also continue to invest in development, training, and further improvements to the work environment for our employees. In the coming years, we will continue the investment cycle necessary for stable day-to-day operations and growth. We will continue to seek and implement additional ways to reduce any potential adverse environmental impacts, while the Company will comply with all environmental laws and regulations. However, stricter regulations in this area could pose an additional risk.

The dividend policy will remain stable. Fifty percent of net income will be paid out as dividends.

In the new five-year strategic period from 2024 to 2028, which anticipates the peak of the cycle in 2028, the strategic objectives are as follows:

- average sales revenue of EUR 228.9 million,
- average EBITDA of EUR 36.9 million,
- average net profit of EUR 16.8 million.

Other components and directions are explained in more detail in the Sustainability Statement.

**The Company's strategy will continue to focus on ensuring the highest possible levels of titanium dioxide pigment production and sales.**

# Plans for 2026

The plan for 2026 is based on an analysis of current market conditions, macroeconomic forecasts, and specific factors within the titanium dioxide industry. Key priorities include optimising production, adapting sales strategies, and investing in sustainable development and energy efficiency.

In 2026, we expect approximately EUR 194.3 million in sales revenue, which is in line with industry trends and expected market cycles. Net income is projected to reach EUR 8.0 million, representing a lower profit compared to 2025. The main reasons for the lower profit next year are the lower average selling price of the key product and higher purchase prices of raw materials for sulphuric acid production.

As a result, operating profitability will also decline. The projected EBITDA margin would be 13%, which translates to approximately EUR 24.8 million in EBITDA in 2026.

We remain conservative in our financial approach—we do not plan to seek external financing. The volume of investments will exceed the average of previous years through the elimination of bottlenecks, energy efficiency, and a reduction in environmental impact. The Company will propose a dividend payout in accordance with the Company's dividend policy, namely 50% of the previous year's net profit, which will be decided by the shareholders at the General Meeting.

We will place special emphasis on development projects aimed at improving quality, sustainable solutions, and the rational use of resources. The employee compensation policy will be aligned with business results and economic conditions, with the goal of ensuring long-term stability and social security for employees.

# Completed and planned investments

**We will continue to invest in ensuring maximum capacity and quality of titanium dioxide pigment while reducing emissions and waste materials.**

## Completed investments

In 2025, we spent EUR 19.5 million on investments, the purchase of fixed assets, and replacement equipment, thereby achieving 98.4% of the plan.

**Table 3: Overview of investments by sector**

| | Completed I–XII 2025 (in EUR) |
|---|---|
| Investments | 10,794,636 |
| Fixed assets | 1,594,352 |
| Replacement equipment | 7,136,410 |
| **Total** | **19,525,398** |

We set up a 5G network at our location in Celje. We implemented the Kadris 4 Cloud system, designed to digitise HR, registration, and payroll processes.

In 2025, in accordance with the requirements of the baseline report, we began a gradual renovation of surfaces and sewer systems where hazardous substances are transported or flow.

In the area of environmental provisions, we carried out work on the C1 drainage system, and at the end of the year, preparatory work on the construction of the sealing curtain also began, albeit with a delay due to the foreign contractor's schedule. We utilised 61.8% of the planned funds.

**Table 4: Overview of investments by strategic pillar**

| | Completed I–XII 2025 (in EUR) |
|---|---|
| Sustainability and energy transformation | 6,715,328 |
| Quality and expansion of production | 5,265,076 |
| Digitisation | 595,862 |
| Other | 6,949,132 |
| **Total** | **19,525,398** |

## Planned investments

Investment activity in 2026 will be carried out on a programme-by-programme basis, taking into account each programme's needs, capabilities, and long-term prospects, and in accordance with the Company's strategic plan. The total volume of investments in 2026 is planned to amount to EUR 17.2 million.

In line with the sustainability strategy, the majority of capital expenditures will be allocated to renewable energy projects (steam turbine, battery storage systems, fleet electrification).

We will continue to make significant investments in ensuring maximum capacity and quality of titanium dioxide pigment while reducing emissions and waste materials.

Investments will also take place at our Bukovžlak and Za Travnik sites. In Bukovžlak, we will continue with the remediation of the non-hazardous waste landfill, and at Za Travnik, we will proceed with the permanent remediation of the landslide that occurred during heavy rainfall in August 2023. We will utilise the environmental provision made for these purposes.



# Research and development

**Hydrophilic & hydrophobic organic treatment of titanium dioxide**
Due to the classification of TMP as reprotoxic, we had to find a suitable substitute raw material for hydrophilic products that does not carry a hazard label and allows for the same dispersibility of the pigment. With the appropriate substitute raw material, we achieved the expected result.

In the field of hydrophobic treatment, we identified and implemented an additive that, in addition to ensuring adequate hydrophobic treatment, also reduces the total carbon content in wastewater by 50%, which is significant in terms of its impact on water emissions.

**Development and improvement of pigment quality**
Our goals are focused on improving specific parameters (opacity, gloss, dispersibility, viscosity), which, when applied, result in a higher-quality pigment. The measures implemented have already yielded improvements in individual products, and further optimisations are underway with the aim of systematically achieving all target values.

**Waste acid treatment**
In accordance with our plans, we are implementing measures to reduce the amount of waste gypsum generated.

**We remain focused on optimising our core product, the use of by-products, and the treatment of waste acid and water.**

**Evaluation of red gypsum**
We are exploring the potential uses of red gypsum in the production of construction materials. Based on preliminary laboratory results, we have signed a contract with external contractors to conduct a more detailed study in four areas of application, which will serve as the basis for determining the technical and economic feasibility of implementation.

**Wastewater treatment at the Tremerje WWTP**
We have commissioned the construction of a pilot plant to test ultrafiltration using a different type of membrane. On-site testing will begin in the spring of 2026.

**Development of a process for obtaining copper sulphate solution from ash**
As part of our search for ways to incorporate cheaper and secondary raw material sources, we investigated the use of waste copper from ash. Currently, its use is limited to the production of a single product, which generates sodium chloride as a difficult-to-manage byproduct. By developing a dissolution process in a different solvent, we aim to enable broader use of this resource and improve the environmental performance of the process. Laboratory tests to date have not yet achieved the target yield, so further optimisation will be the focus of future activities.

# BUSINESS OVERVIEW

# 04
# Operations

Total sales reached EUR 198.8 million during the period under review, a 1% decrease compared to sales in the corresponding period of 2024. Total sales to foreign markets decreased by 1% compared to the corresponding period of the previous year. The decline in sales to foreign markets is undoubtedly a result of weaker pigment sales to markets outside the EU.

**Table 5: Sales by market**

| | 2025 | 2024 | ΔPY% |
|---|---|---|---|
| Slovenia | **13,822,459** | 13,684,845 | +1 |
| EU | **163,927,291** | 162,234,825 | +1 |
| Third countries | **16,427,125** | 19,080,093 | -14 |
| Third countries – dollar markets | **4,624,406** | 5,285,650 | -13 |
| **TOTAL** | **198,801,281** | **200,285,413** | **-1** |

Sales to the **EU market** in 2025 were 1% higher than in the previous year, with both higher sales volumes of pigments and slightly more favourable sales prices contributing to this growth. Sales on the **domestic market** were also 1% higher compared to 2024, primarily due to significantly better sales of BU Polimeri linked to major projects in the regional pharmaceutical industry. Total sales to **third-country markets**, meanwhile, were 14% lower; however, due to price uncompetitiveness in certain Middle Eastern regions, we successfully redirected a portion of the volumes to the North American market, particularly the U.S. In the medium term, we plan to strengthen marketing activities in these markets, which present an opportunity for greater geographic diversification and revenue stabilisation. The scope and sustainability of this strategy will largely depend on the further development of global trade relations and protectionist measures.

During the period under review, the share of exports in total sales reached 93.0%, which is 0.1 percentage points lower than in the same period last year. The key product, titanium dioxide pigment, remains the driver of exports and the foundation for further expansion into foreign markets, where we are striving to consolidate our presence primarily in stable, regulatory-protected, and long-term promising markets.

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

**Table 6: Sales by business segment**

| | 2025 | 2024 | ΔPY% |
|---|---|---|---|
| Titanium dioxide | **168,872,162** | 168,728,022 | +0,1 |
| - of which $TiO_2$ pigment | **165,284,697** | 165,044,453 | +0,1 |
| Varnishes, masters and printing inks | **14,663,429** | 16,140,315 | -9 |
| Agro programme | **10,117,320** | 11,150,638 | -9 |
| Polymers | **4,590,585** | 3,379,268 | +36 |
| Other | **557,786** | 887,171 | -37 |
| **TOTAL** | **198,801,281** | **200,285,413** | **-1** |

During the period under review, sales of the core product, **titanium dioxide pigment**, reached EUR 168.9 million, representing a 0.1% increase compared to the same period last year. A more favourable price environment on European markets contributed significantly to this result in the first half of the year, as demand in the first quarter strengthened faster than seasonal expectations. In the second quarter, the first signs of a slowdown in market activity began to emerge, while the cooling of demand was more pronounced in the third quarter, which affected sales dynamics and confirmed the gradual deterioration of conditions in the remainder of the year. Under these circumstances, we adapted our sales activities to conditions in individual markets and partially offset lost market share in the Middle East by shifting our focus toward the North American market and markets where protectionist trends and additional regulatory measures against Chinese imports are creating more favourable conditions for Western manufacturers.

Within the $TiO_2$ division's programmes, special mention should be made of the waste generated during $TiO_2$ production, **CEGIPS**, of which 153,800 tonnes were sold in 2025. This sales volume is particularly significant, as it reduces the amount of gypsum that is dry-filled at the Za Travnik gypsum disposal facility. This directly contributes to extending the facility's service life.

During the period under review, we recorded a 9% decline in sales in the **varnishes and masters** product line, primarily due to the challenging market conditions in this segment. Demand in this part of the supply chain remains under pressure due to weak industrial activity and customers' reluctance to build up inventories.

Sales of the **agro programme**, which includes copper fungicides, Pepelin, copperas, and Humovit, fell by 9% during the period under review compared to the same period in 2024. This result was influenced by lower sales volumes, although it is important to note that the transactions concluded had higher added value. We are managing to maintain Humovit sales at the level of previous years, but they remain primarily tied to the domestic and nearby markets. Due to additional transportation costs, the product has a harder time penetrating more distant markets, which limits its geographic reach and underscores the importance of optimising distribution at the local level.

During the period under review, the relative proportions among the business units adjusted once again. With the exception of BU Titanov dioksid and BU Polimeri, the share of the remaining units decreased. BU Polimeri remains closely linked to the investment dynamics of the pharmaceutical and petrochemical sectors in the region, which confirms its strategic focus on contract manufacturing with a high degree of technical flexibility and a focus on specific customer needs. This model enables differentiation and the strengthening of long-term partnerships, but is at the same time sensitive to fluctuations in the industry's investment cycles.

Adjustments to our business models are leading to a restructuring of the scope and focus of individual business units, which has already resulted in a reduction in their number. In this context, we expect further growth in the relative importance of our core titanium dioxide production programme, which will be further strengthened in the coming periods as a key source of value creation within our business structure.

In accordance with Regulation (EC) No. 1893/2006, which establishes the statistical classification of economic activities in the European Union (NACE), our activities fall under Section 20.2 – Manufacture of pesticides and other agrochemical products. The Company is engaged in the manufacture of chemicals, which includes the production of copper fungicides used in agriculture to protect plants against fungal diseases. Sales are reported under the item Agro Programme. In accordance with the EU NACE classification of economic activities, the Company is classified under C 20 – Manufacture of chemicals and chemical products, specifically under 20.12 – Manufacture of dyes and pigments. Based on Delegated Regulation (EU) 2022/1288, which supplements the EU Low Carbon Benchmark Regulation (EU BMR), the chemical and pigment manufacturing sector is classified as a high-carbon industry.

# Operating result

**Table 7: Operating result**

| | 2025 | 2024 | ΔPY% |
|---|---|---|---|
| Operating income | **210,021,191** | 204,135,737 | +3 |
| Operating expenses | **187,794,486** | 177,471,493 | +6 |
| **OPERATING RESULT** | **22,226,705** | **26,664,244** | **-17** |
| Financial income | **1,355,916** | 1,986,327 | -32 |
| Financial expenses | **266,140** | 123,439 | +116 |
| **OPERATING RESULT BEFORE TAX** | **23,316,482** | **28,527,133** | **-18** |
| Income tax | **3,846,936** | 5,439,882 | -29 |
| **NET OPERATING RESULT** | **19,469,546** | **23,087,250** | **-16** |

In 2025, the **operating result** amounted to EUR 22.2 million. This figure represents 83% of the operating result for the same period in 2024, when it stood at EUR 26.7 million. Although the Company's performance was weaker than last year's, it still exceeded the targets set in the business plan. This exceeding of the planned result was mainly influenced by strong sales of the flagship product. Operating profit before depreciation and amortisation, or EBITDA, reached EUR 36.1 million, representing 18.2% of total sales. Compared to the previous year, EBITDA is 8.8% lower.

After adjusting for the impact of financial income and expenses, the **operating result before tax** for 2025 amounted to EUR 23.3 million; in the same period last year, the result before tax was EUR 28.5 million. The result before tax represents 82% of the previous year's result.

In 2025, similar to 2024, a positive financing balance was achieved, amounting to EUR 1.1 million (in 2024, the positive financing balance was EUR 1.9 million). The resulting financing balance stems from a positive balance of investment and interest income and expenses amounting to EUR 1.4 million and a negative balance of exchange rate differences (forward contracts) and interest amounting to EUR 0.3 million, achieved through the use of hedging instruments to manage the volatile movements of the USD/EUR currency pair when purchasing titanium-bearing ores. The positive balance from investments reflects the effective use and placement of surplus funds in profitable investments.

**Net operating result for the accounting period** amounts to EUR 19.5 million, which is 16% lower than the figure recorded in the same period of 2024, when it stood at EUR 23.1 million. Taking into account developments in the global economy, the titanium dioxide pigment market, and, above all, the results of competitors in the titanium dioxide industry, we assess the result as good and above expectations. Net operating result includes operating result before tax and calculated income tax of EUR 3.9 million (the effective tax rate is 16.5%).



# Expenses and costs

Within the overall cost structure, material costs account for the largest share, namely 61.7%. In the breakdown of raw material, packaging, and energy consumption, certain deviations are noticeable compared to the corresponding period in 2024, with the increase in energy costs being the most pronounced in relative terms. This must also be interpreted in the context of lower production.

Purchase prices for titanium-bearing raw materials remained roughly at the previous year's levels during the period under review, or were even slightly lower in some cases, while prices for sulphur, a key input material for acid production, rose. Although production volume was slightly lower than in 2024, the total cost of raw materials nevertheless increased by 3%, primarily due to higher prices for certain auxiliary chemicals and other purchased inputs.

Raw materials and supplies continue to dominate the structure of production costs, accounting for 82.8%, followed by energy at 15.7% and packaging at 1.6%. The structure of labour costs is disclosed in Note 22 to the Financial statements, Operating expenses. Gross salaries were determined in accordance with the provisions of the collective agreement, taking into account agreements between the trade unions and the Management Board. Commuting and meals during work are in accordance with applicable regulations. Labour costs include supplementary pension insurance, performance-based payments, severance pay, other employee benefits, costs for solidarity support, anniversary awards, and other items.

# Assets and resources

**Table 8: Assets and resources**

| | 31. 12. 2025 | 31. 12. 2024 |
|---|---|---|
| **ASSETS** | | |
| Intangible assets | **2,142,639** | 2,408,779 |
| Tangible fixed assets | **116,232,009** | 111,699,615 |
| Financial assets at fair value through other comprehensive income | **1,709,631** | 1,287,325 |
| Other non-current assets | **115,376** | 105,470 |
| Deferred tax assets | **1,192,860** | 1,462,488 |
| **Total non-current (long-term) assets** | **121,392,516** | **116,963,678** |
| | | |
| **Current assets** | | |
| Inventories | **54,460,671** | 58,969,428 |
| Financial receivables | **38,456,959** | 47,214,859 |
| Trade receivables | **26,096,057** | 30,243,586 |
| Income tax receivable | **1,283,140** | 0 |
| Cash and cash equivalents | **19,122,785** | 17,731,407 |
| Other current assets | **424,474** | 230,760 |
| **Total current assets** | **139,844,086** | **154,390,040** |
| **Total assets** | **261,236,601** | **271,353,718** |

**The share of non-current (long-term) assets** in the total asset structure increased by 3.4 percentage points compared to the end of 2024, reaching 46.5%. Tangible fixed assets remain the largest category of non-current assets (96%). Their value increased by 4% compared to the end of 2024, based on the difference between the amount invested in tangible fixed assets and the actual depreciation charged in 2025. Long-term financial investments in electricity companies were revalued to fair value at the end of 2025 and were therefore reported as 33% higher compared to the previous year. Deferred tax assets decreased by 18% in 2025 due to a reduction in a specific portion of long-term environmental provisions related to remediation procedures. Other non-current assets consist of emission allowances obtained free of charge from the state. Their balance as at 31 December 2025 is EUR 9,900 higher than the balance as at 31 December 2024 as a result of the balance between the acquisition of allowances for 2025, and the transfer to ARSO for $CO_2$ emissions for 2024 and the anticipated transfer for $CO_2$ emissions for 2025.

**The share of current assets** in the total assets structure decreased by 3.4 percentage points compared to the end of the previous year, amounting to 53.5%. Within the structure of current assets, the most significant categories by value are inventories (39%), financial receivables (27%), trade receivables together with other current assets and income tax receivables (20%), and cash and cash equivalents (14%).

**Inventories** decreased by 8% compared to the end of 2024, with the value of raw material inventories (including advances) decreasing by 24% and the value of work-in-progress inventories decreasing by 4%. However, the total value of the Company's finished goods and merchandise inventories increased by 33% (all compared to the end of 2024). The most significant reason for the increase in finished goods inventory is the lower volume of pigment sales relative to its production in 2025, specifically in the fourth quarter of 2025.

**Current financial receivables** as at 31 December 2025 consist mainly of investments in short-term treasury bills intended to ensure the efficient use of cash, and decreased by 19% compared to the balance at the end of 2024.

Current trade receivables include current trade receivables from customers and current trade receivables from others (primarily from the government for input VAT) as well as receivables related to income tax. Compared to the balance at the end of 2024, trade receivables decreased by 14%. Receivables from customers decreased by 15% due to lower sales, while other current receivables remained at the same level as at the end of 2024. Income tax receivables in the amount of EUR 1.3 million relate to the difference between overpaid income tax prepayments for 2025 and the actual income tax assessed for 2025. An overview of trade receivables by due date indicates that the aging structure of receivables remains sound and is secured by an external institution or another form of collateral.

**Cash** (and cash equivalents) account for 14% of total current assets; the amount of cash increased by 8% compared to the last day of the previous year. A portion of the cash, amounting to EUR 7 million, consists of short-term bank deposits.

**Other current assets** consist of prepaid expenses and deliveries of goods over which the Company will acquire ownership rights in 2026. The value increased by 84%.

**Table 9: Capital and liabilities**

| | 31. 12. 2025 | 31. 12. 2024 |
|---|---|---|
| **CAPITAL AND LIABILITIES** | | |
| Called-up capital | **20,229,770** | 20,229,770 |
| Capital reserves | **44,284,976** | 44,284,976 |
| Profit reserves | **125,036,192** | 125,078,814 |
| Fair value reserve | **-1,354,842** | -1,650,342 |
| Retained earnings | **28,558,990** | 23,093,258 |
| **Total capital** | **216,755,086** | **211,036,476** |
| | | |
| Provisions for employee benefits | **3,819,086** | 3,748,722 |
| Other provisions | **12,746,394** | 14,302,270 |
| Long-term deferred income | **861,858** | 873,579 |
| **Total non-current liabilities** | **17,427,338** | **18,924,572** |
| | | |
| Financial liabilities | **60,832** | 29,915 |
| Operating liabilities | **24,885,606** | 36,124,537 |
| Income tax liabilities | **0** | 4,019,469 |
| Other current liabilities | **2,107,739** | 1,218,750 |
| **Total current liabilities** | **27,054,177** | **41,392,670** |
| **Total capital and liabilities** | **261,236,601** | **271,353,718** |

**The value of capital** in the structure of liabilities to sources of funds as at 31 December 2025 accounts for 83%, which is 5.2 percentage points higher than at the end of 2024. The amount of capital increased by 3% compared to the end of 2024. The increase (EUR 5.7 million) relates to the balance between the net profit for 2025 in the amount of EUR 19.5 million, expenditures for the purchase of treasury shares in the amount of EUR 42,622, and the payment of dividends based on the resolution of the 29th Annual General Meeting of Shareholders held on 21 May 2025 in the amount of EUR 14 million. As at 31 December 2025, the Company holds 299,874 treasury shares (3.7% of all shares). In accordance with the resolution of the 28th Annual General Meeting of Shareholders of the Company dated 19 June 2024, the Company acquired 1,490 treasury shares in 2025 with a value of EUR 42,622. There were no other significant changes in capital except for a change in fair value reserves due to the revaluation of investments and actuarial gains in the amount of EUR 0.3 million.

Of the total capital, the share capital amounts to EUR 20.2 million, consisting of 8,079,770 ordinary freely transferable shares following the 1:10 stock split effective from 15 August 2022 (of which 299,874 are treasury shares held in the treasury stock account) . The book value of a share as at 31 December 2025 amounts to EUR 26.8 (an increase of 2.7% from the beginning of the year, when it stood at EUR 26.1).

**Provisions and deferred income** account for 6.7% of liabilities to sources of funds. Provisions for pensions and similar obligations were established as of 1 January 2006 (severance pay and long-service awards) and are adjusted annually based on actuarial calculations. Other provisions were established during the ownership transfer process in connection with environmental provisions, and additional provisions were established for the remediation of the Bukovžlak solid waste landfill and the Za Travnik landfill. At the end of 2025, similar to the end of 2024, we re-evaluated the amount of provisions and adjusted them accordingly based on actual market conditions and the reasons for their existence. The amount of environmental provisions decreased by 11% at the end of 2025 to cover the costs of remediation projects. Non-current deferred income decreased by 1% due to the amortisation of acquired assets for the co-financing of electric vehicles and solar power plants purchased in 2024 and 2025.

**Financial and trade payables** decreased by 35% compared to the balance at the end of the previous year due to a reduction in current liabilities arising from the settlement of payables to suppliers, employees, and the government for income tax. Liabilities to suppliers thus decreased by 32% for the aforementioned reason. Other current trade payables decreased by 28% due to lower liabilities to employees and government institutions. There are no liabilities for income tax for the 2025 fiscal year, as the advance payments made during 2025 fully cover and exceed the calculated tax liability for 2025 (the surplus is recognised among income tax receivables in the amount of EUR 1.3 million). All financial and operating liabilities are current. The Company's gross gearing ratio is 10.4%, a decrease of 4.9% compared to the balance as at 31 December 2024.

**Current financial liabilities** as at 31 December 2025 amount to EUR 61,000; at the end of 2024, they amounted to EUR 30,000. The Company's financial gearing ratio is therefore 0.2 ‰ (at the end of 2024, it was 0.1 ‰).

**Current trade payables** decreased by 31% during the period under review. Current trade payables to suppliers amounted to EUR 21.2 million as at 31 December 2025 and decreased by 32% compared to the end of 2024 due to the settlement of payables to suppliers of strategic raw materials. Other trade payables decreased by 28% (or EUR 1.5 million), and primarily include EUR 1.6 million in liabilities for the payment of net salaries to employees and other net payments arising from employment relationships, EUR 2.1 million in liabilities for contributions and taxes on personal income, as well as liabilities for VAT and to other institutions.

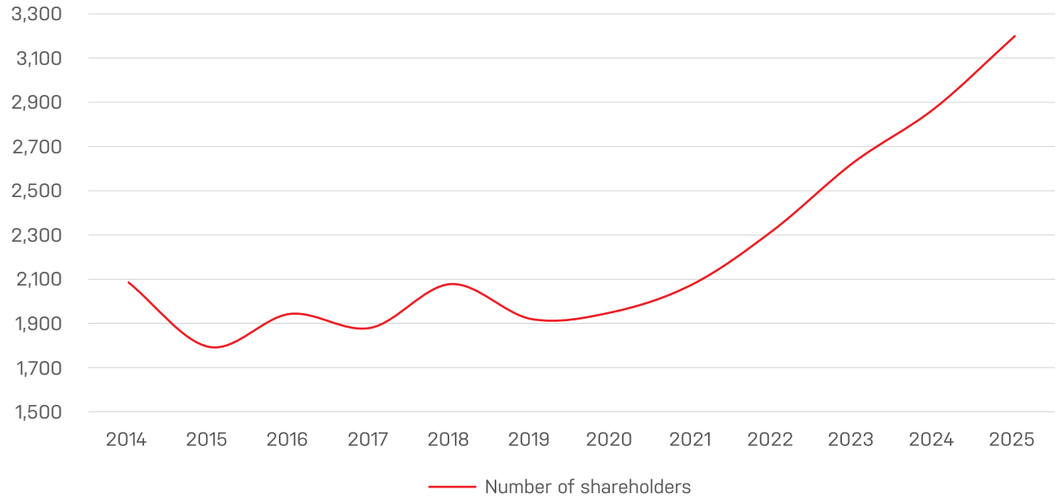
**Other current liabilities** increased by 73% during the period under review. They primarily include accrued liabilities for annual leave and other labour costs, prepaid environmental contributions and taxes, and VAT on advances paid.

# Shares and dividends

The share capital of the Company amounting to EUR 20,229,770, is divided into 8,079,770 ordinary freely transferable bulk shares. The Company's treasury stock at the end of the period comprised 299,874 shares (or 3.7% of the total issue). The number of shareholders at the end of the period was 3,146. The ownership structure at the end of the period is shown in the table below.

**Table 10: Share ownership structure of the Company**

| | No. of shares | % |
|---|---|---|
| SDH, d.d. | 1,974,540 | 24.44 |
| Modra zavarovalnica, d.d. | 1,629,630 | 20.17 |
| OTP BANKA D.D. – fid. | 424,458 | 5.25 |
| TR5 d.o.o | 364,943 | 4.52 |
| Treasury shares | 299,874 | 3.71 |
| KRITNI SKLAD PRVEGA POKOJNINSKEGA SKLADA | 166,450 | 2.06 |
| RAIFFEISEN BANK AUSTRIA D.D. – FID | 157,340 | 1.95 |
| NLB Skladi - Slovenija mešani | 107,972 | 1.34 |
| Intercapital securites Ltd – fid. | 83,151 | 1.03 |
| Zagrebačka banka d.d. – fid. | 69,380 | 0.86 |
| Privredna banka Zagreb d.d. – fid. | 65,985 | 0.82 |
| Generali Jugovzhodna Evropa | 56,000 | 0.69 |
| Internal shareholders – FO | 52,849 | 0.65 |
| External shareholders – FO | 1,992,379 | 24.66 |
| Others | 634,819 | 7.85 |

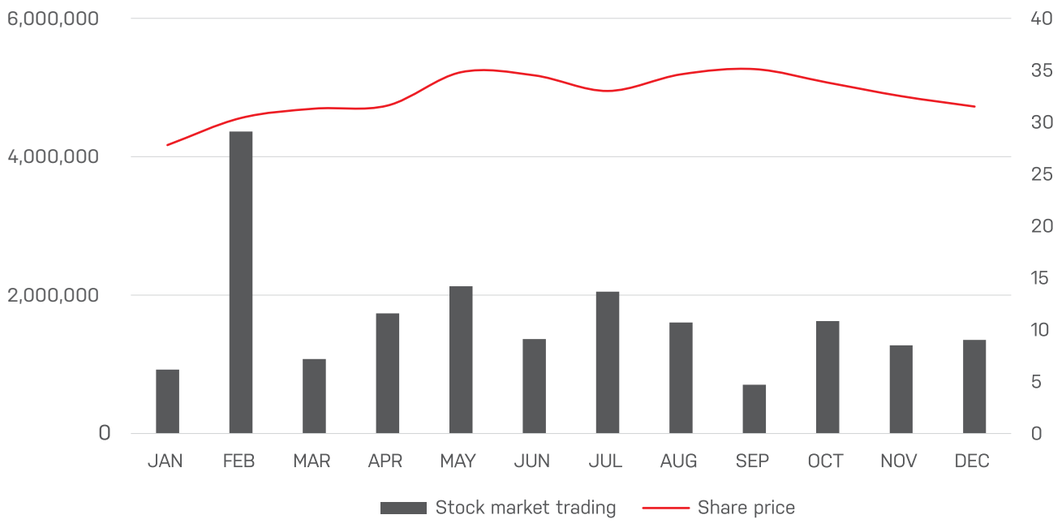



The CICG shares of the Company are traded on the over-the-counter market. The first day of trading was 6 March 1998. The single share price on that day was EUR 33.71. In August 2022, a share split was carried out at a ratio of 1:10.

**Table 11: Movement in the market value of the shares (share price on the last day of the month) and the value of turnover**

| | | Enotni tečaj | Promet |
|---|---|---|---|
| | 2024 | 2025 | 2025 |
| JAN | 23.6 | **27.8** | **924,972** |
| FEB | 20.9 | **30.4** | **4,362,905** |
| MAR | 21.5 | **31.3** | **1,077,570** |
| APR | 21.8 | **31.6** | **1,737,393** |
| MAJ | 21.6 | **34.8** | **2,128,891** |
| JUN | 22.3 | **34.5** | **1,366,093** |
| JUL | 23.8 | **33.0** | **2,049,975** |
| AVG | 24.5 | **34.6** | **1,602,298** |
| SEP | 28.5 | **35.1** | **703,312** |
| OKT | 28.7 | **33.8** | **1,626,639** |
| NOV | 27.0 | **32.5** | **1,275,315** |
| DEC | 27.7 | **31.5** | **1,350,897** |

The share price of the Company listed on the main market of the Ljubljana Stock Exchange (under the code CICG) fluctuated between EUR 27.5 per share and EUR 36.0 per share during the period under review. From the last trading day of 2024 to the last trading day of the period under review, the share price increased by 14%.



# SUSTAINABILITY REPORT

05

## Sustainability Statement

# ESRS 2
# General disclosures

In 2025, we conducted our regular annual review of the double materiality assessment (DMA) to verify the relevance and consistency of the impacts, risks, and opportunities identified in 2024.

## [BP] Basis for preparation

### [BP-1] General basis for preparation of sustainability statements

Company is once again preparing its Sustainability Statement this year with the support of the sustainability team, which consists of representatives from key business areas. The team's operations have been further strengthened compared to last year, as the Company has welcomed a new employee dedicated exclusively to sustainability, enabling more systematic development and coordination of sustainability activities. In preparing the statement, the Company continues to collaborate with an external expert consultant who provides methodological support and ensures compliance with regulatory requirements. This year marks the second time the statement has been prepared in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Compared to the first publication, individual disclosures have been supplemented and enhanced, in line with the experience gained during the first year of reporting and the development of internal processes for managing sustainability issues.

This statement is based on data from the parent company, as the Company has no subsidiaries or other affiliated companies and therefore does not constitute a group. The Company applies the same scope of consolidation as in its financial statements.

In 2025, we conducted our regular annual review of the double materiality assessment (DMA) to verify the relevance and consistency of the impacts, risks, and opportunities identified in 2024. The review was conducted in accordance with the Company's Policy on the Management of Impacts, Risks, and Opportunities and enables regular verification of the relevance of the identified topics in light of the situation, strategy, and stakeholder expectations. The methodology and assessment criteria remain unchanged. For the base year, we used 2021 for certain indicators and maintain this in this statement.

**Scope of the value chain**

The Company analysed and assessed the significance of impacts, risks, and opportunities in the upstream and downstream parts of the value chain within the framework of the DMA and the definition of the business model. Several value chains were identified, with the $TiO_2$ chain being determined as the most significant. In the process of identifying material topics, the Company did not identify any material topics arising from the upstream or downstream parts of the value chain.

In its 2025 reporting, the Company did not exercise the right to omit material information relating to intellectual property, expertise, experience, or innovation outcomes. Nor was the exemption from disclosing anticipated events or matters subject to ongoing negotiations applied.

### [BP-2] Disclosures in relation to special circumstances

**Time horizon**

For the purposes of sustainability reporting, the Company defined the following time horizons:

- short-term period: 2025;
- medium-term period: 1 January 2026 – 31 December 2028, in line with the strategic planning period, during which key sustainability measures are already planned;
- long-term period: 1 January 2029 – 31 December 2030, in accordance with the timeframes set out in the Company's sustainability strategy.

**Value chain**

***a. Definition of metrics***

The Company monitors Scope 3 greenhouse gas emissions, specifically at the first level of the upper and lower parts of the value chain (suppliers, customers, transportation). Particular emphasis is placed on emissions related to raw material extraction and the logistics of finished products. Data on the carbon footprint of key suppliers was obtained, and for transportation, the modes of transport and distances travelled were analysed.

***b. Basis for preparation***

Emissions estimates are based on:

- emission factors from expert databases, when suppliers do not provide specific data;
- data on transport routes, modes of transport, and distances travelled;
- currently, the Company does not yet track direct data on water or energy consumption in the broader value chain.

***c. Level of accuracy***

The reliability and accuracy of emissions data in the value chain depend directly on the quality of the information received from suppliers and on the availability of appropriate standardised emission factors. For transport, we can estimate impacts with relative accuracy when data on distances travelled and modes of transport used are available. For emissions from raw materials, however, we mostly rely on indirect data from existing databases.

***d. Measures to improve accuracy***

The Company intends to improve the reliability and accuracy of emissions estimates in the value chain through the following measures:

- continued systematic collection of carbon footprint data from key raw material suppliers where such data is not yet available;
- refining models for calculating transport emissions by incorporating additional information on fuels used and transport energy efficiency;
- exploring the possibility of incorporating additional parameters (e.g., more detailed data on raw material production processes) to improve the accuracy of future calculations;
- actively participating in sector-specific initiatives that provide access to more accurate average data specific to the titanium dioxide industry.

**Sources of uncertainty in estimates and results**

The Company notes that certain quantitative metrics and financial figures included in this statement are subject to a higher degree of uncertainty. This applies in particular to estimates of Scope 3 greenhouse gas emissions, assessments of social impacts on the local environment, and assessments of impacts on water resources.

***a. Metrics with greater uncertainty***

The highest level of measurement uncertainty is found in the following areas:

- GHG emissions in Scope 3, particularly those resulting from transportation and the use of raw materials;
- assessments of social impacts on local communities and the evaluation of social impacts;
- assessment of water use and impacts;
- indirect financial projections related to future regulations and market changes.

***b. Main sources of uncertainty***

The following factors primarily contribute to measurement uncertainty:

- dependence on future developments (e.g., changes in legislation and market conditions, including potential bans on certain substances);
- the use of average or generic emission factors when specific data from suppliers are not available;
- incomplete or partial data from upstream and downstream parts of the value chain;
- differences in data collection and estimation methodologies (e.g., the use of estimated transport distances and industry averages);
- variability in data related to local environmental conditions.

*c. Assumptions and expert judgments used*
In evaluating the metrics, we used the following key assumptions:

- that the average emission factors from the databases are representative for the emissions calculations in Scope 3;
- that publicly available data sources provide a sufficiently reliable basis for assessing environmental and social impacts;
- that existing market and regulatory conditions will not change significantly in the short term;
- that the Company's internal data represent the best source for preparing the calculations.

Since the mix of primary energy sources for electricity generation in 2025 will not be published until June 2026, we used data on the mix of primary energy sources for 2024 to estimate the breakdown of electricity consumption in 2025.

We also note that certain quantitative metrics for determining emissions of substances into the air, water, and soil are subject to a higher degree of measurement uncertainty. This applies in particular to emission metrics based on measurements conducted at low frequencies (once every three or five years, or once a year). These are measurements taken under specific operating conditions, and it is assumed that the values (concentrations) measured in this way are representative of the entire year; therefore, certain metrics are partly the result of estimation. Water discharge volumes are partially monitored through measurement and are subject to measurement uncertainty of the meters; they are partially estimated based on water consumption (consumption measurement). Regarding data on waste generation (circular economy), a significant source of uncertainty is primarily the method of processing and disposal of collected waste, as the uncertainty stems from data provided by waste collectors after collection, over which we have only limited influence.

For certain data points, the best available data is used, but there is a degree of measurement uncertainty associated with measurements, calculations, conversions, and the collection and assessment of data within the value chain. Social impact is estimated due to the variability of conditions and data quality. Therefore, publicly available data, among other sources, was also used to assess impacts and risks. This is an ongoing process that will be refined and improved.

**Changes in methodology**

For category S1-14 in Table 96, the Company reported the number of days lost due to work-related injuries for 2024 based on the number of lost workdays. For 2025, the Company is changing its reporting metric in accordance with S1-14 AR95 and is presenting the data on the number of lost days due to injuries for 2024 and 2025 in accordance with the metric change.

**Reporting errors in prior periods**

Two errors were identified in the annual report for the 2024 reporting period, which we are correcting in this statement.

In the 2024 reporting year, the projected Scope 3 emissions (in t $CO_2$ equivalent) for 2028 and 2030 were calculated incorrectly because the wrong conversion factor was used relative to the base year 2021. In this year's report, these figures have been corrected and are correctly presented in Table 40 in Section E1-4.

In Section E2-5, the presentation of quantities of substances of concern (SoC), substances of very high concern (SVHC), and the corresponding revenue from these products for the reporting year 2024, as these quantities were incorrectly reported in last year's report due to a manual calculation. The error occurred because the system for data collection had not yet been established; therefore, this section lists the relevant corrections and the difference for the year 2024.

**Disclosures required under other legislation**

The statement includes the Report on Environmentally Sustainable Economic Activities and Investments of the Company for 2025, in accordance with Regulation (EU) 2020/852 establishing a framework to promote sustainable investment and its amendment 2021/2139.

**Inclusion by reference**

Some disclosures in the Sustainability Statement are included by reference. In such cases, the relevant disclosure includes a reference to a section within the Sustainability Statement or to the accounting section of the Annual Report.

We assess financial significance as part of our risk and opportunity identification process. We have a system in place that is described in the Rules on the Management of Impacts, Risks, and Opportunities at the Company, and presented in more detail in the Annual Report in section [IRO]

**Use of phased disclosure**

The Company has exercised the option of phased disclosure for 2024 and 2025 in relation to E3-5 Expected financial impacts of material risks and opportunities related to water resources and E5 -6 Expected financial impacts of significant risks and opportunities related to resource use and the circular economy.

**Table 12: List of disclosures by reference**

| | | |
|---|---|---|
| Incorporation of sustainability-related performance into incentive schemes | **GOV-3** | Financial statements, Chapter 6 – Related-party transactions in the financial section of the report |
| Expected financial effects of material physical and transition risks and potential opportunities related to climate | **E1-9** | Note 25: Impact of climate change on financial statements |
| Report on environmentally sustainable economic activities and investments – ESRS 2 | **ESRS 2** | Statement of financial position and income statement in the financial section of the report |

# [GOV] Governance

## [GOV-1] Role of administrative, management and supervisory bodies

The Company has a two-tier management system consisting of the Management Board and the Supervisory Board. The Management Board manages the Company's operations in the Company's best interests, independently and on its own responsibility; it represents and acts on behalf of the Company and is accountable to both the General Meeting and the Supervisory Board. It is a collective body composed of a President and up to three members. The position of President or Member of the Management Board may be held by a person who, in addition to meeting the statutory requirements, also meets the requirement of at least a university degree and at least five years of work experience. The President of the Management Board is also the Company's Chief Executive Officer.

**Table 13: Composition of the Management Board in the 2025 financial year**

| Full name | Function | Area of responsibility in MB | First appointment to position | End of function | Gender | Citizenship | Year of birth | Education / professional profile | Membership on supervisory bodies of non-affiliated companies |
|---|---|---|---|---|---|---|---|---|---|
| Aleš Skok | President | IT, finance, sales, procurement, legal | 1/7/2020 | 1/7/2030 | M | Slovenian | 1967 | BSc. Chem. Eng., MBA - USA | / |
| Nikolaja Podgoršek Selič | Member – Technical Director | development, sustainability, technology, occupational safety and health | 30/6/2005 (first term)<br>1/7/2020 (current term) | 31/1/2027 | F | Slovenian | 1962 | BSc. Chem. Eng., Spec. | / |
| Filip Koželnik | Member – Employee Director | HR and social issues | 5/11/2020 | 5/11/2025 | M | Slovenian | 1992 | MSc (Business Studies) | / |
| Nika Veronovski | Member – Employee Director | HR and social issues | 10/11/2025 | 10/11/2030 | F | Slovenian | 1979 | Doctor of Science in Environmental Engineering | / |

**Experience and educational profile of the members of the Management Board**

**ALEŠ SKOK** – He holds a Bachelor's degree in Chemical Engineering from the University of Ljubljana and an MBA from the American University of MIT. He possesses extensive experience in the international chemical industry and served on the management boards of joint-stock companies for over ten years. He also held positions as president and member of numerous supervisory boards.

**NIKOLAJA SELIČ PODGORŠEK** – A university-trained chemical engineer and specialist in industrial process control technology, she began her career at Cinkarna Celje, d. d., in the titanium dioxide production division. In her early years, as a process engineer, she designed and implemented new and updated production processes and participated in the introduction of process automation. She then led the product and technology development department and managed several investment projects aimed at expanding and modernising titanium dioxide production. For the past 21 years, as a member of the Management Board and Technical Director, she has overseen the areas of production, maintenance and energy, development, quality, occupational safety and health, and the environment.

**FILIP KOŽELNIK** – He initially gained his experience in the financial industry and after completing his postgraduate studies at the Faculty of Economics, he joined the Accounting Department of Cinkarna Celje, d. d., as a senior planner analyst. He later took on responsibility for strategic analysis, investor relations, and economic feasibility studies. As a member of the Management Board and employee representative, he helped shape the Company's strategic, financial, and organisational direction and represented the interests of the employees.

**NIKA VERONOVSKI** – She holds a Ph.D. in Environmental Engineering and has extensive research, development, and industrial experience in the fields of pigmental $TiO_2$, surface chemistry, dispersions, and nanomaterials. For more than fifteen years, she has been working at the Company, where she leads demanding strategic and development projects related to new product development, production process optimisation, the introduction of innovative technologies, and technical support for customers. She has extensive experience leading research groups, collaborating with domestic and international research institutions, industry, and end-users, as well as dealing with regulatory issues. Her work is complemented by patent applications, numerous professional and scientific publications, and mentoring undergraduate and master's theses. On the Management Board, in addition to representing the interests of the Company and all stakeholders, she advocates for employees' interests regarding human resources and social issues.

The company's Articles of Association and the Companies Act govern the Management Board's reporting obligations to the Supervisory Board. The Articles of Association specify matters requiring the Supervisory Board's consent.

The Supervisory Board comprises six members. Their appointment, duties and rights are defined by the Articles of Association and the Companies Act (ZGD-1). The operating procedures and conditions of the Supervisory Board are detailed in its Rules of Procedure.

**Table 14: Composition of the Supervisory Board and Committees in the 2025 financial year**

| Full name | Function | First appointment to position | End of function/ term | Representative of capital/ employees | Attendance at SB meetings in relation to the total number of meetings | Gender | Citizenship | Year of birth | Education/ professional profile | Status of independence in the statement of independence | Existence of a conflict of interest during the year | Membership on supervisory bodies in other companies |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Tomaž Berločnik** | SB Chairman from 23/7/2024, SB Member from 19/6/2024-23/7/2024 | 19/6/2024 – Member 23/7/2024 – Chairman | 19/6/2029 | Representative of capital | 6/6 | M | Slovenian | 1968 | BSc (Mech. Eng.) and Master of Business Administration (MBA) | YES | NO | / |
| **Melita Malgaj** | SB Deputy Chair from 23/7/2024 SB Member from 19/6/2024 | 19/6/2024 – Member 23/7/2024 – Deputy Chair | 19/6/2029 | Representative of capital | 6/6 | F | Slovenian | 1971 | BSc (Economy) | YES | NO | Slovenske železnice d. o. o. |
| **Jože Koštomaj** | SB Member | 18/6/2020 | 17/6/2025 | Representative of employees | 1/3 | M | Slovenian | 1968 | Mechanical Engineer | YES | NO | / |
| **Aleš Stevanovič** | SB Member | 18/6/2015 (first term) 8/3/2023 (current term) | 7/3/2028 | Representative of employees | 6/6 | M | Slovenian | 1966 | Chemical Technician | YES | NO | / |
| **Boštjan Furlan** | SB Member | 19/6/2024 | 19/6/2029 | Representative of capital | 5/6 | M | Slovenian | 1972 | Mechanical Engineer | YES | NO | Krka, d. d. |
| **Dubravka Derossi Uršič** | SB Member | 24/12/2024 | 23/12/2029 | Representative of capital | 6/6 | F | Slovenian | 1975 | Master of Business Administration | YES | NO | / |
| **Matej Pompe** | SB Member | 18/6/2025 | 17/6/2030 | Representative of employees | 3/3 | M | Slovenian | 1987 | BSc (Economy) | YES | NO | / |

**Table 15: External members of Committees**

| Full name | Gender | Citizenship | Education/professional profile | Year of birth | Membership on supervisory bodies in other companies |
|---|---|---|---|---|---|
| **Gregor Korošec** | M | Slovenian | BSc (Economy) | 1971 | Chairman of the AJPES Council |

**Experience and educational background of the members of the Supervisory Board**

**Mag. TOMAŽ BERLOČNIK** – He has more than 20 years of experience in managing and overseeing large companies and is best known as the former CEO of Petrol d. d., for which he was named Manager of the Year in Slovenia by the Managers' Association of Slovenia in 2019. He also has many years of experience as a member of supervisory boards, including at Elan d. d., Petrol d. d., Droga Kolinska d. o. o., Slovenske železnice d. d., Telekom Slovenije d. d., and Geoplin d. o. o. He is currently pursuing a mission to improve the quality of the living environment through investments in renewable energy sources via Alfi Renewables d. o. o., serving as a partner and chairman of the Investment Committee of the Fund, which invests in solar and wind energy in Southeast Europe.

**MELITA MALGAJ** – She has more than 30 years of experience in corporate governance, the sale of equity investments, corporate restructuring, legal reorganisations, and the management of complex projects. She also has extensive experience in corporate oversight and management, having served on supervisory boards since 1997. In the past, she served as a member of the Management Board of PDP d. d., and was a member of the supervisory boards of Banka Celje d. d. and Abanka d. d. As part of Abanka's Supervisory Board, she also served as a member of the Audit Committee and as Chair of the Appointments Committee. She is employed at Slovenski državni holding d. d., where she serves as Director of the Economic Sector. She is currently also a member of the Supervisory Board of Slovenske železnice d. o. o., and Chair of the Supervisory Board's Audit Committee.

**JOŽE KOŠTOMAJ** – He has more than 25 years of experience in various departments at Cinkarna Celje, d. d., most of which was spent in the Metalurgija business unit, where he also served as Deputy Director. He currently serves as the head of the central warehouse.

**ALEŠ STEVANOVIČ** – He has been employed at Cinkarna Celje, d. d., for 38 years, working in the quality department. He has also been actively involved in various forms of employee representation for decades—as a union representative, a member of the Works Council, and now in his second term as an employee representative on the Supervisory Board.

**BOŠTJAN FURLAN** – He is a member of the Hella/ Forvia Board of Directors and Managing Director of Hella Saturnus Slovenia, an expert in corporate restructuring, business transformation, and production processes, with many years of experience in the automotive industry. He is currently also a member of the Supervisory Board of Krka d. d.

**DUBRAVKA DEROSSI URŠIČ** – She is the Executive Director of the Sales and Operational Marketing Division at Modra zavarovalnica d. d., with many years of management experience in sales, marketing, financial services, and product development, complemented by her understanding of risk management and corporate governance.

**MATEJ POMPE** – He is employed at Cinkarna Celje, d. d., in the Kemija Celje business unit. He serves as the head of operational planning, where he oversees the organisation of work and ensures the smooth flow of work processes. In addition to his regular job duties, he is also active in the area of corporate governance, serving as Chairman of the Works Council. In this role, he contributes to dialogue between employees and management and to strengthening cooperation within the Company.

**GREGOR KOROŠEC** – He has many years of experience in the field of external and internal auditing. He initially worked at the auditing firm PricewaterhouseCoopers as an external auditor, and subsequently headed the Internal Audit Department at Merkur zavarovalnica for several years. Later, at the same insurance company, he managed various insurance departments and developed expertise in financial supervision, risk management, and organisational leadership, and subsequently headed the Insurance and Capital Markets Sector at the Ministry of Finance. For several years, he also served as an external independent member of the Audit Committee at Unior. He is currently employed in the Internal Audit Department of the Ministry of Finance.

The Supervisory Board has a four-member Audit Committee, which exercises its powers in accordance with the law (ZGD-1) and the Rules of Procedure of the Audit Committee.

**Table 16: Current membership at the end of the reporting period**

| Name and Surname | Function | Date of appointment | Attendance at committee meetings in relation to total number of meetings (during the term) |
|---|---|---|---|
| Melita Malgaj | Chair of the Committee | 23/7/2024 | 6/6 |
| Boštjan Furlan | Member and Deputy Chair of the Committee | 23/7/2024 (Member)<br>26/11/2024 (Deputy Chair) | 6/6 |
| Aleš Stevanovič | Member of the Committee | 23/7/2024 | 6/6 |
| Gregor Korošec | External Independent Member | 4/11/2015 | 6/6 |

From 23 July 2024 onwards, the Supervisory Board no longer has a separately established HR Committee. Instead, the duties of the HR Committee are carried out by the Supervisory Board as a whole.

All members of the Management Board are from Slovenia. The Technical Director and the Employee Representative were from the local community where the company is headquartered, accounting for two-thirds of the Management Board. Following the appointment of a new Employee Representative, the proportion of Management Board members from the local community has decreased to one-third.

Representation of women:
- On the Management Board, women accounted for 1/3 of the membership until 5 November 2025, and 2/3 after 10 November 2025;
- On the Supervisory Board: women accounted for 1/3 of the membership.

Representation of employee representatives:
- 1/3 on the Management Board,
- 1/3 on the Supervisory Board,
- 1/4 on the Audit Committee.

The share of independent members of the Supervisory Board in 2025 amounted to 100%. Independence is assessed in accordance with the Slovenian Corporate Governance Code for Public Joint-Stock Companies, adopted by the Ljubljana Stock Exchange and the Slovenian Directors' Association.
During the reporting period, the Company did not record any other categories of diversity among the members of the Management Board and the Supervisory Board. In forming the Management Board, as well as the Supervisory Board and its committees, the Company strives for diversity in terms of professional background, gender, and age.

The responsibilities of individual bodies and individuals regarding impacts, risks, and opportunities are defined within the scope of the Company's authority and set forth in relevant internal policies, regulations, and codes. The roles and responsibilities of the Company's Management Board and Supervisory Board are defined in accordance with established corporate governance principles and ensure the effective management of the Company's operations, including the management of risks, opportunities, and impacts. A formal definition of the roles and responsibilities of these bodies specifically regarding sustainability issues has not yet been established; however, sustainability issues are addressed in accordance with existing corporate governance principles and are integrated into regular supervisory and management processes.

The Management Board bears primary responsibility for the direct oversight of identified significant impacts, risks, and opportunities. Within the scope of its mandate, the Management Board ensures appropriate mechanisms for managing these risks and monitoring their potential effects on the Company's operations. It also regularly assesses risks and identifies opportunities, taking into account the sustainability, operational, and financial aspects of operations. It reports all relevant findings, measures taken, and potential impacts to the Supervisory Board as part of regular periodic reporting (at least once per quarter) on the Company's operations. This establishes an effective oversight framework that enables transparent risk management and monitoring of sustainability impacts, in accordance with internal policies and stakeholder expectations.

The Supervisory Board is responsible for overseeing the effectiveness of risk management based on reports from the Management Board and for assessing whether the Management Board's measures are appropriate and consistent with the Company's strategic objectives. Progress regarding significant impacts, risks, and opportunities is monitored through periodic reports at meetings of the Supervisory Board and the Audit Committee.

To manage impacts, risks, and opportunities, the Company has established a group of internal experts responsible for identifying, analysing, and evaluating impacts, risks, and opportunities in collaboration with the owners (executive directors and heads of organisational units). The group reports quarterly to the broader expert committees of the Management Board. Senior management (the Management Board) is responsible for approving significant impacts, risks, and opportunities (DMA) and for governance:
- sets the strategy and objectives for managing impacts, risks, and opportunities;
- oversees the impact, risk, and opportunity management process and proposes changes to improve the process's effectiveness and efficiency;
- delegates authority and responsibilities at appropriate levels of the organisation;
- provides the necessary resources for the operation of the process and the implementation of measures;
- proposes and, where necessary, leads measures to manage significant impacts, high corporate risks, and significant opportunities;
- informs the Supervisory Board of significant impacts, risks, and opportunities. The Supervisory Board and the Audit Committee of the Supervisory Board oversee the effectiveness and efficiency of the comprehensive system for managing impacts, risks, and opportunities, as well as the integrity of information regarding significant impacts, risks, and opportunities provided by the Company and approved by them.

The Management Board is responsible for the operational implementation of the Company's strategies and for managing risks associated with its operations. Its responsibilities include:
- developing and implementing strategies for managing ESG risks, including targets for reducing negative impacts on the environment and society;
- monitoring business compliance with legal and regulatory requirements and aligning internal policies with ESRS standards;
- ensuring the effective implementation of business ethics and human rights policies throughout the entire value chain;
- managing the sustainability reporting process and communicating key findings and results to stakeholders.

The Supervisory Board plays a key role in ensuring independent oversight of the Management Board's operations, approving the Company's strategy and monitoring its implementation, as well as in making strategic decisions related to the Company's business operations, risk management, and ensuring the Company's sustainable development.

The Management Board confirms that the annual Sustainability Statement has been prepared in accordance with the requirements of the CSRD, including the ESRS standards and the Regulation establishing a framework to facilitate sustainable investment (EU Taxonomy). The statement includes a list of material sustainability issues addressed during the reporting period, enabling accurate and transparent reporting on the Company's sustainability performance.

Oversight of the management of sustainability impacts, risks, and opportunities is carried out by the Supervisory Board and the Audit Committee. The Audit Committee oversees financial and sustainability reporting and monitors the effectiveness of internal controls and risk management systems, reporting on these matters to the Supervisory Board. As the governing body, the Supervisory Board approves the Company's sustainability strategy, the DMA, and the full Sustainability Statement as part of the approval of the comprehensive annual report.

In light of the introduction of sustainability reporting, the Company's Management Board and Supervisory Board will further develop their competencies through both internal training and by engaging external experts when necessary. During the reporting period, members of the Management Board and Supervisory Board were personally responsible for assessing their existing competencies and identifying any knowledge gaps. During this period, members of the Management Board collectively completed 55 hours of various training sessions covering multiple aspects of environmental, social, and governance (ESG) topics. As part of the reporting and training sessions organised by the Company, members of the Supervisory Board received a detailed presentation of the DMA analysis, which was presented at the meeting on 4 March 2025 and subsequently during the renewal of the Company's DMA for 2025 at the meeting on 11 December 2025.

The Company recognises that the skills and expertise of the members of the Management Board and the Supervisory Board play a key role in identifying the significant impacts, risks, and opportunities that sustainability reporting presents for both the Company and its broader stakeholders. The diversity of skills and experience among the members of both bodies enables a more comprehensive approach to strategic decision-making, fosters innovation in adapting to new regulatory requirements, and opens up opportunities for the Company's long-term sustainable growth and competitive advantage.

**[GOV-2] Information provided to the administrative, management and supervisory bodies of the Company and sustainability matters considered by those bodies**

When overseeing the Company's strategy and making decisions regarding significant transactions and risk management policies, the Management Board and the Supervisory Board take into account the impacts, opportunities, and risks associated with sustainability aspects of business operations. During the reporting period, the Management Board regularly informed the Supervisory Board of all relevant sustainability matters and identified impacts, risks, and opportunities at regular Supervisory Board meetings as part of its reporting on business operations and risk management. The Management Board assessed material IROs in accordance with the preparation of the DMA.

Table 22 (Significant impacts, risks, and opportunities (IRO) according to ESRS standards and their impact on the business model) presents a list of significant impacts, risks, and opportunities that were addressed by the Management Board and the Supervisory Board during the reporting period.

Special emphasis was placed on developing the Company's sustainability strategy. This topic was discussed and presented during the reporting period at the regular meetings held on 4 March 2025 and 10 November 2025, during which the Management Board presented and highlighted the key impacts, opportunities, and risks arising from the strategic directions and provided explanations regarding potential trade-offs between sustainability goals and other business priorities within the DMA framework.

Based on the information presented at the meeting on 4 March 2025, the members of the Supervisory Board approved the DMA for 2024, and at the meeting on 11 December 2025, they also approved the DMA for 2025.

When assessing impacts, risks, and opportunities, and when deciding on strategy and key business decisions, the Management Board and the Supervisory Board also take into account any trade-offs between achieving sustainability goals, financial performance, and the long-term viability of the business model.

The Company has currently established a structured approach to addressing sustainability issues, including the development of appropriate internal controls, processes, and responsibilities related to the management of identified impacts, risks, and opportunities (IROs). As part of these efforts, the Management Board plans to provide regular reporting on sustainability topics, which will also be incorporated into the annual disclosure update process under the DMA approach, in accordance with the requirements of the ESRS regulation.

**[GOV-3] Integration of sustainability-related performance into incentive schemes**

The remuneration system for members of the Management Board is partially linked to the achievement of sustainability goals, which are incorporated into the variable component of their remuneration. One of the key factors in determining this component is employee satisfaction, which accounts for 10% of the total variable portion of remuneration within the overall remuneration structure.

In addition, the variable portion of the Management Board's remuneration also depends on the successful implementation of five strategic projects, which the Supervisory Board must first approve as part of the annual plan. Each project has a clearly defined objective, the achievement of which serves as the criterion for assessing performance. It is important that at least one of these projects is directly related to sustainability issues. The combined impact of this component on the variable portion of the Management Board's remuneration amounts to 20% of the total. The Management Board's remuneration is presented in more detail in the financial statements, Chapter 6. Related-party transactions – information on groups of persons, in the financial section of the report.

During the reporting period, the Company had a valid, approved remuneration policy for members of the Management Board and the Supervisory Board, which was approved by the General Meeting on 21 May 2025.

The remuneration policy was developed in line with shareholder expectations, with the Supervisory Board taking into account their initiatives and recommendations to standardise and increase the transparency of remuneration. The policy aims to align rewards with the Company's sustainability-oriented strategy, which includes accountability for environmental, social, and governance goals. By establishing a clear link between compensation and sustainability goals, the Company aims to ensure long-term value for all stakeholders and create an enabling environment that will guide managers toward sustainable achievements.
During the reporting period, remuneration linked to sustainability goals was established for members of the Management Board.

**[GOV-4] Due diligence statement**

The due diligence process is established through internal guidelines on the management of impacts, risks, and opportunities, and enables the identification and consideration of actual and potential impacts on the environment and human rights. Its findings are incorporated into the DMA, as it provides key input for determining material topics for reporting.

The due diligence process involves identifying and assessing impacts, risks, and opportunities; determining mitigation measures; monitoring effectiveness; and providing regular reporting. Due diligence is conducted every three years or whenever there are significant changes in the business environment, operations, or legislation. In the intervening years, the sustainability team conducts a regular annual review to verify the relevance of key impacts, risks, and opportunities and, if necessary, initiates a comprehensive due diligence process.

A comprehensive due diligence review was conducted in 2024, followed by an annual review in 2025, which confirmed the validity of the existing findings and did not require a repeat of the comprehensive review. Additions and changes to the procedure are recorded in Section IRO-1, which describes the disclosure of the dual materiality assessment.

Table 17 provides references to sections in our Sustainability Statement where we provide information about our due diligence process. These references and their corresponding topics are cited throughout the report in the relevant sections.

**Table 17: Main references to key elements of due diligence**

| Key elements of due diligence | Tags in the Sustainability Statement |
|---|---|
| Integrating due diligence into the governance, strategy and business model | ESRS 2 GOV-1, ESRS 2 GOV-2, ESRS 2 GOV-3, ESRS SBM-3 |
| Engaging with affected stakeholders at all key stages of due diligence | ESRS 2 SBM-2, ESRS 2 IRO-1, S1-2, S3-2 |
| Identification and assessment of adverse impacts | ESRS IRO-1, E1 IRO-1, E2 IRO-1, E3 IRO-1, E1, E2, E3, E5, IRO-1, S1 SBM-3, S3 SBM-3 |
| Monitoring measures to address these adverse impacts | E1-3, E2-2, E3-2, E5-2, S1-4, S3-4 |
| Monitoring and communicating the effectiveness of these efforts | E1-5, E1-6, E2-4, E2-5, E3-3, E3-4, E5-3, E5-4, E5-5, S1-4, S1-9, S1-13, S1-14, S1-15, S1-16, S1-17, S3-4 |

**[GOV-5] Risk management and internal controls for sustainability reporting**

The risk management process for sustainability reporting involves a broad range of employees at various levels and across different business functions. Risks are addressed by committees responsible for managing impacts, risks, and opportunities, as well as at quarterly expert panels, ensuring a systematic approach. A Sustainability Team is appointed to prepare the report, consisting of individuals responsible for specific areas of sustainability. The control environment is based on the organisational structure, clearly defined roles and responsibilities, commitment to legal requirements, and continuous training. Key control activities include data validation prior to inclusion in the report, approval procedures at the responsible person level, and IT controls to ensure data integrity. The procedures are formalised in the Policy on the Management of Impacts, Risks, and Opportunities.

A uniform methodology is used for risk management, in accordance with the SIST EN ISO 9000, 14001, 45001, 31000, and 50001 standards. Risks are assessed based on current and potential financial impacts and the effectiveness of measures, and are classified into the following levels: low, medium, and high. To date, the main identified risks have been related to the integrity, accuracy, and availability of data, particularly in the value chain, as well as to inadequate IT support. Measures have been introduced to manage these risks, such as the development of an application solution for data collection, risk discussions in collegial bodies, and internal auditing.

As part of the preparation of this report, an internal audit was conducted to review the sustainability reporting process, which assessed the adequacy of controls and procedures and provided recommendations for improvements. In addition, comments from external auditors obtained during the initial review of compliance with ESRS requirements were taken into account. The findings of the internal and external audits are being incorporated into process improvements, which will be supported by a comprehensive risk assessment plan that calls for the development of a methodology, the conduct of an analysis, and the incorporation of findings by the end of the next reporting period.

The Sustainability Team reports quarterly to the Management Board on the reporting process and related risks, and the Management Board informs the Supervisory Board and the Audit Committee as part of its regular reports. Information on the implementation of internal audit recommendations is included in regular periodic reports intended for the Management Board, the Audit Committee, and the Supervisory Board.

# [SBM] Strategy

## [SBM-1] Strategy, business model and value chain

The Company strives to become an efficient, sustainability-focused enterprise in the chemical industry, committed by 2030 to reducing our environmental impact, managing resources responsibly, and strengthening social responsibility and transparency. By reducing greenhouse gas emissions and managing energy efficiently, we will contribute to a low-carbon future, and by expanding our product portfolio, we will influence the development of the circular economy and waste management.

The Company primarily operates in the ESRS sector of the chemical industry, in accordance with the Standard Classification of Activities (SKD 2025), specifically within activity C/20 – Manufacture of chemicals and chemical products. This sector encompasses the Company's core activities, which include the production of titanium dioxide ($TiO_2$) pigment and the production of copper fungicides, formulations, and specialty chemicals, which form the core of the Company's business model.

During the reporting period, the Company's total revenue amounted to EUR 212,572,607, while net sales revenue amounted to EUR 198,801,821, in accordance with the financial statements for the reporting period. The volume of revenue generated reflects the size and complexity of the business and provides an important framework for understanding the significant impacts, risks, and opportunities related to the workforce.

In addition to the primary ESRS sector, the Company, given the nature of its activities, products, and value chains, is also linked to the following additional significant ESRS sectors, in which it carries out significant activities and generates impacts, risks, and opportunities:

- ESRS plastics and polymer materials sector, related to activities involving masterbatches, powder coatings, technical polymer products, and specialty polymer materials (net sales revenue in 2025 amounted to EUR 14,663,429);
- ESRS mineral and construction materials sector, related to the use and processing of inorganic materials and the properties of pigments and other mineral components in production processes (net sales revenue in 2025 amounted to EUR 10,117,320).

The definition of sectors is based on the Company's business model, product structure, and the classification of activities according to SKD 2025. Since the official ESRS sector classification has not yet been adopted, the Company uses a working, descriptive classification of ESRS sectors to provide a clear overview of the areas in which the Company generates significant impacts, risks, and opportunities.

Increased production volumes will drive business growth, enabling the development of opportunity portfolios that reduce waste and pollution, despite the expansion.

Our commitment is that, as we grow, we will:

- reduce our carbon footprint through greater use of renewable energy sources and improved energy efficiency,
- increase water recycling and reduce dependency on natural resources,
- continuously reduce emissions into the air and water and manage waste responsibly,
- promote innovation in green technologies and develop products that support the sustainable use of resources,
- ensure a safe, inclusive and supportive working environment where employees are motivated to achieve the best results,
- provide social security for our employees,
- establish a consultative channel (Sosvet) with affected communities, using the information gathered to enable co-decision-making in defining and implementing measures and report on them transparently,
- support sports, cultural and other social activities in affected communities, participate in safety-enhancing initiatives and contribute to infrastructure improvements,
- further develop our corporate governance and culture, including the introduction of a lean production system,
- educate and raise awareness among employees so that everyone actively contributes to the implementation of this strategy.

In particular, we will contribute to the following UN Global Sustainable Development Goals:


**Goal 8: Decent work and economic growth**
As a manufacturer of titanium dioxide and a wide range of other products (sulphuric acid, white gypsum, powder coatings, masterbatches, copper-based plant protection products, growing media, and fluid handling systems—polymers) the Company contributes to economic growth by creating quality jobs and ensuring stability in the chemical industry. Our presence in the markets of the European Union, the Balkans, and the Middle East enables sustainable growth, while we collaborate with key industry partners and suppliers to improve employment and safety standards.

**Goal 12: Responsible consumption and production**
Sustainable approaches in titanium dioxide production reduce our environmental footprint through process optimisation and the circular economy. Our main sales sectors are printing inks, coatings and plastics, where we strive to develop innovative and more environmentally friendly solutions. Our key stakeholders are titanium dioxide pigment customers, regulatory bodies and suppliers, with whom we work to ensure a responsible supply chain.

**Goal 13: Climate action**
We contribute to global climate goals by implementing strategies to reduce the carbon footprint of production processes, including measures to reduce $CO_2$ emissions across the value chain (Scopes 1, 2, and 3). These measures are primarily implemented in EU countries, where strict environmental regulations apply. We collaborate with industry partners, research institutions and suppliers to improve emissions data and implement low-carbon technologies.

The Company presents its key production programmes and revenue structure in Section 4, Operations, where Tables 5 and 6 provide an overview of sales by market and by individual business segment. Market presence is described in more detail in the sales analysis (EU markets, domestic market, and third-country markets). Data on the number of employees is disclosed in the basic overview in the financial section (table Number of employees), while comprehensive information on employees is presented in the section Own Workforce (ESRS S1).

The Company emphasises that directly adhering to a scenario that limits global warming to 1.5 °C is currently not feasible due to the nature of production. The production of key chemicals, such as titanium dioxide, requires energy-intensive processes. The appropriate technology that would enable fundamental changes in production processes is difficult to access or still in the development phase. Furthermore, infrastructure at the national level is not sufficiently prepared to support the transition to low-carbon processes on the scale that would be necessary to achieve the 1.5 °C target.

Furthermore, achieving such a goal would require significant changes in the availability of renewable energy sources, the supply chain, and supporting technologies, which are part of the broader industry and beyond the Company's direct control. The Company therefore focuses on gradually reducing the carbon intensity of its processes and incorporating sustainable technologies wherever possible, thereby contributing to emissions reduction and supporting the long-term transition to a low-carbon economy.

Various sales sub-programmes can be grouped into sales groups based on their content, within which products with similar applications are combined. In recent years, we have discontinued several production and sales programmes that did not meet profitability or performance criteria.
Our major production and sales programmes are:

- production of titanium dioxide ($TiO_2$);
- production of sulphuric acid;
- production of agricultural products, including plant protection products and growing media;
- production of masterbatches and powder coatings;
- group of fluorinated polymers and elastomers, which, due to their properties, are suitable for transporting aggressive media and protecting process and mechanical equipment;
- intermediates in titanium dioxide pigment production: titanyl sulphate, metatitanic acid, and sodium titanate;
- by-products of titanium dioxide pigment production: white gypsum – CEGIPS and red gypsum – RCGIPS (in a ratio of 47 percent to 53 percent, calculated on a dry matter basis of the aforementioned by-products).

The core production and sales group is titanium dioxide pigment, which encompasses the sale of various types of pigment. This group also includes ultra-fine forms of titanium dioxide, which are high-value-added products, as they can act as photocatalysts or UV absorbers depending on their crystal structure. They are incorporated into technologically advanced products (self-cleaning systems, materials with UV stabilisers, etc.). The production and marketing of titanium dioxide pigment account for 83 percent of our total turnover.

In accordance with Annex I of Regulation (EC) No. 1893/2006, the sales group for plant protection products falls under activity 20.2: Manufacture of pesticides and other agrochemical products. Compared to the main production and sales group, this accounts for a very small market share of the Company's total turnover (5.09% of total sales in 2025). The core products of this group are copper fungicides in various formulations and containing different active ingredients (copper hydroxide, copper oxychloride, tribasic copper sulphate). In the field of plant protection products, we pursue a strategy emphasising product quality and their environmentally safe use.

The powder coatings and masterbatch group represents a vertical extension of our core titanium dioxide pigment production and is becoming an increasingly important sales segment for the Company. We sell powder coatings primarily for anti-corrosion and decorative purposes in the production of household appliances, heating elements, and other metal accessories. Masterbatches are intended for mixing into plastic compounds to improve their functional properties.

Other areas include the production of PTFE (polytetrafluoroethylene) products, half of which are intended for internal use and maintenance, while the other half is sold primarily to the plant protection and chemical industries. Sulphuric acid production is primarily intended for internal use; any surpluses are sold on the market. CEGIPS, also known as white gypsum, is sold to the cement industry, gypsum board manufacturers, and for agricultural use. The by-product RCGIPS is entirely used for dry backfilling at the Za Travnik waste disposal facility. Depending on its properties, it can be used for backfilling in low-rise construction, the construction of low embankments, and the creation of cover layers.

We operate primarily in the European market, where we generate the majority of our revenue. To a lesser extent, we are also present in compensation markets, primarily in the U.S. dollar currency area. Based on geographic location, we identify EU member states (excluding Slovenia) as our most important markets, followed by the domestic market (Slovenia) and third countries.

The countries where we have the strongest presence (Figure 4) and where our share of sales exceeds 1% are: Germany (28%), Italy (13%), France (11%), Poland (5%), Slovenia (7%), Turkey (4%), the Netherlands (2%), Austria (4%), Sweden (3%), Denmark (3%), Croatia (2%), Greece (2%), the U.S. (2%), Hungary (2%), Belgium (1%), Spain (1%), the Czech Republic (1%), Romania (1%), and Serbia (1%). In terms of the share of sales value by market, sales to the EU market account for the majority.

All production facilities and support services are located in Slovenia, where we employed 726 people at the end of the year. All of the Company's employees are based in Slovenia (100%). The Company has no employees in other geographic regions.


**Table 18: Key elements of a sustainable strategy**

| | Our vision: to become an efficient, sustainable company in the chemical industry | | |
|---|---|---|---|
| | **[E] Reducing our carbon footprint and pollution** | **[S] Empowering the local environment and employees** | **[G] Integrity through responsible business** |
| Our sustainability goals | E1 CLIMATE CHANGE<br>Reduce carbon footprint by 10% by 2030.<br><br>Reduce Scope 3 $CO_2e$ emissions by 15% by 2030, mainly in the raw materials and materials supply chain and logistics segments, especially in the production of titanium dioxide pigment.<br><br>Actions and activities:<br><br>Investing in solar power and optimising energy use to reduce fossil fuel consumption.<br><br>Co-generation of electricity from steam to improve energy efficiency.<br><br>Energy efficiency.<br><br>Analysis of logistics routes to optimise transport distances and select low-carbon transport solutions.<br><br>Assistance and cooperation at various levels with our suppliers to reduce category 1 by 22% by 2030.<br><br>E2 POLLUTION<br>Reducing specific sulphate emissions by 15% by 2030 (compared to the base year of 2021).<br><br>A 15% reduction in specific emissions of air pollutants (SOx, H2S and dust) by 2030 (compared to the base year of 2021).<br><br>E3 WATER RESOURCES<br>By 2030, implement projects to conserve water resources and reduce water withdrawal from a watercourse (compared to the base year of 2021).<br><br>E5 RESOURCE USE AND THE CIRCULAR ECONOMY<br>By 2030, reduce the amount of red gypsum produced by 14% (compared to the base year of 2021). | S1 OWN WORKFORCE AND HEALTH AND SAFETY AT WORK<br>Implement measures to improve occupational safety and health and move towards the target of zero accidents at work by 2030 (compared to the base year of 2021).<br><br>S1 OWN WORKFORCE: EQUAL TREATMENT AND EQUAL OPPORTUNITIES<br>By 2030, increase the proportion of engaged employees to 40% and reduce the proportion of actively disengaged employees to 16% (compared to the base year of 2021).<br><br>S1 OWN WORKFORCE: WORKING CONDITIONS<br>Increase activity to promote employment opportunities close to home by 10% by 2030.<br><br>S3 AFFECTED COMMUNITIES: ECONOMIC, SOCIAL AND OTHER COMMUNITY RIGHTS<br>By 2030, establish a consultation channel with affected communities, participation in youth education programmes, support for sports, cultural and other activities, investment in infrastructure, ensuring a higher level of security and participation in charitable projects. | G1 BUSINESS CONDUCT: SUPPLIER RELATIONSHIP MANAGEMENT<br>Encourage value chain participants to adhere to and comply with the Code of Conduct for Sustainable Business.<br><br>G1 BUSINESS CONDUCT:<br>Introduce a lean production system and sustainability training for employees, to make them aware of the objectives of the sustainability strategy and to actively involve them. |
| Programme Our contribution to UN goals |  |  |  |

We will work closely with our suppliers and partners to ensure that they share our commitment to high ethical and sustainability principles, thereby ensuring a sustainable value chain focused on reducing our environmental footprint and operating in a socially responsible way.

The European market is of critical importance to the Company, as it accounts for the largest share of our revenue and has the strictest sustainability requirements. Due to the requirements of the EU Green Deal, the REACH regulation, and other environmental standards, we are adapting our strategy to remain competitive and meet the expectations of our customers and regulators.

Currently, our most important product is titanium dioxide, which serves as a key raw material in numerous industries. Of particular note is the paint and coatings sector, which is our largest market and also the one where sustainability requirements are most pronounced.

The Company is exploring ways to optimise production processes, improve energy efficiency, and increase raw material utilisation in the production of titanium dioxide. For more information, see section [SBM-1] Strategy, business model and value chain.

Our operations are based on compliance with best available techniques, sustainable investments, and the optimisation of production processes to reduce our environmental impact and ensure safe and healthy working conditions for our employees. We focus on continuous quality improvement, innovation, and efficient resource management, which enables us to remain competitive in global markets.

In the upper part of the value chain, we work closely with key suppliers of raw materials and products for $TiO_2$ (titanium-bearing ore, sulphur), paints and coatings (epoxy resins, pigments), agricultural products (copper), and for process equipment (PTFE, metals). These raw materials are delivered via rail, sea, or road transport.
In the upper part of the value chain, we identify:

- suppliers/distributors of direct and indirect materials/services,
- warehousing and transportation to the Company.

We use road, rail, and intermodal transport to deliver to customers in the paint, plastics, and paper industries, as well as other sectors (construction, agriculture, and metalworking).

In the downstream part of the value chain, we identify the following processes:

- storage,
- distribution and transport to customers,
- customers/distributors.

The main sources of data for analysing business models and value chains include company websites, internal databases, global publications in specific fields and industry categories, visits to trade fairs and conferences, various associations and organisations, annual reports from suppliers and customers, direct communication with stakeholders, and financial data. In addition, we use various analytical tools to extract information from publicly available sources, as well as publications and analyses related to specific fields of work.

First, we defined the value chains and the methodology for identifying key stakeholders, which include both suppliers and customers. We then identified communication channels that enabled the effective collection and gathering of data on partners. We analysed stakeholder transactions based on accounting data and collected and reviewed stakeholder information, focusing on key sustainability attributes. Following the data analysis, we defined the scope of the value chain, conducted a due diligence review, and identified common sustainability themes, sustainability commitments, and measures that we will consider in our future collaboration with stakeholders.

In 2024 and 2025, we conducted a due diligence review, during which we reviewed the annual reports of suppliers and customers, established direct communication with stakeholders, and analysed information obtained from company websites and other sources. As part of this, we are preparing a survey questionnaire to gather additional information on stakeholders' sustainability practices.

In 2025, we conducted and analysed the responses to a survey among key suppliers and partners in the upper part of the value chain.

We provide customers in the key segments of paints, coatings, and chemicals with improved product performance and sustainable alternatives, which also helps them achieve their own sustainability goals.

Through transparent reporting and a focus on sustainability risks, we ensure greater business predictability for investors. Investments in sustainable technologies, such as the production of low-temperature coatings, the use of recycled materials and biopolymers, and energy optimisation, enhance the long-term resilience of business models to changes in legislation and market demands.

For other stakeholders, such as employees, local communities, and suppliers, we create a safe and inclusive work and local environment. Reducing our environmental footprint has a positive impact on local communities, while long-term partnerships with suppliers ensure supply chain stability.

The company identifies several value chains, namely:

- $TiO_2$ value chain,
- masterbatches value chain,
- powder coatings value chain,
- Agro value chain, and
- polymers value chain.

Based on the established criteria, we identify the $TiO_2$ value chain as the most significant, both in the upstream (raw materials and products for $TiO_2$) and downstream segments of the value chain (paints, varnishes, and coatings; plastics, paper). Below, we present the key characteristics of the upstream and downstream segments of all identified value chains and the matrix relationship between the upstream and downstream segments of the value chains and the production and sales programmes.

**Table 19: Relationship between upstream and downstream value chains including the production and sales programme**

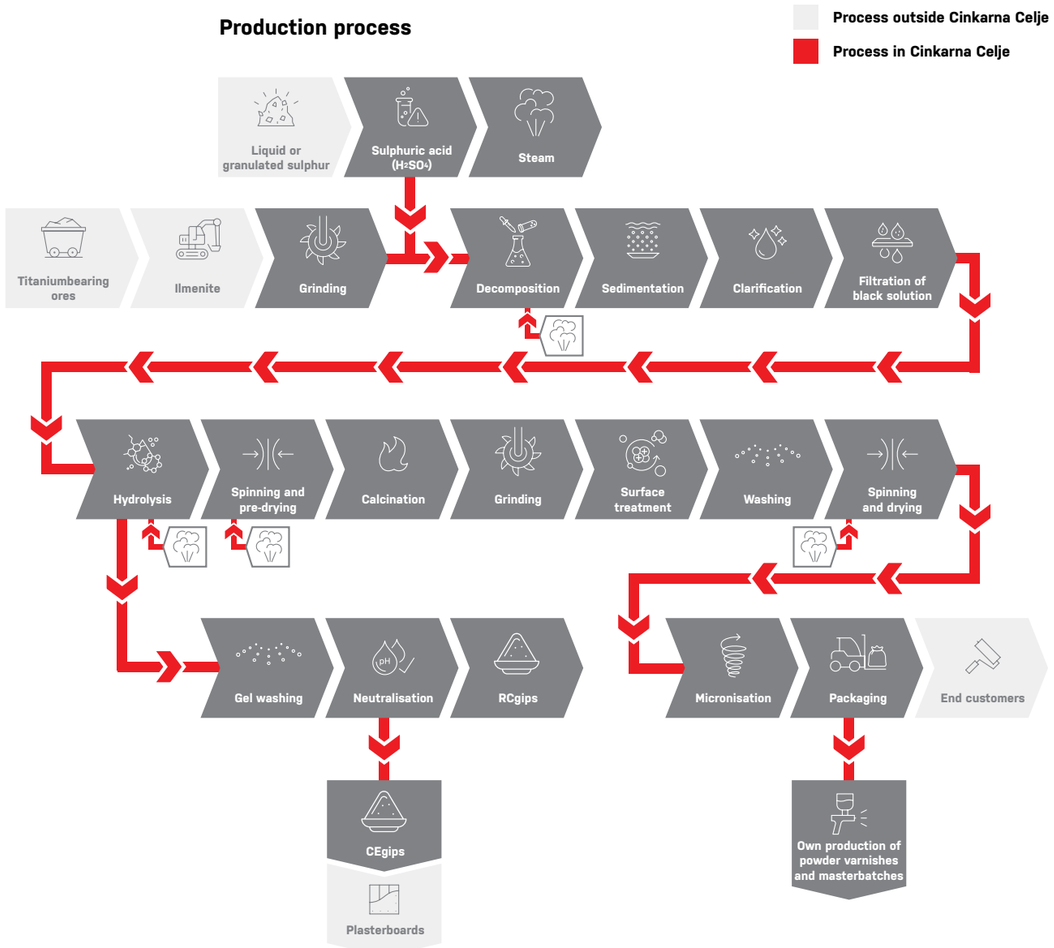
| Upstream (work items) | Value chain | Downstream (activity) | Production and sales programme |
|---|---|---|---|
| Raw materials and products for $TiO_2$ | $TiO_2$ value chain | Paints, varnishes and coatings<br>Plastics<br>Paper<br>Other (construction) | · Titanium dioxide ($TiO_2$) production<br>· Production of sulphuric acid<br>· Semi-finished products of titanium dioxide pigment production: titanyl sulphate, metatitanic acid and sodium titanate,<br>· By-products of titanium dioxide pigment production: white gypsum - CEGIPS and red gypsum - RCGIPS |
| Raw materials and products for paints | Masterbatches value chain<br>Powder coatings value chain | Plastics<br>Other (metalworking, wood) | · Production of masterbatches and powder varnishes |
| Raw materials and products for Agro | Agro value chain | Other (Agro) | · Production of products for agriculture, including plant protection products and growth substrates |
| Raw materials and products for process equipment | Polymers value chain | Other (process equipment) | · Group of fluorinated polymers and elastomers whose properties make them useful for transporting aggressive media and protecting process and hardware equipment |

## Description of the $TiO_2$ value chain

### Connection of the $TiO_2$ value chain with other products/value chains

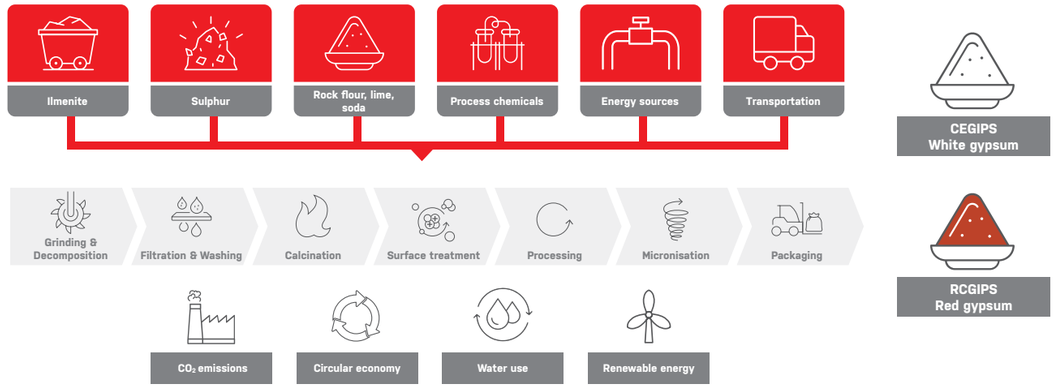
$TiO_2$ pigment, an inorganic chemical valued for its optical properties, is essential in the paints, coatings, plastics and paper industries. Our production process involves the complex splitting of titanium-bearing ore using sulphuric acid, followed by filtration, calcination, and surface treatment for specific industrial applications. A by-product is sold under the CEGIPS brand, and we integrate a portion of the produced pigment into masterbatches and powder coatings at our BU Kemija Mozirje plant.

### Production process



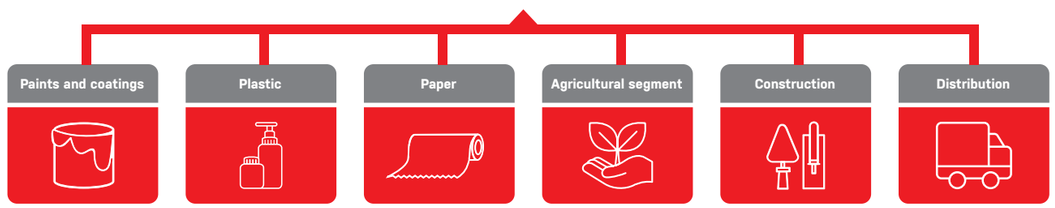

## Description of the upstream segment of the $TiO_2$ value chain

Key raw materials, particularly titanium-bearing ores, are sourced from a limited number of suppliers, increasing dependency and supply risk. Energy-rich raw materials such as lime and stone meal are procured locally due to high transport costs. Replacing natural gas with an alternative energy source would entail significant costs related to production technology adaptation. Given the high daily consumption and limited storage capacity, a constant and flexible supply is essential. Any supply disruption could seriously impact production, including potential temporary shutdowns.




## Description of the downstream segment of the $TiO_2$ value chain

$TiO_2$ customers, primarily industrial companies in the coatings, plastics, inks and paper sectors, prioritise product compatibility, consistent quality and adaptable characteristics to align with their formulations, production and regulatory frameworks. Reliable supply is crucial, with customers willing to pay a premium for guaranteed availability, particularly in volatile markets. The increasing focus on sustainability necessitates supplier adherence to environmental standards, compelling process adjustments. Global $TiO_2$ demand is approximately 7 million tonnes per year.



**Description of the masterbatches value chain**

**Description of the upstream part of the masterbatches value chain**
The availability of suppliers is high for polymers, but limited for pigments, monobatches and additives. Input materials represent a significant portion of the final product cost—up to two-thirds for white products, and even more for colour variants. $TiO_2$ pigment is one of the input raw materials supplied from Celje to Mozirje. While the substitution of polymers is relatively straightforward, replacing white pigments is conditional, and the substitution of pigments and monobatches is more complex. The market for polymers and fillers is highly competitive, with Asian producers facing constraints due to regulatory requirements, as well as the need for specific versions and shades.

**Description of the downstream part of the masterbatches value chain**
Customers are attracted by flexibility and adaptability to their specific requirements, particularly in terms of quality, regulatory compliance and consistency. Standard products, such as white masterbatches, are more sensitive to price than special products. In the case of white and colour masterbatches, customers have greater influence over business decisions, as switching suppliers involves additional testing costs.

**Description of the powder coatings value chain**

**Description of the upstream part of the powder coatings value chain**
Supplying small quantities of specific raw materials such as pigments and additives is challenging, often involving long lead times and lower price competitiveness. Larger orders require storage and carry the risk of price fluctuations by the time the materials are used. $TiO_2$ pigment is one of the input raw materials supplied from Celje to Mozirje.

**Description of the downstream powder coatings value chain**
Customers heavily influence business due to high competition among suppliers. Brand recognition and strong customer relationships are crucial for maintaining profitable sales, as manufacturers offer quality products at acceptable prices. Smaller customers are less price-sensitive, while larger customers often seek lower prices and are willing to switch suppliers if they can achieve higher added value. Close relationships between customers and suppliers are well-established, but customers remain willing to switch suppliers for more favourable terms. Products are comparable among suppliers and customers are aware of alternatives, which are usually less competitive due to poorer functionality.

**Description of the Agro value chain**

**Description of the upstream part of the Agro value chain**
The main raw material is waste copper and other copper products, such as copper ash. There are sufficient suppliers and adequate quantities on the market, and regular procurement and appropriate hedging are key to managing price risks.

**Description of the downstream part of the Agro value chain**
Customers are price-conscious, as copper is a commodity with a constantly fluctuating market price, which influences their perception of the value of products. To maintain loyalty, customers are offered various incentives, such as shorter delivery times, discounts, introductory offers, quality adjustments, extended payment terms and sample products. Although customers are aware of alternatives, these are often of lower quality. Copper fungicides have a strong brand in the EU, as Asian producers face quality issues. Despite the uniqueness of the products and the strong brand, customers are generally loyal and not inclined to switch suppliers.

## [SBM-2] Interests and views of stakeholders

In the context of responsible management of impacts, risks, and opportunities, it is essential to identify the material issues and interests of all key stakeholder groups. Issues are considered material if they directly or indirectly affect the Company's ability to create, maintain, or reduce environmental, social, and economic value for itself, its stakeholders, and society at large.

The key stakeholders identified are owners and supervisors, employees, suppliers, customers, the local community, and other interested parties (users of the Sustainability Statement and affected stakeholders).

We communicate with stakeholders using various communication tools to ensure transparency of the Company's operations, identify impacts, risks, and opportunities, and involve stakeholders in the Company's activities in both the local and global environments. Table 20 presents our key stakeholders, the method and the purpose of their engagement. We disseminate information through the channels presented in accordance with established procedures and rules, with most information prepared on a regular basis (annually, quarterly, monthly, etc.) or as needed.

**Table 20: Key stakeholders and their relationship to the strategy and/or business model**

| | Topics covered | Method of engagement | Purpose and outcome of stakeholder engagement |
|---|---|---|---|
| EMPLOYEES | · Ensuring a safe working environment<br>· Caring for the well-being of employees<br>· Respect for labour and human rights<br>· Cooperation with employee representatives<br>· Training and skills development<br>· Fair and equitable remuneration | · Annual job satisfaction and engagement surveys<br>· Developing performance and competences<br>· Management communication<br>· Company's intranet<br>· Daily meetings with managers, including the Minute for Safety communication<br>· Whistleblowing platforms (whistleblowers and disclosures)<br>· CC UM system for submitting useful proposals | · Improved safety and well-being of employees<br>· Increased employee engagement and satisfaction<br>· Optimising competences and workforce planning<br>· Making the company more attractive to new talent<br>· Improving two-way internal communication between staff and management |
| CUSTOMERS | · Terms of sale<br>· New product development<br>· Reliability and product quality<br>· Sustainability commitments and customer requirements<br>· Product compliance | · Regular interviews with customers<br>· Personal meetings and customer visits<br>· Customer satisfaction analysis<br>· Distributors' Day<br>· Customer due diligence and audits<br>· Sustainable customer codes | · Improving the technical and sustainability parameters of products through the improvement process<br>· Meeting customer expectations and requirements<br>· Building long-term relationships, taking sustainability into account<br>· Keeping up to date with product innovations<br>· Credible information about our products |
| REGULATORS<br>Commission for the Prevention of Corruption, Securities Market Agency, Audit Oversight Agency, FURS, EU, national and local authorities setting or enforcing regulatory requirements | · Whistleblower protection<br>· Political participation, lobbying activity and lobbying<br>· Corruption and bribery<br>· Tax law and regulations<br>· Regulatory compliance including compliance with environmental permits | · Periodic reporting to the regulator on various legal requirements related to the current state and events subject to reporting<br>· Requirements for interpreting the regulator's requirements and implementing legislation, including interpretation of regulations | · Transparency of operations in line with legal requirements and stakeholder expectations<br>· Implementing legal and regulatory commitments at national or supranational level<br>· Regulatory compliance |

| | | | |
|---|---|---|---|
| FINANCIAL INSTITUTIONS AND INVESTORS | · Financial and operational performance<br>· Business strategy and annual business plans<br>· Sustainability topics<br>· Governance and regulatory compliance | · Periodic (quarterly) reporting and annual reports<br>· Contacts and meetings with investors and presentations at stock exchange conferences<br>· Regular communication between the investor representative and investors<br>· Ongoing communication with banks and other regulatory authorities<br>· Completion of all types of dual materiality assessment surveys and questionnaires on sustainability | · Verification of the accuracy of published and publicly disclosed information<br>· Stakeholder confidence in publicly disclosed information<br>· Co-creating key sustainability topics |
| SUPPLIERS | · Overview of the purchasing, quantity, quality, logistics, sustainability conditions of cooperation<br>· Review of the performance of contracts, orders, deliveries, complaints<br>· Addressing risks and opportunities for process and product improvement<br>· Informing key suppliers about the code of sustainable business practices | · Evaluating suppliers<br>· Carrying out in-depth analyses of relevant subject areas of work<br>· Regular discussions with suppliers<br>· Supplier due diligence<br>· Supplier surveys<br>· Review of available materials, publications and supplier reports | · Long-term cooperation with partners<br>· Seeking opportunities and addressing risks<br>· Implementing sustainability commitments and ensuring compliance with company standards, including human rights and environmental requirements |
| LOCAL COMMUNITIES<br>Members of local communities, educational institutions, interested members of the public | · Management of environmental impacts, including the remediation of past burdens<br>· Prevention and management of industrial risks<br>· Participation in the education system (competitions, internships, excursions, scholarships)<br>· Establishment of communication channels with local communities (social advisory council, open days, complaint handling)<br>· Participating in the sustainable development of the region and involving citizens in co-determination<br>· Support for local sports, cultural and social activities | · Company website and social networks<br>· Complaints mechanisms to monitor and resolve public issues<br>· Surveys and focus groups to gather feedback<br>· Dialogue with local communities through commissions, the Social Council and municipal meetings<br>· Sponsorships, open events and cooperation with educational and social institutions | · Improving transparency and trust between local communities and the company<br>· Enhancing safety and sustainable development in the local environment<br>· Establishing a long-term dialogue to monitor environmental impacts<br>· Better understanding of community needs and adapting company strategies based on feedback<br>· Actively contributing to the development of the local community through employment, education and sponsorship |

Nature is considered a silent stakeholder of the Company for several reasons related to the Company's operations, which involve the chemical processing industry—an industry that uses chemicals, relies on natural resources, manages waste, and has an impact on the environment. Including nature as a silent stakeholder means that the Company takes into account the environmental impacts of its activities and strives to reduce negative effects and continuously improve environmental practices. In doing so, we rely on the results of conducted monitoring of pollution and the state of the environment (such as emissions of substances into the air, outdoor air quality, emissions of substances into water and surface water quality, noise emissions, waste management, soil and groundwater quality, and other reports detailing the environmental status in the Company's vicinity) as well as other scientific references in this field (such as national and European standards for pollution monitoring, BAT (Best Available Techniques), reference documents (BREFs) for the chemical industry under the EU IPPC Directive, ecotoxicological studies, and others). Through all these measures, we strive to reduce negative impacts on the environment and continuously improve our environmental practices.

Employees responsible for specific areas of expertise collaborate with individual stakeholder groups as part of their duties. Stakeholder perspectives are considered as part of the due diligence process. The results of stakeholder engagement are taken into account when identifying significant impacts, risks, and opportunities, as well as when formulating and updating the Company's sustainability goals, measures, and internal policies. We pay attention to all factors that could affect the achievement of our strategy and sustainability commitments, compliance with policies, and our business model (see section SBM-1 Strategy, business model and value chain for more details).

Based on stakeholder engagement to date, the Company has not made any significant changes to its strategy or business model, as current information and stakeholder feedback do not indicate a need to alter key strategic foundations. Nevertheless, stakeholder interests and views are already reflected in the adjustment of strategic priorities, objectives, and methods of strategy implementation, particularly in the areas of employee safety, environmental management, compliance, product development, and sustainable investments. Should future due diligence cycles reveal a need for changes, these would be implemented within the framework of an established internal procedure, which includes: a comprehensive due diligence review (DMA), an assessment of specialised areas, an evaluation of impacts on stakeholders, and approval of changes at the level of the Management Board and the Supervisory Board. This approach ensures that any changes to the strategy or business model would be implemented transparently and with the appropriate involvement of key stakeholders.

The interests and views of stakeholders are systematically addressed as part of the due diligence process, which is conducted periodically—typically every three years—in accordance with the internal Policy on the Management of Impacts, Risks and Opportunities. The next comprehensive due diligence review is therefore planned for the period 2027–2028. The results of this review will serve as the basis for any further adjustments to the strategy, business model, sustainability strategy, and related internal policies of the Company. Planned future activities may contribute to deepening engagement with stakeholders and the gradual development of relationships; however, we do not currently anticipate changes that would significantly alter the nature of these relationships or the manner of stakeholder engagement.

The Management Board reviews the information received at a Management Board meeting or via written communication, depending on the urgency and nature of the matter. If necessary, the Management Board also informs the Supervisory Board of key sustainability issues.

The Management Board and the Supervisory Board are regularly informed of stakeholders' findings, interests, and views through due diligence, reports from specialised departments, and regular sustainability reporting, which enables the timely incorporation of this information into decision-making processes.

### [SBM-3] Material impacts, risks and opportunities and their interaction with the strategy and business model

In 2025, we conducted the regular annual review of the double materiality assessment (DMA) matrix, during which we reviewed the 2024 assessments of impacts, risks, and opportunities (IRO). We conducted the double materiality assessment (DMA) review to ensure its up-to-date status and compliance with the provisions of the Company's Policy on the Management of Impacts, Risks, and Opportunities. The annual review enables the Company to regularly verify the relevance of the identified impacts, risks, and opportunities in light of current conditions, strategic directions, and stakeholder expectations. The methodology and assessment criteria remain unchanged. In this document, we present the results of the DMA review for 2025, comparing them with the previous year and providing an up-to-date presentation of the DMA.

The methodology and evaluation criteria remain unchanged from 2024. During the dual materiality assessment process, we identified material impacts, risks, and opportunities (IROs) from the six thematic standards of the ESRS. The process is described in section IRO-1.

All material non-financial information stems from sub-themes and sub-sub-themes within the ESRS framework. For specific topics related to our material non-financial information, we provide disclosures tailored to the specific nature of the Company.

Significant impacts, risks, and opportunities (IROs) are presented in the report either individually or in aggregate form when individual impacts, risks, or opportunities stem from the same activities, are of a comparable nature, and have similar effects on people, the environment, or the Company's operations. The aggregation of IROs was used to ensure the transparency and comprehensibility of disclosures and does not result in the concealment or downplaying of the significance of individual impacts, risks, or opportunities. Where IROs have been aggregated, their key aspects are further explained within the framework of individual ESRS thematic standards.

Below is the consolidated list of all significant impacts, risks, and opportunities (IROs) that we identified as part of the 2024 DMA, along with all changes identified during the annual review in 2025. During the assessment review process, changes were identified in four sustainability areas (ESRS E1, ESRS E5, ESRS S1, and ESRS S3). A detailed review of significant IROs for each individual topic, including the links between our IROs on people and the environment, is presented under each individual thematic standard. We defined the same time periods (short-term, medium-term, and long-term) as those specified in the strategy addressing material IROs.

**Graphical representation of the double materiality matrix**

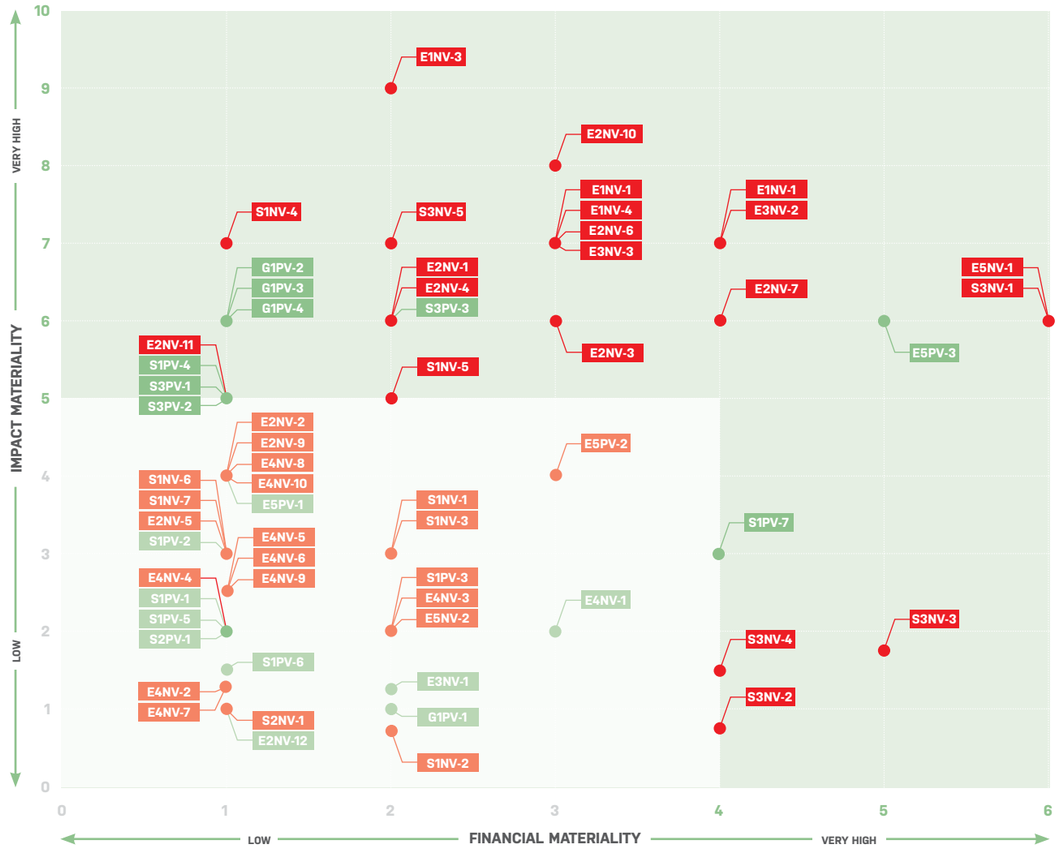



**Table 21: Identified impacts, risks, and opportunities**

| ESRS standard | Impact code | Short description of the impact |
|---|---|---|
| E1 | E1NV-1 | Use of river water and impact on the adaptive capacity of the aquatic ecosystem |
| E1 | E1NV-2 | $CO_2$ emissions from non-renewable sources and processes (Scopes 1 and 2) |
| E1 | E1NV-3 | $CO_2$ emissions in the upstream and downstream value chain (Scope 3) |
| E1 | E1NV-4 | Use of energy from fossil fuels |
| E2 | E2NV-1 | Emissions to air: $SO_2$, $H_2S$, other gases |
| E2 | E2NV-2 | Pollution that may occur during transport (spills, noise, dust) |
| E2 | E2NV-3 | Other $CO_2$ emissions (process sources) |
| E2 | E2NV-4 | Emissions to air – particulate matter (dust) |
| E2 | E2NV-5 | Emissions to air – noise |
| E2 | E2NV-6 | Emissions to rivers – sulphate |
| E2 | E2NV-7 | Emissions to groundwater in areas with historical contamination. |
| E2 | E2NV-8 | Soil contamination resulting from historical contamination |
| E2 | E2NV-9 | Impact on organisms in watercourses due to historical contamination, water abstraction, and wastewater discharge |
| E2 | E2NV-10 | Use of substances of concern (SoC) at the Company |
| E2 | E2NV-11 | Use of substances of very high concern (SVHC) at the Company |
| E2 | E2NV-12 | Microplastics (Production of masterbatches) |
| E3 | E3NV-1 | Drinking water consumption |
| E3 | E3NV-2 | Water consumption (extraction) from the river (lowering of water levels) |
| E3 | E3NV-3 | Discharges into rivers – sulphate |
| E4 | E4NV-1 | Impact of Company operations on biodiversity loss due to climate change ($CO_2$, excessive temperature, lower water levels) |
| E4 | E4NV-2 | Land use change within existing industrial areas (changes in landfilling) |
| E4 | E4NV-3 | Depletion of natural resources (ilmenite, limestone) |
| E4 | E4NV-4 | Spread of invasive plants |
| E4 | E4NV-5 | Impact on surface waters due to sulphate emissions |
| E4 | E4NV-6 | Impact on the status of species in the Natura 2000 area |
| E4 | E4NV-7 | Impact on species extinction at the global level |
| E4 | E4NV-8 | Impact on soil degradation due to gypsum disposal, impact of groundwater on soil |
| E4 | E4NV-9 | Impact of land development |
| E4 | E4NV-10 | Maintenance of barriers and green areas on Company premises, alternative water use |
| E5 | E5PV-1 | Use of copper from fishing nets |
| E5 | E5NV-2 | Natural resources (ilmenite, limestone) |
| E5 | E5PV-2 | White gypsum (CEGIPS) – by-product that reduces waste volume |
| E5 | E5PV-3 | $TiO_2$ from 23% acid |

| | | |
|---|---|---|
| **E5** | **E5NV-1** | Waste (red gypsum, packaging, waste rags, oils, rubber scraps, and other hazardous and non-hazardous waste) |
| **S1** | **S1PV-1** | Job creation, including for professionals in the local community |
| **S1** | **S1PV-2** | Ensuring a 40-hour workweek, % of shift work, flexible working hours. |
| **S1** | **S1PV-3** | Ensuring decent income for employees |
| **S1** | **S1PV-4** | Ensuring job security for employees |
| **S1** | **S1NV-1** | Ensuring social dialogue (remuneration policy agreement with the union, employee representatives on supervisory bodies, employee director) |
| **S1** | **S1NV-2** | Cooperation with social partners |
| **S1** | **S1NV-3** | Coordination with social partners |
| **S1** | **S1PV-5** | Right to disconnect, maternity leave, paternity leave |
| **S1** | **S1NV-4** | Care for health and safety |
| **S1** | **S1NV-5** | Ensuring employee job satisfaction |
| **S1** | **S1PV-6** | Gender equality |
| **S1** | **S1PV-7** | Development of employee competencies |
| **S1** | **S1PV-8** | Management of employees with disabilities |
| **S1** | **S1PV-9** | Protection of employees in cases of workplace violence |
| **S1** | **S1NV-6** | Consequences of diversity violations |
| **S1** | **S1NV-7** | Consequences of personal data protection violations |
| **S2** | **S2PV-1** | Providing jobs to suppliers |
| **S2** | **S2NV-1** | Consequences of human rights violations and child labour exploitation |
| **S3** | **S3NV-1** | The Company's social impact on the quality of life in the local community |
| **S3** | **S3NV-2** | Impact of historical burdens on the quality of food produced |
| **S3** | **S3NV-3** | Consequences of a flood wave in the event of barrier failure |
| **S3** | **S3NV-4** | Consequences of an industrial accident |
| **S3** | **S3NV-5** | Impacts on the local community (air and water emissions, noise, dust, waste) |
| **S3** | **S3PV-1** | Participation in the education system (competitions, internships, field trips, bachelor's/master's/ doctoral theses, scholarships). |
| **S3** | **S3PV-2** | Established channels for dialogue with affected communities (Advisory Board, complaint resolution, Open House Day) |
| **S3** | **S3PV-3** | Support for local sports, cultural, and other activities in the local community |
| **G1** | **G1PV-1** | Employee satisfaction level via a satisfaction survey |
| **G1** | **G1PV-2** | Whistleblower protection and established mechanisms in accordance with the ZZPri |
| **G1** | **G1PV-3** | Supplier relationship management, including the Company's payment practices |
| **G1** | **G1PV-4** | Number of reported and investigated cases |

Based on the material impacts, risks, and opportunities identified, we have adapted our strategies with a focus on reducing emissions, optimising energy efficiency, and improving the circular economy. The identified social impacts have led to the strengthening of occupational safety measures, social security for employees, and engagement with affected communities. For more details, see section [SBM-1] Strategy, business model and value chain.

Adapting the Company's strategy and business model in response to identified material impacts, risks, and opportunities requires adjustments and the allocation of resources. The Company has assessed and incorporated into its 2024–2028 business strategy the current financial effects of the Company's material risks and opportunities on its financial position, financial performance, and cash flows, as well as material risks and opportunities where there is a risk that they will result in a significant adjustment to the carrying amounts of assets and liabilities disclosed in the related financial statements in the next reporting period, as disclosed in Section 6. Notes to the Financial Statements, Item 25 Impact of climate change on the financial statements in the financial section of the report. The Company also disclosed in this section and in section [E-1] the expected financial effects of the Company's material risks and opportunities on its financial position, financial performance, and cash flows in the short, medium, and long term, including the reasonably expected time frames for these effects. This includes the short-, medium-, and long-term changes in financial position, financial performance, and cash flows that the Company expects as a result of its strategy for managing risks and opportunities.

In doing so, the Company took into account its five-year investment plans for fixed assets, assuming that no divestitures, early withdrawals of assets, or other forms of corporate restructuring are planned. The Company plans to finance its investments and strategy implementation using its own resources.

The resilience of the Company's strategy and business model with regard to its ability to address material impacts, risks, and opportunities during the reporting period has not yet been the subject of a comprehensive resilience analysis in accordance with ESRS requirements. Therefore, the Company does not disclose the results of a resilience analysis in this report.

The Company plans to conduct a comprehensive resilience analysis in accordance with ESRS requirements by the end of 2027. The analysis will include a qualitative and, where appropriate, quantitative assessment of resilience, a description of the methodology used, scenarios, and time horizons (short-term, medium-term, long-term), as defined by ESRS 1. The results will be included in future sustainability reports.

The material impacts, risks, and opportunities presented in this section are addressed within the framework of the ESRS thematic standards (E, S, and G) in accordance with the results of the double materiality process. In 2025, as part of the regular annual DMA review, the Company updated certain descriptions of material impacts, risks, and opportunities, primarily in the areas of ESRS E1, E5, S1, and S3, while the assessment methodology remained unchanged.

**Table 22: Material impacts, risks, and opportunities (IRO) according to ESRS standards and their impact on the business mode**

| ESRS standards | Material impacts, risks and opportunities | Impact, risk or opportunity | Timeframe | Source | Description and impact on business model and/or strategy and response |
|---|---|---|---|---|---|
| E1 – Climate change | Use of river water and impact on the adaptive capacity of the aquatic ecosystem | Negative impact (physical) | Short-term | Own activity | During periods of drought, the availability of water for industrial purposes is reduced, which can constrain production processes and lead to a reduction in capacity.<br>Mitigation: Measures are being implemented to optimise water consumption, close water loops, and increase the water efficiency of production. |
| | Reduced production capacity due to limited water supply for technological purposes during periods of drought. | Risk (physical) | Short-term | Own activity | |
| | $CO_2$ emissions from non-renewable sources and processes (Scopes 1 and 2) | Negative impact (transitional) | Long-term | Own activity | The Company's entire operations fall within a sector with a high climate impact, which requires systematic measures to reduce greenhouse gas emissions and transition to sustainable production processes.<br>Mitigation: Investing in renewable energy sources and energy efficiency. |
| | $CO_2$ emissions in the upstream and downstream value chain (Scope 3) | Negative impact (transitional) | Long-term | Own activity | |
| | Use of energy from fossil fuels | Negative impact (transitional) | Short-term | Own activity | |
| E2 - Pollution | Emissions to air $SO_2$, $H_2S$, other gases | Negative impact | Long-term | Own activity | The Company's production processes result in emissions of substances into the air and water. It uses substances of concern and very high concern, which also impact health and the environment.<br>Mitigation: Through already implemented BAT-compliant treatment techniques and the implementation of systematic measures, it prevents and reduces environmental pollution. Through additional investments, it aims to further reduce impacts, implement mitigation measures, avoid or reduce the use of the aforementioned hazardous substances, and mitigate risks that may arise from changes. |
| | Other $CO_2$ emissions (process sources) | Negative impact | Short-term | Own activity | |
| | Emissions to air – particulate matter (dust) | Negative impact | Long-term | Own activity | |
| | Emissions to rivers – sulphate | Negative impact | Long-term | Own activity | |
| | Emissions to groundwater in areas with historical contamination. | Negative impact | Medium-term | Own activity | |
| | Due to groundwater monitoring findings indicating that the Bukovžlak non-hazardous waste landfill (ONOB) is causing changes in groundwater conditions, the Company is facing a requirement to remediate the ONOB; implementing remediation measures will represent a significant financial burden for the Company and may substantially impact the planning of future resources and operational priorities | Risk | Medium-term | Own activity | |
| | Use of substances of concern (SoC) in the Company | Negative impact | Long-term | Own activity | |
| | Use of substances of very high concern (SVHC) in the Company | Negative impact | Long-term | Own activity | |
| E3 – Water and marine resources | Water consumption (extraction) from the river (lowering of water levels) | Negative impact | Long-term | Own activity | Production processes require large amounts of water, which is drawn from watercourses.<br>Mitigation: Investing in securing alternative water sources and reducing impacts and risks. |
| | Reduced production capacity due to limited water supply for process purposes during periods of drought | Risk | Long-term | Own activity | |
| | Discharges into rivers – sulphate | Negative impact | Long-term | Own activity | |

| | | | | | |
|---|---|---|---|---|---|
| E5 – Circular economy | Waste (red gypsum, packaging, scrap cloth, oils, rubber scraps, and other hazardous and non-hazardous waste) | Negative impact | Long-term | Own activity | The production of titanium dioxide generates waste (red gypsum).<br>Mitigation: Measures are being implemented to reduce waste generation and mitigate the risk of disposal difficulties. |
| | The inability to dispose of red gypsum can cause serious disruptions to the Company's ongoing operations | Risk | Short-term | Own activity | |
| | $TiO_2$ from 23% acid | Positive impact | Medium-term | Own activity | From the 23% sulphuric acid that has previously constituted a waste stream in the titanium dioxide production process, we can separate and recover $TiO_2$ as a new product. This not only reduces the amount of waste disposed of (red gypsum), but also creates added value, as the recovered $TiO_2$ is no longer a waste product, but a commercially viable product with the same value as $TiO_2$ from regular production. |
| | Reduction in waste volume and a product with a lower full cost | Opportunity | Long-term | Own activity | |
| S1 – Own workforce | Ensuring job security for employees | Positive impact | Long-term | Own activity | We place particular emphasis on social security and related benefits, ensuring stable employment with minimal risk of layoffs and competitive salaries. In the event of a downturn, this could lead to the loss of key employees.<br>Mitigation: Entering into permanent employment contracts with employees, ensuring a good working environment, and maintaining a stable remuneration policy. |
| | Care for safety and health | Negative impact | Long-term | Own activity | As a company in the chemical industry, working with hazardous substances and complex technological processes is an inevitable part of production, which can negatively impact the health and safety of employees, including potential fatalities.<br>Mitigation: Continuous improvement of the occupational health and safety management system. |
| | Ensuring employee job satisfaction | Negative impact | Long-term | Own activity | The level of job satisfaction at the Company is a key factor influencing employee motivation, productivity, and the long-term sustainability of the business model. If this level declines, it could lead to increased employee turnover, as well as lower productivity and innovation among employees.<br>Mitigation: Monitoring satisfaction, improving working conditions, providing training, fair compensation, communication, and support for work-life balance. |
| | An incomplete succession policy and inadequately developed employee competencies can lead to reduced engagement and poorer organisational readiness for personnel changes | Risk | Long-term | Own activity | Due to demographic trends and an open labour market, employee turnover has increased in recent years, as the Company has hired a large number of new staff; this can negatively impact business continuity, productivity, and the Company's ability to adapt to market and technological changes due to a lack of skills.<br>Mitigation: Systematic succession planning, implementation of employee education and training, and knowledge transfer. |

| | | | | | |
|---|---|---|---|---|---|
| S3 – Affected communities | The Company's social impact on the quality of life in the local community | Negative impact | | Own activity | Land-use planning restrictions can result in additional environmental costs and affect the long-term sustainability of the Company's operations.<br>Mitigation: Active collaboration with local communities and authorities to find solutions for the sustainable disposal of red gypsum. Develop alternative plans for its processing or storage in accordance with environmental regulations. |
| | The inability to remove red gypsum, due to the local community's refusal to approve the spatial plan, could cause serious disruptions to the Company's operations | Risk | Medium-term | Own activity | |
| | Increased costs due to the remediation of historical environmental burdens | Risk | Medium-term | Own activity | The costs of remediating past contamination affect the Company's financial performance and require strategic resource planning.<br>Mitigation: Phased remediation in accordance with national environmental standards. |
| | Heavy precipitation, such as intense downpours, flooding, and landslides, can cause serious disruptions to business operations; such weather conditions increase the risk of damage and threaten the stability of the Bukovžlak and Za Travnik barriers | Risk | Long-term | Own activity | Extreme weather events can cause property damage and increase the costs of protecting and maintaining flood control structures.<br>Mitigation: Regular maintenance and monitoring. |
| | Event - industrial accident | Risk | Long-term | Own activity | The risk of accidents requires continuous improvements to safety measures, investments in technology, and stricter oversight mechanisms.<br>Mitigation: Conducting regular safety inspections and employee training. Implementing state-of-the-art safety technologies and accident prevention systems. Improving emergency response plans and collaborating with local emergency services. |
| | Impacts on the local community (emissions to air and water, noise, dust, waste) | Negative impact | Long-term | Own activity | An increase in the burden on the local community has been observed regarding emissions to air and water, as well as noise, dust, and waste management, which is also reflected in a higher number of complaints from residents (from 4 in 2024 to 23 in 2025).<br>Mitigation: Additional measures are being implemented to reduce emissions and odours, enhance monitoring of the situation, and improve communication with the local community. |
| | Participation in the education system (competitions, internships, field trips, bachelor's, master's and doctoral theses, scholarships) | Positive impact | Long-term | Own activity | Strengthening ties with educational institutions enables the recruitment of new staff and enhances the Company's reputation in the local community.<br>Mitigation: Expanding cooperation programmes with educational institutions, increasing the number of scholarships, and providing additional opportunities for practical training for students. Increasing the promotion of technical professions among young people. |
| | Established channels for dialogue with affected communities (Advisory Board, complaint resolution, Open House Day) | Positive impact | Short-term | Own activity | Active public engagement reduces conflicts and increases the Company's social acceptability.<br>Mitigation: Expanding the scope of cooperation and involving the local community in decision-making processes. Increasing transparency in providing information about the Company's impact on the environment and the local population. |
| | Support for local sports, cultural, and other activities in the local community | Positive impact | Long-term | Own activity | It helps improve the Company's reputation and strengthen ties with the local community.<br>Mitigation: Further promote sustainable and long-term cooperation with local organisations. |
| G1 – Business conduct | Whistleblower protection and established mechanisms in accordance with the ZZPri | Positive impact | Long-term | Own activity | The whistleblower protection mechanisms put in place have a positive impact on the Company's business model, as they increase transparency and integrity in business operations, reduce operational and legal risks, and strengthen the trust of employees and stakeholders. In doing so, the Company creates a safe and ethical work environment and strengthens its long-term business stability. |
| | Supplier relationship management, including the Company's payment practices | Positive impact | Long-term | Own activity | Managing relationships with partners in the value chain is one of the key business processes for achieving the Company's goals, ensuring a stable, high-quality, and reliable supply of raw materials, products, and services, and thereby enhancing the resilience of the supply chain to risks and ensuring the continuity of the production process. |
| | Number of reported and investigated cases | Positive impact | Long-term | Own activity | Through established mechanisms, the Company monitors this area in a transparent and accountable manner. In doing so, it strengthens business integrity, builds stakeholder trust, and ensures compliance with legislation and internal policies. |

# [IRO] Impact, risk and opportunity management

## [IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

The Company uses a comprehensive and structured process to identify and assess significant impacts, risks, and opportunities (IROs), based on the principle of double materiality and covering the entire Company, all locations, and the entire value chain. The process enables a comprehensive consideration of impacts on people and the environment as well as on the Company itself, taking into account the current regulatory framework, stakeholder requirements, strategic directions, and changes in the business and broader environment.

When identifying and assessing material sustainability topics, the Company uses a structured protocol that incorporates the ESRS requirements, the results of internal analyses, workshops with experts—including members of the sustainability team—and insights from stakeholder consultations conducted during the initial materiality assessment. In addition, available research, analyses of the legislative, economic, market, and operational environments, and the results of internal and external oversight procedures are utilised.

As a result of the baseline assessment, 64 sustainability issues were identified and classified, and evaluated using a uniform methodology. On this basis, 36 material IROs were confirmed, representing key areas for reporting and management.

The assessment methodology is based on criteria for evaluating negative and positive impacts, with negative impacts assessed in terms of magnitude, scope, and irreversibility, and positive impacts in terms of magnitude and scope. Additionally, the probability of an impact occurring is evaluated on a continuous scale (0–1). Based on the combined assessment of severity and probability, the materiality of each sustainability issue is determined, with issues that reach or exceed a specified threshold on a nine-point scale being considered significant. The methodology is documented, consistent, and comparable over the years.

Impacts are classified as actual and potential, negative and positive, and, based on their time horizon, as short-term, medium-term, and long-term. In its assessment, the Company takes into account the interests of all relevant stakeholders identified based on analyses of impacts on people and nature, past events, and data collected from consultations, surveys, and interviews. The process enables the identification of impacts arising from the Company's own operations as well as those resulting from business relationships within the value chain.

The Company manages risks and opportunities in accordance with the Policy on the Management of Impacts, Risks, and Opportunities, which forms the foundation of the integrated management system. The system comprehensively addresses both the Company's impacts on people and the environment, as well as the impacts of social, environmental, and other external conditions on the Company's operations. Sustainability risks, including environmental, social, and governance risks, are integrated into a single risk register and are identified, assessed, and prioritised using the same criteria as other strategic and operational risks. Risk assessment takes into account the likelihood of occurrence, the potential financial impact, and existing or planned mitigation measures. The materiality threshold for corporate risks is set at a minimum of 1% of the Company's annual revenue plan. We distinguish between corporate risks, which have significant potential consequences for the Company as a whole, and operational risks, which arise in specific parts of the organisation. This approach enables a uniform, comparable, and transparent approach to sustainability risks within the overall risk management system and their integration into decision-making processes at the management level.

Opportunity management is based on the same principles as risk management, assessing their potential positive impact on the Company's business operations, financial performance, or resilience. The results of the assessment of impacts, risks, and opportunities are directly linked to decision-making, strategic planning, goal-setting, and performance monitoring processes.

Responsibility for assessing and addressing impacts, risks, and opportunities is shared among the sustainability team, functional units, the Management Board, and the Supervisory Board. The procedures are documented and include established internal control mechanisms that ensure the reliability, compliance, and transparency of the process. The results of the assessment are incorporated into regular management procedures and form an integral part of planning and performance management.

The Company regularly conducts an annual materiality review to verify whether the identified impacts, risks, and opportunities remain relevant in light of current conditions, changes in the business environment, regulatory requirements, and strategic directions. The annual review follows the same methodology as the initial double materiality assessment and includes a review and confirmation of existing assessments, including a review of changes in severity or likelihood.

Members of the sustainability team responsible for individual IROs are involved in the review process. They verify the relevance of past findings and assessments and, where necessary, update the identification of risks and opportunities. Data from stakeholder consultations conducted during the initial assessment is re-evaluated; however, the annual review does not require new stakeholder consultations unless justified by identified changes.

In 2025, the Company upgraded its IRO management protocol. The Policy on the Management of Impacts, Risks, and Opportunities was updated, particularly with regard to terminological alignment with ESRS requirements, additional definitions of responsibilities for individual functions, and improvements in the traceability and documentation of assessments. The role of experts for individual IROs was strengthened, a coordinated process for peer review of assessments was introduced, internal verification of the consistency of assessments was reinforced, and a more structured approach to maintaining records of changes was implemented. As part of the annual review, changes were identified in the areas of ESRS E1, E5, S1, and S3, which were appropriately documented in accordance with the protocol and utilised in subsequent management.

The process for managing impacts, risks, and opportunities is designed as a continuous mechanism that is regularly updated in response to changes in business operations, legislation, and stakeholder expectations. Through continuous improvement of its methodology, internal rules, and implementation, the Company ensures compliance with ESRS standards, high-quality information, and effective support for strategic management.

## [IRO-2] Disclosure requirements in ESRS covered by the Company's Sustainability Statement

Based on the results of the double materiality assessment, which includes an evaluation of key impacts, risks, and opportunities, the Company has identified the material sustainability topics presented in the Sustainability Statement and incorporated into the adopted Sustainability Strategy. The process of identifying and evaluating impacts, risks, and opportunities is described in detail in section [IRO-1], which outlines the process for determining material impacts.

In determining material information for disclosure, the Company applied the criteria set forth in ESRS 1, particularly the relevance of the information to understanding the nature, scope, and severity of impacts, as well as the likelihood and consequences of risks and opportunities. In assessing materiality, the Company applied quantitative thresholds, particularly regarding the magnitude, frequency, or financial impact of individual impacts, risks, and opportunities. Information is disclosed at the level of a topic, subtopic, or sub-subtopic, depending on the nature of the specific matter.

Within each sustainability topic identified as material through the double materiality assessment, the Company did not automatically include all disclosure requirements from the ESRS thematic standards. For each individual disclosure requirement, an assessment was conducted of its relevance in light of the Company's activities, actual impacts, risks, and opportunities, as well as the availability of reliable information. The list of disclosure requirements that were assessed as relevant on this basis and included in the Sustainability Statement is shown in Table 23. Disclosure requirements within material topics that were not assessed as relevant or useful for understanding the Company's material impacts, risks, and opportunities were not included. The reasons for this include, in particular, irrelevance to the Company's activities, the absence of the impacts or risks in question, or disproportionate nature relative to the actual scope and severity of the impacts.

Sustainability issues related to ESRS thematic standards, [E-4] Biodiversity and ecosystems, [S-2] Workers in the value chain, and [S-4] Consumers and end users were not identified as material based on the double materiality analysis conducted; therefore, the Company does not disclose them in the 2025 Annual Report. Additional explanations are provided in section [SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model.

In addition to disclosures on sustainability topics identified as material through the double materiality assessment in accordance with the ESRS, the Company also reports on specific data points related to its workforce (S1-8, S1-9, S1-10, S1-12, S1-15, and S1-16) that, while not identified as material, the Company voluntarily includes in the report in accordance with the principles of transparency and responsible reporting.

In accordance with ESRS 2 [IRO-2], the Company also discloses data points derived from other applicable EU legislation. An overview of these disclosure requirements, their relevance based on the results of the dual materiality assessment, and references to the corresponding disclosures in the report are presented in Table 24.

**Table 23: List of disclosure requirements in ESRS covered by the Company's Sustainability Statement**

| Standard and/or important topic | | ESRS topic | Stran |
|---|---|---|---|
| General disclosures | General disclosures | [BP-1] General basis for preparation of sustainability statements | **58** |
| | | [BP-2] Disclosures in relation to specific circumstances | **59 – 61** |
| | Governance | [GOV-1] Role of administrative, management and supervisory bodies | **62 – 67** |
| | | [GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | **67 – 68** |
| | | [GOV-3] Integration of sustainability-related performance in incentive schemes | **68** |
| | | [GOV-4] Statement on due diligence | **68 – 69** |
| | | [GOV-5] Risk management and internal controls over sustainability reporting | **69** |
| | Strategy | [SBM-1] Strategy, business model and value chain | **70 – 78** |
| | | [SBM-2] Interests and views of stakeholders | **79 – 81** |
| | | [SBM-3] Material impacts, risks and opportunities and their interaction with the strategy and business model | **81 – 91** |
| | Impact, risk and opportunity management | [IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities | **92 – 93** |
| | | [IRO-2] Disclosure requirements in ESRS covered by the Company's Sustainability Statement | **93 – 99** |
| [E - 1] Climate change | Climate change adaptation, mitigation and energy | [E1-1] Transition plan for climate change mitigation | **123 – 125** |
| | | [E1-2] Policies related to climate change mitigation and adaptation | **126 – 127** |
| | | [E1-3] Actions and resources in relation to climate change policies | **128 – 131** |
| | | [E1-4] Targets related to climate change mitigation and adaptation | **131 – 138** |
| | | [E1-5] Energy consumption and mix | **139 – 140** |
| | | [E1-6] Gross Scopes 1, 2, 3 and total GHG emissions | **141 – 147** |
| | | [E1-7] GHG removals and GHG mitigation projects financed through carbon credits | **147** |
| | | [E1-8] Internal carbon pricing | **147** |
| | | [E1-9] Anticipated financial effects from material physical and transition risks and potential climate-related opportunities | **147 – 152** |
| [E - 2] Pollution | Pollution of air, water, soil, use of substances of concern and of very high concern | [E2-1] Pollution-related policies | **156 – 158** |
| | | [E2-2] Pollution-related measures and sources | **158 – 161** |
| | | [E2-3] Pollution targets | **161 – 163** |
| | | [E2-4] Air, water and groundwater pollution | **163 – 166** |
| | | [E2-5] Substances of concern and substances of very high concern | **166 – 168** |
| | | [E2-6] Potential financial effects from pollution-related impacts, risks and opportunities | **168 – 169** |
| [E - 3] Water resources | Water | [E3-1] Policies related to water resources | **172** |
| | | [E3-2] Actions and resources related to water resources | **173** |
| | | [E3-3] Targets related to water resources | **174** |
| | | [E3-4] Water consumption | **175** |
| [E - 5] Resource use and circular economy | Waste | [E5-1] Policies related to circular economy | **178 – 179** |
| | | [E5-2] Actions and resources related to the circular economy | **179 – 180** |
| | | [E5-3] Targets related to the circular economy | **180** |
| | | [E5-4] Resource inflows | **181** |
| | | [E5-5] Resource outflows | **181 – 183** |
| [S - 1] Own workforce | Working conditions, equal treatment and equal opportunities for all | [S1-1] Policies related to own workforce | **186 – 189** |
| | | [S1-2] Processes for engaging with own workers and workers' representatives about impacts | **189** |
| | | [S1-3] Processes to remediate negative impacts and channels for own workers to raise concerns | **189 – 190** |
| | | [S1-4] Taking action on material impacts on own workforce and approaches to mitigating material risks and pursuing material opportunities related to own workforce and effectiveness of those actions | **190 – 193** |
| | | [S1-5] Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities | **193 – 194** |
| | | [S1-6] Characteristics of the Company's employees | **194 – 195** |
| | | [S1-7] Characteristics of non-employee workers in the Company's own workers | **195** |
| | | [S1-8] Collective bargaining coverage and social dialogue | **196** |
| | | [S1-9] Diversity metrics | **196 – 197** |
| | | [S1-10] Adequate wages | **197** |
| | | [S1-11] Social protection | **197** |
| | | [S1-12] Persons with disabilities | **198** |
| | | [S1-13] Training and skills development metrics | **198** |
| | | [S1-14] Health and safety metrics | **199 – 200** |
| | | [S1-15] Work-life balance metrics | **200** |
| | | [S1-16] Remuneration metrics (pay gap and total remuneration) | **200** |
| | | [S1-17] Incidents, complaints and severe human rights impacts | **201** |
| [S - 3] Affected communities | Economic, social and cultural rights of communities | [S3-1] Policies related to affected communities | **204 – 205** |
| | | [S3-2] Processes for engaging with affected communities about impacts | **205** |
| | | [S3-3] Processes to remediate negative impacts and channels for affected communities to raise concerns | **206** |
| | | [S3-4] Taking action on material impacts on affected communities and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions | **207 – 208** |
| | | [S3-5] Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities | **208 – 209** |
| [G - 1] Business conduct | Whistleblower protection, supplier relationship management, corruption and bribery | [G1-1] Business conduct policies and corporate culture | **212 – 214** |
| | | [G1-2] Management of relationships with suppliers | **215 – 216** |
| | | [G1-3] Prevention and detection of corruption or bribery | **216** |
| | | [G1-4] Confirmed incidents of corruption or bribery | **216** |
| | | [G1-6] Payment practices | **217** |

**Table 24: List of ESRS data points derived from other EU legislation (Appendix B)**

| Disclosure requirement | Paragraph | Sustainability Statement \| Appendix | Reference to SFDR | Reference to Pillar 3 | Reference to the Benchmarks Regulation | Reference to EU climate rules | Statement | Location in the report |
|---|---|---|---|---|---|---|---|---|
| ESRS 2 GOV-1 | 21 (d) | Gender representation on boards | X | | X | | YES – DMA material | [GOV-1] Role of administrative, management, and supervisory bodies; p. **62 - 66** |
| ESRS 2 GOV-1 | 21 (e) | Proportion of independent board members | | | X | | YES – DMA material | Role of administrative, management, and supervisory bodies; p. **66** |
| ESRS 2 GOV-4 | 30 | Due diligence statement | X | | | | YES – DMA material | [GOV-4] Due diligence statement; p. **68 - 69** |
| ESRS 2 SBM-1 | 40 (d) i | Involvement in activities related to fossil fuels | X | X | X | | Not relevant | |
| ESRS 2 SBM-1 | 40 (d) ii | Involvement in activities related to chemical production | X | | X | | YES – DMA material | [SBM-1] Strategy, business model and value chain; p. **70** |
| ESRS 2 SBM-1 | 40 (d) iii | Involvement in activities related to controversial weapons | X | | X | | Not relevant | |
| ESRS 2 SBM-1 | 40 (d) iV | Involvement in activities related to tobacco cultivation and production | | | X | | Not relevant | |
| ESRS E1-1 | 14 | Plan for transition to climate neutrality by 2050 | | | | X | YES – DMA material | [E1-1] Climate change mitigation transition plan; p. **123 – 125** |
| ESRS E1-1 | 16 (g) | Companies excluded from Paris Agreement-aligned benchmarks | | X | X | | YES – DMA material | [E1-1] Climate change mitigation transition plan; p. **124** |
| ESRS E1-4 | 34 | GHG emission reduction targets | X | X | X | | YES – DMA material | [E1-4] Targets related to climate change mitigation and adaptation; p. **131 – 138** |
| ESRS E1-5 | 38 | Fossil fuel energy consumption, broken down by source (only sectors with high environmental impact) | X | | | | YES – DMA material | [E1-5] Energy consumption and mix; p. **139** |
| ESRS E1-5 | 37 | Energy consumption and energy mix | X | | | | YES – DMA material | [E1-5] Energy consumption and mix; p. **139** |
| ESRS E1-5 | 40-43 | Energy intensity associated with activities in high-impact climate sectors | X | | | | YES – DMA material | [E1-5] Energy consumption and mix; p. **140** |
| ESRS E1-6 | 44 | Scope 1, 2, and 3 GHG emissions and total GHG emissions | X | X | X | | YES – DMA material | [E1-6] Gross Scopes 1, 2, 3, and total greenhouse gas emissions; p. **141 - 143** |
| ESRS E1-6 | 53-55 | Intensity of gross GHG emissions | X | X | X | | YES – DMA material | [E1-6] Gross Scopes 1, 2, 3, and total greenhouse gas emissions; p. **147** |
| ESRS E1-7 | 56 | GHG removals and carbon credits | | | | X | Not relevant | |
| ESRS E1-9 | 66 | Exposure of the reference portfolio to climate-related physical risks | | | X | | YES – DMA material | [E1-9] Expected financial impacts due to material physical and transition risks and potential opportunities related to climate; p. **147 – 152** |
| ESRS E1-9 | 66 (a), 66 (c) | Breakdown of monetary amounts by acute and chronic physical risks<br>Location of significant assets subject to material physical risk | | X | | | YES – DMA material | [E1-9] Expected financial impacts due to material physical and transition risks and potential opportunities related to climate; p. **147 – 150** |
| ESRS E1-9 | 67 (c) | Breakdown of the book value of its real estate assets by energy class | | X | | | Not relevant | |
| ESRS E1-9 | 69 | The portfolio's exposure to climate-related opportunities | | | X | | YES – DMA material | [E1-9] Expected financial impacts due to material physical and transition risks and potential opportunities related to climate; p. **147 – 151** |
| ESRS E2-4 | 28 | The quantity of each pollutant listed in Annex II to the Regulation on the European Pollutant Release and Transfer Register (European Pollutant Release and Transfer Register) released into the air, water, and soil | X | | | | YES – DMA material | [E2-4] Air, water, and groundwater pollution; p. **164 – 166** |
| ESRS E3-1 | 9 | Water and marine resources | X | | | | YES – DMA material | [E3-1] Policies related to water resources; p. **172** |
| ESRS E3-1 | 13 | Targeted policy | X | | | | YES – DMA material | [E3-1] Policies related to water resources; p. **172** |
| ESRS E3-1 | 14 | Sustainable oceans and seas | X | | | | Not DMA material | |
| ESRS E3-4 | 28 (c) | Total volume of recycled and reused water | X | | | | YES – DMA material | [E3-4] Water extraction; p. **175** |
| ESRS E3-4 | 29 | Total water consumption in m³ per net revenue from own operations | X | | | | YES – DMA material | [E3-4] Water extraction; p. **175** |
| ESRS 2- SBM 3 - E4 | 16 (a) i | | X | | | | Not DMA material | |
| ESRS 2- SBM 3 - E4 | 16 (b) | | X | | | | Not DMA material | |
| ESRS 2- SBM 3 - E4 | 16 (c) | | X | | | | Not DMA material | |
| ESRS E4-2 | 24 (b) | Sustainable practices or policies related to land/agriculture | X | | | | Not DMA material | |
| ESRS E4-2 | 24 (c) | Sustainable practices or policies related to oceans/seas | X | | | | Not DMA material | |
| ESRS E4-2 | 24 (d) | Policies to address deforestation | X | | | | Not DMA material | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ESRS E5-5 | 37 (d) | Non-recycled waste | X | | | | YES – DMA material | [E5-5] Resource outflow; p. **182** |
| ESRS E5-5 | 39 | Hazardous waste and radioactive waste | X | | | | YES – DMA material | [E5-5] Resource outflow; p. **182** |
| ESRS 2- SBM3 - S1 | 14 (f) | Risk of forced labour incidents | X | | | | Not relevant | |
| ESRS 2- SBM3 - S1 | 14 (g) | Risk of child labour incidents | X | | | | Not relevant | |
| ESRS S1-1 | 20 | Human rights policy commitments | X | | | | YES – DMA material | [S1-1] Policies related to the own workforce; p. **186 – 189** |
| ESRS S1-1 | 21 | Due diligence policies regarding issues covered by the International Labour Organisation's Core Conventions 1 through 8 | | | X | | YES – DMA material | [S1-1] Policies related to the own workforce; p. **189** |
| ESRS S1-1 | 22 | Procedures and measures to prevent human trafficking | X | | | | Not relevant | |
| ESRS S1-1 | 23 | Policy or management system to prevent workplace accidents | X | | | | YES – DMA material | [S1-1] Policies related to the own workforce; p. **186 – 189** |
| ESRS S1-3 | 32 (c) | Mechanisms for addressing complaints | X | | | | YES – DMA material | [S1–3] Processes for addressing negative impacts and channels for expressing concerns of the workforce; p. **189 – 190** |
| ESRS S1-14 | 88 (b) in (c) | Number of fatalities and the number and rate of work-related accidents | X | | X | | YES – DMA material | [S1–14] Health and safety indicators; p. **199 – 200** |
| ESRS S1-14 | 88 (e) | Number of days lost due to injuries, accidents, fatalities, or illness | X | | | | YES – DMA material | [S1–14] Health and safety indicators; p. **199 – 200** |
| ESRS S1-16 | 97 (a) | Unadjusted pay gap | X | | X | | Not DMA material | [S1–16] Remuneration indicators (pay gap and total remuneration); p. **200** |
| ESRS S1-16 | 97 (b) | Excessive executive pay | X | | | | Not DMA material | [S1–16] Remuneration indicators (pay gap and total remuneration); p. **200** |
| ESRS S1-17 | 103 (a) | Incidents of discrimination | X | | | | YES – DMA material | [S1–17] Incidents, complaints, and serious human rights impacts; p. **201** |
| ESRS S1-17 | 104 (a) | Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD | X | | X | | Not relevant | |
| ESRS 2- SBM3 – S2 | 11 (b) | High risk of child labour or forced labour in the supply chain | X | | | | Not DMA material | |
| ESRS S2-1 | 17 | Human rights policy commitments | X | | | | Not DMA material | |
| ESRS S2-1 | 18 | Policies regarding workers in the value chain | X | | | | Not DMA material | |
| ESRS S2-1 | 19 | Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines | X | | X | | Not DMA material | |
| ESRS S2-1 | 19 | Due diligence policies regarding issues covered by the International Labour Organisation's Core Conventions 1 to 8 | X | | | | Not DMA material | |
| ESRS S2-4 | 36 | Human rights issues and incidents related to upstream and downstream parts of the value chain | X | | | | Not DMA material | |
| ESRS S3-1 | 16 | Human rights policy commitments | X | | | | YES – DMA material | [S3-1] Policies regarding affected communities; p. **204 – 205** |
| ESRS S3-1 | 17 | Failure to comply with the UN Guiding Principles on Business and Human Rights, ILO principles, and/or OECD Guidelines | X | | X | | YES – DMA material | [S3-1] Policies regarding affected communities; p. **205** |
| ESRS S3-4 | 36 | Human rights issues and incidents | X | | | | YES – DMA material | [S3-4] Actions taken regarding significant impacts on affected communities and approaches to managing significant risks and capitalising on significant opportunities related to affected communities, as well as the effectiveness of such actions; p. **207** |
| ESRS S4-1 | 16 | Policies regarding consumers and end users | X | | | | Not DMA material | |
| ESRS S4-1 | 17 | Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines | X | | X | | Not DMA material | |
| ESRS S4-4 | 35 | Human rights issues and incidents | X | | | | Not DMA material | |
| ESRS G1-1 | 10 (b) | United Nations Convention against Corruption | X | | | | YES – DMA material | [G1-1] Business conduct policies and corporate culture; p. **212 – 214** |
| ESRS G1-1 | 10 (d) | Whistleblower protection | X | | | | YES – DMA material | [G1-1] Business conduct policies and corporate culture; p. **212 – 214** |
| ESRS G1-4 | 24 (a) | Fines for violations of anti-corruption and anti-bribery laws | X | | X | | YES – DMA material | [G1-4] Confirmed cases of corruption or bribery; p. **216** |
| ESRS G1-4 | 24 (b) | Anti-corruption and anti-bribery standards | X | | | | YES | [G1-4] Confirmed cases of corruption or bribery; p. **216** |

# [E] Environmental information

## Report on environmentally sustainable economic activities and investments – ESRS 2

The Company discloses information on how and to what extent its activities are linked to economic activities, in accordance with Commission Delegated Regulation (EU) 2023/137, that are considered environmentally sustainable under Articles 3 and 9 of the Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to promote sustainable investment, Commission Delegated Regulation 2021/2139 of 4 June 2021, and amending Regulation (EU) 2019/2088). Disclosure of information refers to Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by laying down technical screening criteria to determine the conditions under which an economic activity is considered to contribute significantly to the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution, or the protection and restoration of biodiversity and ecosystems, and to determine whether that economic activity does not significantly harm any of the other environmental objectives, and amending Commission Delegated Regulation (EU) 2021/2178 regarding specific public disclosures for these economic activities.

The EU taxonomy covers six areas of environmental objectives:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- conservation and restoration of biodiversity and ecosystems.

In 2025, we continued to work on our internal structures through training, familiarising ourselves with and studying all applicable regulations and directives to make taxonomy reporting more effective and reliable, while following evolving market practices and guidelines, including the EU Commission's frequently asked questions and answers.

Based on new information published in 2025, we have made adjustments to our investment reporting on capital contributions, as detailed below. All activities are defined as taxonomically eligible but non-aligned due to difficulties in obtaining appropriate evidence along the supply and sales chain. We will strive to obtain the missing documentation and thereby change the status of those activities that we can define as aligned with the taxonomy.

The Company's data is aggregated at the level of individual taxonomically defined activities, in accordance with the relevant EU Regulations, including the NACE classification of economic activities. The indicators are calculated based on the definitions in the Annex to Regulation 2020/852 – Key Performance Indicators for Non-Financial Enterprises. Company-level data is obtained from financial statements, while activity-level data is obtained from the information system. To avoid double counting, we track revenue from the sale of products or services and OpeEx linked to specific activities, operations, and tasks.

**In 2025, we continued to strengthen our internal structures through training, familiarisation with, and study of all applicable regulations and directives.**

**The proportion of revenue from products or services related to economic activities acceptable under the taxonomy**

The Company specialises in the production and marketing of titanium dioxide, an activity that has not yet been assessed for its suitability or alignment with the taxonomy; consequently, it is not listed among the activities that are considered acceptable under the taxonomy in terms of achieving climate goals. This in no way implies that the Company does not conduct its operations with a high degree of environmental responsibility and a commitment to decarbonisation. Nor does it mean that it has no actual or potential significant impacts on the decarbonisation of the economy (particularly as an enabling activity for the construction sector). The activities of the Company complement a wide range of other products, such as: powder coatings, masterbatches, agricultural products, the manufacture of chemical process equipment, and the production of sulphuric acid and gypsum as by-products, through which the Company is also seeking opportunities for taxonomy-aligned revenues. An important part of sustainable business operations is the removal of non-hazardous, recyclable, and still-usable waste. This activity is also strongly reflected in the circular economy. For disclosures and the presentation of indicators, we used the formats specified in EU Regulation 2023/2486.

In calculating the indicators shown in the tables, there was no duplication of economic activities, as a review confirmed that they meet the criteria for making a significant contribution to a single environmental objective. Each activity that generated taxonomically eligible revenue has separate implementation obligations.

The proportion of revenue referred to in point (a) of Article 8(2) of Regulation (EU) 2020/852 is calculated as the portion of net revenue derived from products or services, including intangible ones, related to economic activities aligned with the taxonomy (numerator), divided by net revenue (denominator), as defined in point (5) of Article 2 of Directive 2013/34/EU.

Revenue includes revenue recognised in accordance with paragraph 82(a) of the International Financial Reporting Standard.

For the key performance indicators referred to in the first subparagraph, the portion of net revenue derived from products and services related to economic activities that have been adapted to climate change in accordance with Article 11(1)(a) of Regulation (EU) 2020/852 and Annex II to Delegated Regulation (EU) 2021/2139, unless those activities:

- are considered enabling activities in accordance with Article 11(1)(b) of Regulation 2020/852 or
- are themselves aligned with the taxonomy.

Activities that are acceptable under the taxonomy, as shown in the table, and the share of revenue from products or services related to economic activities linked to the taxonomy are:

- Collection and transport of non-hazardous waste **2.3**.
- Hotels, vacation rentals, camping grounds, and similar accommodation **2.1**.
- Energy production using photovoltaic technology **4.1**.

We have added a circular economy activity related to the marketing of white gypsum—a byproduct of titanium dioxide production that we successfully market—to Section 2.3 on the collection and transport of non-hazardous waste. The activity we are additionally including in the report is "Providing short-term tourist accommodation with or without related services." Offering and providing employees with the opportunity to use vacation facilities significantly impacts satisfaction, work performance, commitment, and increased loyalty to the Company. Significant growth is reflected in energy production using photovoltaic technology. The fact that we are investing relatively large financial resources in the construction of solar power plants significantly impacts the calculation of the percentage share of total revenue. This indicator is 34 percent higher than in the previous period. All data is also presented in more detail in the financial disclosures, while the goals for future periods are outlined in the business section of this report.

## Proportion of turnover derived from products or services associated with taxonomy-aligned economic activities – disclosure for 2025

**Table 25: Proportion of turnover derived from products or services associated with taxonomy-aligned economic activities; see Income statement line 1**

| Financial year 2025 | Year | | | Criteria for material contribution | | | | | | Criteria for non-significant harm (h) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Economic activities (1)** | **Labels (a) (2)** | **Turnover (3)** | **Share of turnover in 2025** | **Climate change mitigation (5)** | **Climate change adaptation (6)** | **Water (7)** | **Pollution (8)** | **Circular economy (9)** | **Biodiversity (10)** | **Climate change mitigation (11)** | **Climate change adaptation (12)** | **Water (13)** | **Pollution (14)** | **Circular economy (15)** | **Biodiversity (16)** | **Minimum protective measures (17)** | **Share of taxonomy-aligned turnover (A.1) or taxonomy-eligible (A.2), year N–1 (18)** | **Enabling activity category (19)** | **Transitional activity category (20)** |
| *Text* | | *Currency* | *%* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *%* | *O* | *P* |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (aligned with the taxonomy)** | | | | | | | | | | | | | | | | | | | |
| **Revenue from environmentally sustainable activities (taxonomy-aligned) (A.1)** | | | **%** | **%** | **%** | **%** | **%** | **%** | **%** | NO | NO | NO | NO | NO | NO | NO | % | | |
| **of which enabling** | | | % | % | % | % | % | % | % | NO | NO | NO | NO | NO | NO | NO | % | | |
| **of which enabling** | | | % | % | | | | | | NO | NO | NO | NO | NO | NO | NO | % | | |
| **A.2 Taxonomy-eligible activities but are not environmentally sustainable (taxonomy-non-aligned activities or TNA)** (g) | | | | | | | | | | | | | | | | | | | |
| | | | | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | | | | | | | | | | |
| Collection and transport of non-hazardous waste | KG2,3 | 1,798,351 | 0.90% | TNA | TNA | TNA | TNA | TNA | TNA | | | | | | | | 0.67% | | |
| Hotels, vacation rentals, campgrounds, and similar accommodation | BPS 2,1 | 356,618 | 0.18% | TNA | TNA | TNA | TNA | TNA | TNA | | | | | | | | 0.18% | | |
| Energy production using photovoltaic technology | BPS 4,1 | 246,448 | 0.12% | TNA | TNA | TNA | TNA | TNA | TNA | | | | | | | | 0.06% | | |
| **Turnover from taxonomy-eligible activities that are not environmentally sustainable (activities not aligned with the taxonomy) (A.2)*** | | 2,401,417 | 1.20% | % | % | % | % | % | % | | | | | | | | 0.91% | | |
| **A. Turnover from taxonomy-eligible activities (A.1 + A.2)** | | 0,00 | 0% | % | % | % | % | % | % | | | | | | | | 0.00% | | |
| **B. ACTIVITIES INELIGIBLE UNDER THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| **Turnover from activities ineligible under the taxonomy** | | 196,339,864 | 98.80% | | | | | | | | | | | | | | | | |
| **TOTAL** | | 198,801,281 | **100%** | | | | | | | | | | | | | | | | |

*The reason for the low share of revenues is the company's dominant activity.

**Proportion of capital expenditure in products or services related to taxonomy-eligible economic activities**

The only taxonomy-eligible activities for investments in fixed assets for the 2025 financial year that were identified are:

- transportation by motorcycles, passenger cars, and light commercial vehicles **6.5**.

The activity included in the table Investments in fixed assets for products or services related to economic activities aligned with the taxonomy is transportation by motorcycles, passenger cars, and light commercial vehicles (6.5), which refers to the purchase of electric vehicles and accounts for 1.34% of total investments in fixed assets.

The share of investments in fixed assets referred to in point (b) of Article 8(2) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator.

**Denominator**

The denominator includes increases in tangible and intangible assets during the relevant financial year before depreciation and amortisation and all remeasurements, including those arising from revaluations and impairments, for the relevant financial year, and excluding changes in fair value.

For non-financial entities that apply International Financial Reporting Standards (IFRS) as adopted by Regulation (EC) No. 1126/2008, investments in fixed assets include costs that are recognised on the basis of:

- IAS 16 Property, Plant, and Equipment, paragraph 73(e)(i) and (iii);
- IAS 38 Intangible Assets, paragraph 118(e)(i);
- IFRS 16 Leases, paragraph 53(h).

Leases that do not result in the recognition of a right-of-use asset are not considered investments in fixed assets.

(1) Commission Regulation (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council (OJ L 320, 29 November 2008, p. 1), 10 December 2021 EN Official Journal of the European Union L 443/17 1.1.2.2.

**Numerator**

All activities listed in the table fall under Category A, as deemed eligible according to the taxonomy. In the calculation, the funds are allocated to investments in fixed assets, which are defined as the denominator.

The numerator is equal to the portion of investments in fixed assets included in the denominator, which is any of the following:

a) related to assets or processes associated with economic activities aligned with the taxonomy;
b) part of a plan to expand economic activities aligned with the taxonomy, or to enable them to become economic activities eligible for the taxonomy (hereinafter: fixed asset investment plan), under the conditions set out in the second subparagraph of this point 1.1.2.2;
c) related to the purchase of output from economic activities eligible under the taxonomy and specific measures enabling the target activities to become low-carbon or to lead to reductions in greenhouse gas emissions, in particular the activities referred to in points 7.3 to 7.6 of Annex I to the Delegated Act on Climate, as well as other economic activities listed in the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2), and 15(2) of Regulation (EU) 2020/852, provided that such measures are introduced and begin to be implemented within 18 months.

The plan for investments in fixed assets referred to in the first paragraph of this section 1.1.2.2 meets the following conditions:

a) the objective of the plan is to expand the Company's economic activities in line with the taxonomy or to upgrade economic activities that are eligible for the taxonomy so that they will be aligned with the taxonomy within five years;
b) the plan is disclosed at the consolidated level of economic activities and is approved by the management body of non-financial undertakings, either directly or by delegation of authority.

If the relevant technical criteria for the review change before the completion of the fixed asset investment plan, non-financial enterprises must either update the plan within two years to ensure that the economic activities referred to in point (a) are aligned with the amended technical review criteria upon completion of the plan, or recalculate the numerator of the key performance indicator for fixed asset investments. Upon updating the plan, the period referred to in point (a) will restart.

The period referred to in point (a) of the second paragraph of this section 1.1.2.2 may exceed five years only if a longer period is objectively justified by the specific characteristics of the economic activity and the modernisation concerned, but it may not exceed 10 years. This justification should be included in the fixed asset investment plan itself and in the accompanying information described in detail in point 1.2.3 of this appendix.

If the plan for investments in fixed assets does not meet the conditions set forth in the second paragraph of this section 1.1.2.2, the previously published key performance indicator relating to investments in fixed assets is recalculated.

The numerator also includes the portion of investments in fixed assets intended to adapt economic activities to climate change, in accordance with Annex II to the Delegated Act on Climate. The numerator provides a breakdown for the portion of fixed asset investments allocated to a significant contribution to climate change adaptation.

## Proportion of capital expenditure related to products or services associated with taxonomy-eligible economic activities – disclosure for 2025

**Table 26: Proportion of capital expenditure related to products or services associated with taxonomy-eligible economic activities. See the financial section of the report, section 2 Tangible Fixed Assets, the entry in the table »Changes in property, plant, and equipment,« under the column »Assets under construction.«**

| **Financial year 2025** | **Year** | | | **Criteria for material contribution** | | | | | | **Criteria for non-significant harm** (h) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Economic activities (1)** | **Labels** (a) **(2)** | **Investments in fixed assets (3)** | **Share of investments in fixed assets, 2025** | **Climate change mitigation (5)** | **Climate change adaptation (6)** | **Water (7)** | **Pollution (8)** | **Circular economy (9)** | **Biodiversity (10)** | **Climate change mitigation (11)** | **Climate change adaptation (12)** | **Water (13)** | **Pollution (14)** | **Circular economy (15)** | **Biodiversity (16)** | **Minimum protective measures (17)** | **Share of taxonomy-aligned investments in fixed assets (A.1) or taxonomy-eligible (A.2), year N–1 (18)** | **Enabling activity category (19)** | **Transitional activity category (20)** |
| *Text* | | *Currency* | *%* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES/-NO* | *YES/-NO* | *YES/-NO* | *YES/-NO* | *YES/-NO* | *YES/-NO* | *YES/-NO* | *%* | *O* | *P* |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (aligned with the taxonomy)** | | | | | | | | | | | | | | | | | | | |
| **Investments in fixed assets related to environmentally sustainable activities (taxonomy-aligned) (A.1)** | | | **%** | **%** | **%** | **%** | **%** | **%** | **%** | NO | NO | NO | NO | NO | NO | NO | **%** | | |
| **of which enabling** | | | % | % | % | % | % | % | % | NO | NO | NO | NO | NO | NO | NO | % | | |
| **of which enabling** | | | % | % | | | | | | NO | NO | NO | NO | NO | NO | NO | % | | |
| **A.2 Taxonomy-eligible activities but are not environmentally sustainable (taxonomy-non-aligned activities or TNA) (g)** | | | | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | | | | | | | | | | |
| Transport by motorcycle, passenger car, and light commercial vehicle | BPS 6.5 | 261,711 | 1.34% | TNA | TNA | TNA | TNA | TNA | TNA | | | | | | | | 1.16% | | |
| **Investments in fixed assets in taxonomy-eligible activities that are not environmentally sustainable (activities not aligned with the taxonomy) (A.2)** | | 261,711 | 1.34% | % | % | % | % | % | % | | | | | | | | 8.92% | | |
| **A. Investments in fixed assets related to taxonomy-eligible activities (A.1 + A.2)** | | 0.00 | 0% | % | % | % | % | % | % | | | | | | | | 0.00% | | |
| **B. ACTIVITIES INELIGIBLE UNDER THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| **Investments in fixed assets related to activities not eligible under the taxonomy** | | 19,263,687 | 98.66% | | | | | | | | | | | | | | | | |
| **TOTAL** | | 19,525,398 | **100%** | | | | | | | | | | | | | | | | |

**Proportion of investments in working capital related to products or services associated with economic activities eligible under the taxonomy**

The proportion of investments in working capital related to taxonomy-eligible activities amounts to 0.23% of the total value. We identified the following activity:

**2.1** Maintenance of vacation accommodation.

The proportion of investments in working capital referred to in point (b) of Article 8(2) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator.

**Denominator**
The denominator includes direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, and all other direct expenses related to the day-to-day servicing of tangible fixed assets by the Company or a third party to whom such activities are outsourced, which are necessary to ensure the uninterrupted and efficient operation of such assets.

Non-financial corporations that apply generally accepted national accounting principles and do not capitalise assets representing a right of use may include lease expenses in working capital, in addition to the costs specified in the first subparagraph of point 1.1.3.1 of this appendix.

**Numerator**
The activity we identified in the OPEX table, which is aligned with the taxonomy, falls under Category C and is defined as the denominator in the calculation formula.

The numerator is equal to the portion of investments in working capital included in the denominator, which is any of the following:

a) related to assets or processes associated with economic activities aligned with the taxonomy, including training and other human resource adaptation needs, as well as direct non-capitalised costs representing research and development; L 443/18 EN Official Journal of the European Union, 10 December 2021;
b) part of a plan for investments in fixed assets to expand economic activities aligned with the taxonomy or to enable them to become economic activities eligible under the taxonomy, aligned with the taxonomy within a predetermined timeframe, as specified in the second paragraph of this section 1.1.3.2;
c) related to the purchase of output from economic activities, aligned with the taxonomy, and specific measures enabling target activities to become low-carbon or to lead to reductions in greenhouse gas emissions, as well as specific measures for the renovation of buildings set out in the delegated acts adopted pursuant to Article 10(3), 11(3), 12(2), 13(2), 14(2), or 15(2) of Regulation (EU) 2020/852, provided that such measures are introduced and begin to be implemented within 18 months.

The plan for investments in fixed assets referred to in the first paragraph of this section 1.1.3.2 meets the conditions set forth in section 1.1.2.2 of this appendix.

Research and development costs that have already been accounted for in key performance indicators for investments in fixed assets are not considered investments in working capital.

The numerator also includes the portion of investments in working capital intended to adapt economic activities to climate change, in accordance with Annex II to the Delegated Act on Climate. The numerator provides a breakdown for the portion of investments in working capital allocated to a significant contribution to climate change adaptation.

Where investments in working capital are not material to the business model of non-financial enterprises, such enterprises:

a) are exempt from calculating the numerator of the key performance indicator for investments in working capital in accordance with section 1.1.3.2 and disclose that this numerator is equal to zero,
b) disclose the total value of the denominator for investments in working capital, calculated in accordance with section 1.1.3.1,
c) explain that there are no significant investments in working capital in their business model.

### 5.2.1.5 Proportion of investments in working capital related to products or services associated with taxonomy-eligible economic activities – disclosure for 2025

**Table 27: Proportion of investments in working capital related to products or services associated with taxonomy-eligible economic activities. See the Income statement, »Service expenses« item**

| Financial year 2025 | Year | | | Criteria for material contribution | | | | | | Criteria for non-significant harm (h) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Economic activities (1)** | **Labels** (a) **(2)** | **Investments in working capital (3)** | **Share of investments in working capital, 2025** | **Climate change mitigation (5)** | **Climate change adaptation (6)** | **Water (7)** | **Pollution (8)** | **Circular economy (9)** | **Biodiversity (10)** | **Climate change mitigation (11)** | **Climate change adaptation (12)** | **Water (13)** | **Pollution (14)** | **Circular economy (15)** | **Biodiversity (16)** | **Minimum protective measures (17)** | **Share of taxonomy-aligned investments in working capital (A.1) or taxonomy-eligible (A.2), year N–1 (18)** | **Enabling activity category (19)** | **Transitional activity category (20)** |
| *Text* | | *Currency* | *%* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES; NO; TNA (b) (c)* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *YES/- NO* | *%* | *O* | *P* |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1 Environmentally sustainable activities (aligned with the taxonomy)** | | | | | | | | | | | | | | | | | | | |
| **Investments in working capital for environmentally sustainable activities (taxonomy-aligned) (A.1)** | 0 | **%** | **%** | **%** | **%** | **%** | **%** | **%** | NO | NO | NO | NO | NO | NO | NO | **%** | | | |
| **of which enabling** | 0 | % | % | % | % | % | % | % | NO | NO | NO | NO | NO | NO | NO | % | | | |
| **of which enabling** | 0 | % | % | | | | | | NO | NO | NO | NO | NO | NO | NO | % | | | |
| **A.2 Taxonomy-eligible activities but are not environmentally sustainable (taxonomy-non-aligned activities or TNA)** (g) | | | | | | | | | | | | | | | | | | | |
| | | | | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | *TA; TNA (f)* | | | | | | | | | | |
| Maintenance of vacation accommodation | BR2.1 | 17,385 | 0.32% | TNA | TNA | TNA | TNA | TNA | TNA | | | | | | | | 0.64% | | |
| **Investments in working capital in taxonomy-eligible activities that are not environmentally sustainable (activities not aligned with the taxonomy) (A.2)** | | 17,385 | 0.32% | % | % | % | % | % | % | | | | | | | | 0.64% | | |
| **A. Investments in working capital in taxonomy-eligible activities (A.1 + A.2)** | | 0.00 | 0% | % | % | % | % | % | % | | | | | | | | 0.00% | | |
| **B. ACTIVITIES INELIGIBLE FOR THE TAXONOMY** | | | | | | | | | | | | | | | | | | | |
| **Investments in working capital related to activities not eligible under the taxonomy** | | 5,397,152 | 99.68% | | | | | | | | | | | | | | | | |
| **TOTAL** | | 5,414,537 | **100%** | | | | | | | | | | | | | | | | |

## Summary tables of material contributions by activity

**Table 28: Proportion of revenue according to alignment with the EU taxonomy**

| | Proportion of revenue/total revenue | |
|---|---|---|
| | Taxonomy-aligned according to objectives | Taxonomy-eligible according to objectives |
| BSP | % | 0,30% |
| PPS | % | % |
| VMV | % | % |
| KG | % | 0,90% |
| PNO | % | % |
| BRE | % | % |

**Table 29: Proportion of CapEx according to alignment with the EU taxonomy**

| | Proportion of capital expenditure/total capital expenditure (CapEx) | |
|---|---|---|
| | Taxonomy-aligned according to objectives | Taxonomy-eligible according to objectives |
| BSP | % | 1,34% |
| PPS | % | % |
| VMV | % | % |
| KG | % | % |
| PNO | % | % |
| BRE | % | % |

**Table 30: Proportion of OpEx according to alignment with the EU taxonomy**

| | Proportion of operating expenditure/total operating expenditure (OpEx) | |
|---|---|---|
| | Taxonomy-aligned according to objectives | Taxonomy-eligible according to objectives |
| BSP | % | % |
| PPS | % | % |
| VMV | % | % |
| KG | % | % |
| PNO | % | % |
| BRE | % | 0,32% |

## Information referred to in Article 8 (6) and (7) on disclosure of nuclear energy and gas-related activities (Annex XII of Commission Delegated Regulation EU 2022/1214).

**Table 31: Overview of activities in the field of nuclear energy and natural gas**

| Line | **Activities in the field of nuclear energy** | |
|---|---|---|
| 1 | The Company carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. | **NE** |
| 2 | The Company carries out, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. | **NE** |
| 3 | The Company carries out, funds or has exposures to the safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. | **NE** |
| 4 | The Company carries out, funds or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. | **NE** |
| 5 | The Company carries out, funds or has exposures to the construction, refurbishment, and operation of combined heating/cooling and power generation facilities using fossil gaseous fuels. | **NE** |
| 6 | The Company carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heating/cooling using fossil gaseous fuels | **NE** |

The report is consistent in both language and content with the structure and terminology of the Company's Sustainability report, and supports a comprehensive presentation of the environmental, social, and governance (ESG) aspects of its operations.

The disclosures in this report supplement information on the environmental pillar of sustainability reporting and highlight the Company's systematic approach to managing environmental impacts, resource efficiency, the transition to a low-carbon economy, and the development of circular business models. Particular emphasis is placed on transparency, data comparability, and compliance with the applicable European regulatory framework.

The Company will continue to enhance its internal processes, metrics, and data sources with the aim of improving the quality of disclosures, increasing the proportion of taxonomically aligned activities, and strengthening long-term resilience and sustainable value for all key stakeholders.

## Assessment of the Company's Alignment with the EU Taxonomy

### 1. Purpose and Methodology

In 2025, the Company performed an assessment of the alignment of its economic activities with **Regulation (EU) 2020/852** on the establishment of a framework to facilitate sustainable investment (EU Taxonomy).

The assessment was carried out in accordance with the methodology set out in the relevant Taxonomy Delegated Acts and included the following steps:

1. identification of taxonomy eligible economic activities,
2. assessment of compliance with the technical screening criteria for **Substantial Contribution (SC)**,
3. assessment of compliance with the **Do No Significant Harm (DNSH)** principle,
4. verification of compliance with **Minimum Safeguards**,
5. calculation of the shares of revenue, capital expenditure (CAPEX), and operating expenditure (OPEX) related to taxonomy aligned activities.

## 2. Identification of Taxonomy Eligible Activities

Based on an analysis of the Company's business model and activities, the following economic activities falling within the scope of the EU Taxonomy were identified:

**Table 32: Activities falling within the scope of the EU Taxonomy framework**

| Business activity | Taxonomy activity | Environmental objective |
|---|---|---|
| Production of inorganic chemicals and pigments | 3.1 Manufacture of chemicals | Climate change mitigation |
| Energy efficiency improvements in production | 7.3 Installation of energy efficient equipment | Climate change mitigation |
| In house energy generation (where applicable) | 4.1 Electricity generation from renewable sources | Climate change mitigation |
| Environmental technology upgrades | 1.4 Transition to low carbon technologies | Climate change mitigation |

**Conclusion:** A portion of the Company's business activities is taxonomy eligible under the EU Taxonomy.

## 3. Assessment of Substantial Contribution

The Company assessed compliance with the technical screening criteria for Substantial Contribution, primarily in relation to:

- reduction of greenhouse gas emissions (Scope 1 and Scope 2),
- improvements in energy efficiency of production processes,
- implementation of technological upgrades with a lower carbon footprint,
- optimisation of energy and raw material use.

**Findings:**

- The core production activity currently **does not fully meet all threshold values** set out in the Climate Delegated Act for the chemical industry.

**Table 33: Review of compliance with threshold criteria under the EU Taxonomy for the core production activity**

| EU Taxonomy criterion | Status |
|---|---|
| Emission intensity (Scope 1 + 2) | ✗ does not meet top 10% EU benchmark |
| Low carbon / transitional technology | ✗ not formally defined |
| Use of renewable energy | ✗ insufficient impact on emissions profile |
| DNSH – pollution prevention | ✓ generally fulfilled |
| Minimum safeguards | ✓ fulfilled |

**However, specific capital investments (CAPEX) aimed at:**

- improving energy efficiency,
- upgrading technology,
- reducing greenhouse gas emissions,

were assessed as meeting the Substantial Contribution criteria and therefore qualify as taxonomy aligned.

## 4. Assessment of the Do No Significant Harm (DNSH) Principle

The Company conducted an assessment of the impacts of its activities against all six environmental objectives of the EU Taxonomy:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and restoration of biodiversity and ecosystems.

**Findings:**

- activities are carried out in compliance with applicable environmental legislation and integrated environmental permits,
- systems are in place for emissions monitoring and for the management of hazardous substances and waste,
- no significant adverse impacts were identified that would constitute a breach of DNSH criteria.

## 5. Minimum Safeguards

The Company meets the requirements of the minimum safeguards, as it:

- complies with the fundamental conventions of the International Labour Organization (ILO),
- follows OECD Guidelines and United Nations principles,
- has an occupational health and safety management system in place,
- complies with labour and employment legislation,
- has not identified any serious human rights violations or significant corruption risks.

## 6. Summary of Alignment and Taxonomy Indicators

Based on the assessment performed, the Company concludes:

- **taxonomy eligible activities:** present,
- **taxonomy aligned activities:** limited in scope, primarily at the CAPEX level,
- **operating activities (revenues):** currently largely not taxonomy aligned, with a clearly defined transition pathway.

**Indicative summary:**
In 2025, the Company realised a limited share of taxonomy aligned CAPEX related to energy efficiency improvements and enhanced environmental performance of production. The majority of revenues were not generated from taxonomy aligned activities. The Company has identified further investment projects aimed at gradually improving alignment with the EU Taxonomy.

## 7. Improvement Plan

The Company plans to:

- continue investments in low carbon and transitional technologies,
- further reduce $CO_2$ emissions per unit of product,
- strengthen the systematic monitoring of taxonomy indicators,
- gradually increase the share of taxonomy aligned CAPEX.

# [E1] Climate change

## [GOV-3] Integration of sustainability-related performance in incentive schemes

The remuneration system for the members of the Management Board is partly linked to the achievement of the sustainability objectives and is detailed in section GOV-3.

The variable component of Management Board remuneration also depends on the successful implementation of strategic projects, with at least one project directly related to sustainability topics, although not necessarily climate-related or assessed against a greenhouse gas (GHG) reduction target. The overall impact on remuneration in this case amounts to 20% of the total.

## [SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

This section provides an overview of the key impacts, risks and opportunities. These are detailed in subsequent chapters. This section also provides a summary and basic rationale for their materiality.

**Table 34: Impacts, risks and opportunities (IRO), climate change**

| Material impacts, risks and/or opportunities | Definition | Location/value chain: Own activity | Location/value chain: Downstream part of the value chain | Location/value chain: Upstream part of the value chain | Time period: Short-term | Time period: Medium-term | Time period: Long-term |
|---|---|---|---|---|---|---|---|
| Use of river water and its impact on the adaptive capacity of the aquatic ecosystem | Actual negative impact | x | | | x | | |
| Reduced production capacity due to limited water supply for industrial purposes during periods of drought | Risk | x | | | x | | |
| $CO_2$ emissions from non-renewable sources (Scopes 1 and 2) | Actual negative impact | x | | | | | x |
| $CO_2$ emissions in the upstream and downstream value chains (Scope 3) | Actual negative impact | | x | x | | | x |
| Use of energy from fossil fuels | Actual negative impact | x | | | x | | |

**$CO_2$ emissions from non-renewable sources (Scopes 1 and 2):**
Emissions from the combustion of fossil fuels account for the largest share of the Company's total GHG emissions and are associated with regulatory risks and costs. Due to the use of energy from non-renewable sources—natural gas, extra-light fuel oil, propane, and process emissions—and the use of electricity from non-renewable sources in the manufacturing industry in Slovenia, the Company accounted for 4% of total emissions.

**$CO_2$ emissions in the upstream and downstream value chains (Scope 3):** As part of its operations, the Company also generates indirect $CO_2$ emissions in the upstream and downstream supply chains (Scope 3), which arise primarily from the procurement of raw materials, transportation, waste management, and the use of sold products. These emissions account for 63% of the Company's total emissions and thus represent a significant portion of the Company's overall carbon footprint. These emissions result from the activities of external suppliers and the subsequent use of products in customers' industrial processes.

**Use of energy from fossil fuels:** The Company has a material negative impact on the environment due to its high consumption of energy from fossil fuels, which contributes to greenhouse gas emissions and, consequently, to climate change. Despite a gradual increase in the share of energy from renewable sources (RES) and nuclear sources, the majority of total consumption still comes from fossil fuels. This poses a risk due to higher costs of emission allowances; there is a possibility of stricter emissions legislation, which could lead to a reduction in competitiveness and a negative impact on investments in sustainable projects.

**Use of river water and its impact on the adaptive capacity of the aquatic ecosystem:** The Company uses water from the Hudinja river for its production processes. Long-term water use under conditions of climate instability may affect the ecosystem's natural ability to regenerate. Changes in flow rates, temperature, and the chemical composition of the water may reduce the resilience of the aquatic environment, posing an additional environmental risk. Due to climate change and longer periods of drought, there is a short-term risk to the ability to draw water from the Hudinja river, which could affect production capacity—a physical risk. Due to heavy rainfall, there is a long-term physical risk that could lead to the collapse of the barrier at the Za Travnik gypsum disposal facility—physical risk.

The resilience analysis focuses on the Company's own operations at the Celje and Mozirje sites and covers all relevant physical and transitional climate risks. It was conducted in accordance with internal methodologies and international expert recommendations (TCFD, IPCC SSP scenarios) and includes a quantitative assessment of probability, impact, vulnerability, and resilience.

The climate resilience analysis began in 2025 and was completed in early 2026. The results are included in the 2025 report. A new analysis will be conducted by the end of 2027, along with the development of a transition plan.

The analysis included all key processes and locations that account for a significant portion of the Company's environmental footprint and impact its strategic, financial, and operational stability. The scope covers major production facilities, energy systems, critical process infrastructure, and internal logistics flows. Key direct suppliers (Tier 1) of raw materials and energy sources were also taken into account, as well as the largest customers, who, due to their scale and geographic dispersion, are important for assessing overall climate risks in the value chain.

Despite the broad coverage, certain parts of the value chain were not included, either due to limited data availability or because their impact is not material to the final assessment of resilience. The following are therefore excluded from the analysis:

- indirect suppliers (Tier 2 and Tier 3) for whom sufficiently accurate data on locations or risk exposure is not available;
- suppliers from regions where climate data does not allow for sufficient geographic resolution;
- smaller customers and distribution partners with immaterial financial impact;
- transit logistics routes with incomplete geolocation data;
- auxiliary administrative and minor infrastructure buildings that have no impact on business continuity.

At the level of the broader value chain, risks were not assessed for locations where adequate climate data or supplier data on energy mix, emissions, and other inputs necessary for assessing transition risks were not available.

Despite these limitations, the analysis covers the processes, locations, and parts of the value chain that account for the largest portion of the Company's environmental footprint and the bulk of its financial and operational risks.

The analysis is based on a combination of global and regional climate projections, sectoral and macroeconomic assumptions, and internal data on infrastructure and processes. For physical risks, IPCC AR6/CMIP6 datasets were used where geolocation resolution of 5–10 km was available. Transition risks are based on assumptions regarding carbon prices, the energy mix, technological progress, and the consistency of the regulatory environment.

Three representative climate scenarios were selected for the impact assessment:

- SSP1-1.9 – ambitious global decarbonisation pathway: very rapid tightening of global policies, high carbon price signals, accelerated decarbonisation of electricity and industry, widespread electrification, strong consumer demand for low-carbon products.
- SSP1-2.6 – stable environment with moderate climate policies: strong and consistent decarbonisation policies, stable carbon price signals, accelerated efficiency and transition to RES, moderate transformation of demand.
- SSP5-8.5 – high-emission scenario with the highest exposure to physical risks: a carbon-intensive energy mix for an extended period, less stringent policies; the highest expected frequency and intensity of extreme weather events and associated operational and logistical disruptions.

The range of scenarios allows for the consideration of both transitional risks (policy, market, technology) and physical impacts (extreme events, water stress) that are relevant to the energy-intensive chemical industry. The scenario framework is aligned with the Company's strategic planning, investment cycles, and the lifespan of key infrastructure. The business model resilience analysis was therefore conducted for a time horizon extending to 2030, in line with the Company's sustainability strategy.

For each scenario, the following assumptions affecting the Company's operations were taken into account:

- policies and regulations: the pace and stringency of climate policies, carbon price signals, and environmental standards;
- macroeconomic trends: economic growth, global trade, and investment flows;
- energy consumption and energy mix: transition to low-carbon energy sources, energy availability, and supply stability;
- technological developments: energy efficiency, decarbonisation of processes, and adaptation technologies;
- social forces: stakeholder expectations, local communities, and customers (e.g., low-carbon $TiO_2$).

These assumptions are important because they directly affect operating costs, the Company's competitiveness, and its exposure to physical and transition risks. For the Company, as an energy-intensive chemical company, the following are particularly important: carbon prices and ETS regulations, the availability of low-carbon energy, and the reliability of supply, while physical risks (heat stress, floods) affect business continuity, infrastructure operations, and supply chains.

The results of the analysis are based on available climate scenarios, input data, and expert assumptions, which involve a certain degree of uncertainty typical of long-term climate projections. The Company therefore views the results as a tool to support strategic decision-making and risk management, rather than as an exact prediction of future conditions.

The analysis confirms that the level of exposure of our own sites to physical risks is low to moderate, while the main sources of vulnerability stem from the broader value chain—particularly suppliers and customers in regions with greater exposure to extreme weather events and water constraints.
The results of the analysis show that Company's overall vulnerability to climate risks is moderate to high, ranging between 0.50 and 0.63 depending on the scenario. This confirms that climate risks represent a significant factor for the long-term stability of the Company's business model.

The highest overall resilience was achieved in the SSP1-2.6 scenario (0.50), which allows for gradual adaptation, a predictable regulatory environment, and manageable growth in physical climate impacts. This scenario represents the most balanced framework for the Company's long-term strategic planning.

In the SSP1-1.9 scenario, lower overall resilience (0.40) was observed, primarily due to significantly increased transition risks associated with stringent climate policies, high market demands for decarbonisation, and increased reputational and market pressures.

The lowest long-term resilience was observed in the SSP5-8.5 scenario (0.38), where regulatory pressures are lower in the short term, but physical climate risks increase significantly, particularly in the value chain, especially among suppliers and customers operating in regions with greater exposure to extreme weather events and water stress.

Although the Company is not yet actively following the comprehensive pathway of the 1.5 °C scenario, it has already identified and begun implementing certain key measures that represent the first step toward decarbonisation. These include measures to improve energy efficiency and introduce renewable energy sources, which will enable further alignment with more ambitious climate policy goals in the future.

The Company's long-term resilience will depend primarily on:

- comprehensive management of physical risks throughout the value chain,
- timely adaptation of the business model to the transition to a low-carbon economy,
- strategic cooperation with suppliers and customers,
- gradual improvements in energy efficiency, and investments in low-carbon technologies.

Scenario SSP1–2.6 was identified as the most appropriate strategic framework, as it provides the most balanced ratio between transitional and physical risks and the highest overall resilience of the Company.

**Table 35: Physical and transition risks – gross and residual Risks**

| RISK | PERIOD | MITIGATION | GROSS RISK in EUR | RESIDUAL RISK in EUR | RISK CLASSIFICATION |
|---|---|---|---|---|---|
| Reduced production capacity due to limited water supply for process purposes during periods of drought. | SHORT-TERM | Optimisation of the operation of the 54.40 thickener in conjunction with HC. | 7,098,000 | 2,770,000 | PHYSICAL |
| | | Increasing internal water recycling. | | | |
| | | Use of drinking water. | | | |
| Political and legal decisions regarding $CO_2$ equivalent emissions. | LONG-TERM | Regular cooperation with various authorities and consultants, and monitoring of the political situation. | 4,800,000 | 1,200,000 | TRANSITIONAL |
| | | Reducing consumption and, consequently, emissions through energy efficiency and renewable energy measures. | | | |
| Heavy rainfall due to climate change (floods, landslides), which could lead to barrier collapse. | LONG-TERM | Based on the findings and recommendations of experts from the University of Ljubljana, Faculty of Civil Engineering and Geodesy, we are carrying out maintenance work on the high embankment barriers (Bukovžlak and Za Travnik) to ensure their stability. | 267,000,000 | 11,675,000 | PHYSICAL |
| | | Filling and thereby reducing waterlogging at Za Travnik. | | | |
| A customer in the Polymers business unit has sent environmental criteria according to which suppliers are expected to achieve carbon neutrality by 2030. | MEDIUM-TERM | Carbon footprint calculation for the year 2025. | 1,260,000 | 950,000 | TRANSITIONAL |

**[IRO-1] Description of the processes to identify and assess material climate-related impacts, risks, and opportunities**

In 2025, the Company conducted its regular annual DMA review. We reviewed the assessments of impacts, risks, and opportunities from 2024. We conducted the double materiality assessment (DMA) review to ensure that it remains up-to-date and compliant with the provisions of the Company's Policy on the Management of Impacts, Risks, and Opportunities. The annual review enables the Company to regularly verify the relevance of identified climate-related impacts, risks, and opportunities in light of current conditions, strategic directions, and stakeholder expectations.

In the process of identifying and assessing impacts, risks, and opportunities, the Company identified the following impacts on climate change:

- $CO_2$ emissions from non-renewable sources and processes (Scopes 1 and 2),
- $CO_2$ emissions in the upstream and downstream value chain (Scope 3),
- use of river water and impact on the water system's adaptive capacity,
- use of energy from fossil fuels.

The Company operates in a sector with a high climate impact, as its production processes require intensive energy use; as an industrial facility in the chemical industry, it is aware of its responsibility to reduce greenhouse gas (GHG) emissions and is committed to contributing to the mitigation of climate change. Despite the implementation of sustainability measures, the Company currently generates significant GHG emissions resulting from the use of fossil fuels, process emissions, and indirect emissions from electricity consumption, as well as emissions in the upstream and downstream value chains. We also identified climate-related physical and transition risks, which are described in section [SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model.

For the aforementioned negative impacts, we have established criteria in accordance with ESRS requirements and assessed their significance based on their scale, scope, and irreversibility (see Chapter [IRO-1] for a more detailed description). A detailed assessment of the impacts is provided in the DMA preparation process.

In identifying and assessing climate-related impacts, the Company took into account the plans outlined in its business strategy, which anticipates growth in production.

In identifying climate-related impacts, the Company conducted a systematic review of its operations, production processes, and development plans—including plans for production growth—to identify actual and potential future sources of greenhouse gas emissions and other climate-related impacts.

The review covered the Company's own operations (particularly fossil fuel use, process emissions, and electricity consumption) as well as the upstream and downstream value chains, taking into account any indirect impacts related to resource use, energy consumption, and logistics.

Based on this review, actual and potential impacts on climate change were identified and subsequently incorporated into the materiality assessment process as part of the double materiality analysis.

**Use of climate-related scenario analysis in assessing risks and opportunities at the Company**

As part of the development of its sustainability strategy, the Company established a systematic process for identifying and assessing physical risks related to climate change, both within its own operations and throughout the value chain.

High-emission scenarios, as defined by the Intergovernmental Panel on Climate Change (IPCC), were used. Based on this, the following procedure was carried out:

- identification of hazards, such as: drought and precipitation extremes affecting access to water and the stability of dams,
- assessment of the exposure of assets and activities ($TiO_2$ production plant and waste management facilities),
- calculation of the gross physical risk to the Company, expressed in EUR and as a percentage of total assets,
- and alignment with time horizons (short-, medium-, and long-term), consistent with the useful life of assets and strategic planning.

A review was also conducted for the upstream and downstream segments of the value chain, focusing primarily on:

- physical and regulatory risks in the value chain (conflict/risk areas, water and energy supply, etc.) and
- the effects of extreme weather events on key external service providers (e.g., logistics).

The scenarios used were selected to capture various possible developments in climate conditions and their associated uncertainties. In doing so, the Company relied on available data relevant to the location of its operations, taking into account that long-term estimates are subject to certain limitations and uncertainties.

In identifying and assessing climate-related transition risks and opportunities, the Company employed a structured process that covers its own operations and, where relevant, the upstream and downstream parts of the value chain.

In the first step, the Company identified transition events that could result from changes in climate policies, legislation, market demands, and technological developments, taking into account climate scenarios consistent with limiting global warming to 1.5 °C, with limiting or without exceeding this threshold. Particular attention was paid to political and legal changes at the EU level and to the requirements of key customers related to the decarbonisation of supply chains.

The Company then assessed the extent to which its assets and business operations are exposed to and sensitive to the identified transition risks and opportunities. The assessment was conducted by considering the probability of individual events occurring, the magnitude of their impact, and their expected duration, with risks and opportunities addressed in the short-, medium-, and long-term.

Based on this process, gross transition risks and opportunities were identified that could affect operating costs, the Company's competitive position, and its long-term ability to maintain business relationships. The findings were incorporated into the register of impacts, risks, and opportunities and taken into account in the Company's subsequent strategic and investment planning.

Using the classification of climate-related risks set out in Commission Delegated Regulation (EU) 2021/2139, relevant physical risks were identified and the exposure of its assets and operations to these hazards in the short-, medium-, and long-term were assessed, with the risks being included in the register of impacts, risks, and opportunities in accordance with the Policy on the Management of Impacts, Risks and Opportunities.

In the process of assessing physical risks, the Company defined short-term (up to 1 year), medium-term (2–4 years), and long-term (5 years or more) time horizons. These time periods were determined by taking into account the expected useful lives of key assets, strategic planning periods, and capital allocation plans.

Physical risks are assessed based on their potential impact over a specific time period and in relation to the life cycle of assets to ensure alignment between risk management, investment planning, and long-term business sustainability. Current assessments do not indicate a need for the early removal or replacement of fixed assets due to climate or other external factors.

The Company appropriately assessed the physical risks in its risk register that could potentially affect its assets or business operations. In doing so, it took into account the likelihood, severity, and duration of the risks to the Company's operations.
Climate scenarios help the Company assess how extreme weather events and long-term climate change will affect its operations. In its assessment, the Company took into account the Policy on the Management of Impacts, Risks, and Opportunities at the Company, and, based on these, assessed the extent of exposure through financial consequences, while using frequency/probability to define the time period.

As part of its risk register, the Company assessed the extent to which its assets and business operations are exposed to physical risks associated with climate change, as well as their vulnerability to such risks. In doing so, it considered the likelihood of occurrence, the magnitude of potential impacts, and the duration of individual hazards, taking into account the actual location of its operations.

The analysis of climate scenarios was used to help understand how risks might change in the future, particularly in the period up to 2030, and was incorporated into the overall risk assessment, regardless of differences in the time frames of the individual analyses.

Hazards and physical risks were identified based on the SPP5-8.5 high-emission climate scenarios, which are grounded in the scientific findings of the Intergovernmental Panel on Climate Change (IPCC) and are consistent with the guidelines for assessing physical risks as set forth in the ESRS E1 standard. The scenario used incorporates regional climate projections for the Company's business area and takes into account the impacts of long-term temperature increases and changes in weather patterns on physical risks.

The analysis focused on the Company's own operations, while risks in the value chain were not included in the scenario analysis. Nevertheless, in 2025, the Company conducted a review of key suppliers based on publicly available information and interviews with suppliers, and did not identify any risks that could significantly impact its operations.

Scenario analysis was used to identify and assess key physical and transition risks and opportunities that could affect the Company's business operations up to 2030. To capture the range of possible future climate and transition conditions, in accordance with ESRS requirements, three climate scenarios were used, as described in section[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model.

Based on this analysis, we identified risks and opportunities that are considered material in the short-, medium-, and long-term contexts. Specifically, the results of the scenarios were used to:

- identify transition risks, such as regulatory requirements,
- assess physical risks, such as the impacts of drought, and more frequent extreme weather events.

In doing so, we ensured that the identified climate-related factors were appropriately incorporated into the Company's business impact assessment and strategic planning. The findings of the analysis were also reflected in the development of sustainability measures and in the assessment of investment needs up to 2030. The process for identifying transition risks and opportunities is the same as for identifying physical risks.

In identifying events related to the transition to a low-carbon economy, the Company took into account short-, medium-, and long-term time horizons and assessed whether its assets and business activities could be exposed to these events. Political and legal transition risks associated with the development of environmental policies and legislation at the national and European levels were identified as particularly material.

The Company operates in an environment of increasingly stringent environmental requirements, particularly within the framework of the EU Emissions Trading System (EU ETS), which may have a significant impact on the Company's operating costs and investment decisions. Based on an analysis of climate scenarios and expected regulatory developments, the following key transition risks were identified:

- High costs of emission allowances. Rising prices of emission allowances in the EU ETS could significantly increase the Company's operating costs, particularly if there is no possibility of a rapid transition to low-carbon technologies.
- Restrictions and stricter environmental standards. Tighter emissions legislation could lead to new requirements regarding emission-reduction technologies.
- Reduced competitiveness and risk of production relocation. Higher emissions and energy costs could affect the Company's competitive position relative to firms in environments with less stringent regulatory requirements.
- Negative impact on investments in sustainable projects. If companies were forced to allocate more resources to cover emissions costs, fewer funds might remain for investments in low-carbon technologies.

As part of its risk register, the Company assessed the exposure and sensitivity of its assets and business activities to transition risks associated with the transition to a low-carbon economy. Particular attention was paid to political and legal decisions related to the reduction of greenhouse gas emissions, as well as to key customers' requirements regarding environmental criteria.

The Company assessed that its activities are exposed to transition risks arising from stricter regulations regarding $CO_2$ equivalent emissions and from market demands for the decarbonisation of supply chains.

On this basis, the Company assessed the sensitivity of its assets and operations to transitional events, taking into account the likelihood of occurrence, the magnitude of the impact, and the expected duration; the results are incorporated into the risk register and subsequent strategic planning.

In defining transition-related events and assessing its exposure, the Company identified risks based on climate scenarios and hazards under the SPP1–1.9 scenario. Based on this scenario, the Company identified transition risks and assessed their magnitude and impact.

As part of the development of its sustainability strategy, the Company identified certain assets and activities that are not fully compatible with the transition to a climate-neutral economy by 2050, as envisaged by EU climate policy. Currently, the biggest obstacles are:

- use of natural gas as a key energy source for high-temperature processes, which will be difficult to replace with carbon-free sources in the long term without major technological or infrastructural changes;
- process $CO_2$ emissions from titanium dioxide production, which result from chemical reactions and cannot be easily prevented or captured using existing technologies.

These resources and related activities are currently inconsistent with long-term climate neutrality goals and would require significant investments in alternative technologies or carbon capture, which the Company has not yet specifically planned.

Although the Company has identified and is already implementing certain measures to improve energy efficiency and reduce emissions, these measures are not sufficient to achieve full alignment with the 1.5 °C scenario or carbon neutrality by 2050. A comprehensive review of all assets and activities from the perspective of compatibility with decarbonisation goals is planned as part of the preparation of the transition plan up to 2027.

In addition to natural gas use and process emissions, access to electricity from renewable sources also poses a challenge. Although the Company strives to reduce the share of indirect emissions (Scope 2), its dependence on the Republic of Slovenia's electricity grid is a key constraint. Currently, there is not enough green electricity available on the grid to enable a transition to 100% carbon-free sources. Therefore, long-term alignment with carbon neutrality depends on the development of national infrastructure and investments in renewable sources at the system level.

For this reason, among others, the Company has not yet defined all the measures needed to achieve climate neutrality, but it is actively monitoring legislative developments, opportunities for long-term procurement of renewable energy from Slovenian sources, and the potential for its own renewable energy generation capacity.

The climate scenarios used were incorporated into the preparation of the business strategy for the 2024–2028 period in 2023, which also includes a link to the financial statements. In the financial statements for 2025, the impacts of climate scenarios were indirectly taken into account through:

- planned investments in emissions reduction (CAPEX), which are included in the fixed assets line item,
- estimates of energy costs, which, based on available information, did not require significant changes,
- emission allowances acquired free of charge (the Company will remain a net recipient until 2030), meaning that no operating expenses are anticipated from this source.

In 2025, no asset impairments or changes in estimated useful lives were recognised as a direct result of identified climate risks. Based on the analyses performed, no significant impacts of climate change are currently expected (see section 25 Impact of climate change on the financial statements in the financial section of the report).

### [E1-1] Transition Plan for climate change mitigation

The Company recognises climate change as a critical issue and, in the spirit of climate change mitigation, has begun reducing its greenhouse gas emissions. The Company aims to improve energy efficiency, reduce its carbon footprint, and increase the share of renewable energy sources.

Accordingly, it developed a plan as part of its sustainability strategy, which defines strategic goals and clear actions up to 2030, complete with specific deadlines and a CAPEX financial assessment. Sustainability is also one of the main strategic pillars of the five-year business strategy for 2024–2028.

Currently, no transition plan has been established in accordance with the requirements of the ESRS E1 standard. Nevertheless, the Company has adopted certain measures in the areas of emissions reduction and sustainable investments, which are already being implemented. In addition, a comprehensive sustainability strategy was adopted in 2024, which includes strategic decarbonisation goals, defined measures, timelines, and projected investments; however, this strategy does not yet constitute a formalised »transition plan« as defined in ESRS E1.

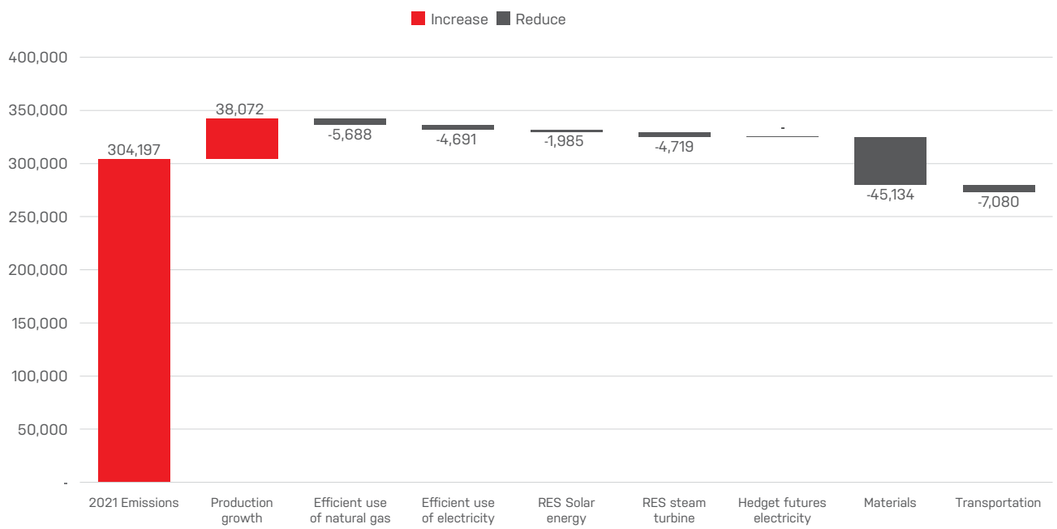
The Company plans to establish an appropriate transition plan, in line with the requirements of ESRS E1, by the end of 2027 at the latest, thereby ensuring compliance with regulatory requirements and long-term decarbonisation goals.

The Company plans to establish an appropriate transition plan, in line with the requirements of ESRS E1, by the end of 2027 at the latest, thereby ensuring compliance with regulatory requirements and long-term decarbonisation goals.

The targets are not compatible with the requirements for limiting global warming to 1.5 °C in accordance with the Paris Agreement. The Company's overarching commitment is to strive for a carbon-neutral society by 2050, with specific measures to be defined after 2030. A more detailed explanation can be found in section [SBM-1].

The Company set a key target of reducing its total carbon footprint by 10% by 2030 compared to 2021. To achieve this target, key decarbonisation measures have been identified across all three emission scopes and are outlined in section [E1-3] Actions and resources in relation to climate change policies. Key drivers for decarbonisation will be primarily in the areas of renewable energy sources and energy efficiency measures. In 2025, the Company also calculated the carbon footprint of Scope 3 and identified decarbonisation opportunities in this area, including within the value chain. It has already identified certain measures and will address the remaining ones with suppliers in the coming years.

**Zmanjšanje emisij $CO_2$ obsega 1,2 in 3 do leta 2030 po lokacijski metodi 73k ton $TiO_2$**




The Company will allocate a total of approximately EUR 25 million to its transition plan by 2030. Of this amount, investments totalling EUR 2,545,599 had already been made by the end of 2025.

**Qualitative assessment of TGP emissions from key assets**

The largest share of direct emissions associated with natural gas use comes from two calcination kilns and dryers. Together, these facilities generate 26,181 tonnes of $CO_2e$ annually, representing approximately 9.5% of the Company's total emissions (276,741 tonnes of $CO_2e$) in 2025.

Natural gas consumption within this asset group is concentrated primarily in two calcination furnaces (approximately 70% of gas consumption). The furnaces have already been fully depreciated, but they undergo regular technological upgrades and have an estimated remaining useful life of more than 20 years. There is currently no technologically viable low-carbon alternative for the calcination process that would enable equivalent production quality. This implies a certain degree of emissions lock-in in the medium term.

Nevertheless, their relative share of the Company's total emissions is limited; therefore, these facilities do not represent a key limiting factor in achieving long-term company-wide emission reduction targets.

For drying machines, there are technological options for electrification or switching to steam systems; however, current conditions in the energy market (the ratio between the price of electricity and natural gas) make such investments economically unfeasible.

The Company views emissions associated with these assets as a manageable transitional risk, primarily related to the regulatory environment (e.g., the EU ETS) and developments in energy prices. Risk management includes continuous improvements in energy efficiency, technological upgrades, and monitoring the development of alternative solutions.

The Company discloses its objectives and plans related to aligning its economic activities and investments with the criteria set forth in Commission Delegated Regulation 2021/2139, including investments in fixed assets and working capital, in the section Report on environmentally sustainable economic activities and investments. Some of the completed and planned investments are also described in the section on Completed and planned investments.

Pursuant to Commission Delegated Regulation (EU) 2020/1818, Article 12(1)(d) to (g), the Company is excluded from the EU benchmarks.

The Company's business strategy is designed for the period 2024–2028 and includes the Company's key development priorities. We began developing a sustainability strategy as early as 2023, taking into account measures for climate change adaptation and mitigation. This strategy was closely linked to financial planning from the very beginning, as key sustainability measures were incorporated into the Company's financial projections and investment plans.

When we formally adopted the Sustainability Strategy in 2024, it was approved by the Management Board and the Supervisory Board. Nevertheless, the financial component of the strategy did not undergo any significant changes, as the sustainability transition had already been incorporated into the Company's financial plans.

Sustainability represents one of the key pillars of the overall business strategy, ensuring a strong link between the two documents. Consequently, the sustainability strategy does not function as a separate set of activities, but rather comprehensively supports the Company's overall business objectives, including long-term competitiveness, reduction of environmental impact, and cost optimisation through sustainable solutions.

**Company's progress in implementing the transition plan**

Although the Company does not yet have a formally established transition plan in accordance with ESRS requirements, it is already implementing measures that form the foundation for the transition to a low-carbon economy. Key activities carried out include:

- adoption of a sustainability strategy that includes emission reduction targets, measures, and indicative investments;
- identification of Scope 1, 2, and 3 emissions and recalculation to ensure comparability with the reporting year;
- initial energy and technological improvements that reduce the carbon footprint.

A comprehensive transition plan will be established by the end of 2027, with the measures implemented in 2024 and 2025 counting as progress toward its phased implementation. Once prepared, the formal transition plan will be submitted for approval to the Company's Management Board, Supervisory Board, and Audit Committee.

**Organisational measures for energy conservation and efficiency**

In 2025, we continued our efforts to raise awareness about energy efficiency, including:

- employee motivation;
- providing information on energy usage characteristics to all employees;
- implementing and monitoring soft measures such as:
  - proper lighting that takes natural light into account;
  - turning off lights in rooms when they are not in use;
  - turning off equipment and concentrating operations into shorter time periods;
  - implementing proper temperature control and monitoring values;
  - proper use of devices and work equipment;
  - a rapid fault reporting system (air/water leaks, equipment servicing, etc.).

This is carried out by members of the energy team, who ensure that these measures are implemented in their respective workplaces.

In April 2024, we installed an energy management system (EMS) at the Kemija Mozirje business unit. This will enable additional savings at this location. The estimated annual savings (according to EP data) are approximately 3% of electricity, heat, and drinking water consumption. This system was upgraded in 2025 and will be completed by the end of March 2026. At the Company's location in Celje, a project to renew the central monitoring system is underway, which also includes the implementation of energy management. The project is currently in progress.

By implementing organisational measures, total potential savings amount to approximately 1,249 MWh/year (data from EP 2021). $CO_2$ emissions are reduced by 144 tonnes due to electricity (emission factor used for electricity: 0.278 t $CO_2$/MWh) and by 149 tonnes due to natural gas (emission factor used for natural gas: 0.205 t $CO_2$/MWh), for a total of approximately 290 tonnes of $CO_2$ per year. Quantitative data cannot be verified because they are not measured, but rather based on expert estimates.

**Table 36: Investment measures for the gradual implementation of the transition plan.**

| Strategic objective | Type of measures and key activities | Year | Type of energy source | Projected energy savings (MWh) | GHG emissions (t $CO_2$ eq.) | Actual 2025 (MWh) | Actual GHG emissions (t $CO_2$ eq.) | Note |
|---|---|---|---|---|---|---|---|---|
| **Energy efficiency and reducing the carbon footprint of Scopes 1 and 2** | Replacement of old electric motors with energy-efficient IE3 class motors. | 2030 | EE | 2280 | 633 | 203 | 56 | In 2025, 37 EMs were replaced, resulting in savings of 203 MWh |
| | Renovation of outdated lighting – replacement with LED lights. | 2030 | EE | 864 | 240 | 108 | 30 | In 2025, 360 light fixtures were replaced, resulting in savings of 108 MWh |
| | Replacement of condensate water pumps (Schnackenberg models M273, M274, M275). Optimisation of technological installations. | 2025 | EE | 753 | 209 | 752 | 209 | All pumps were replaced at the end of 2024. The calculated annual savings amount to 752 MWh |
| | Modification of the compressor station to 8.5 bar. | 2024 | EE | 3,000 | 833 | 1,403 | 390 | Completed on 26 Nov 2024; savings achieved in 2025 amount to 1,403 MWh |
| **Deploying renewable energy sources and reducing the carbon footprint of Scope 2** | Installation of solar power plants | 2024 | EE | 7,150 | 1,985 | 6,966 | 1,936 | Solar power plants were built by 23 Jul 2024; in 2025, they generated 6,966 MWh of electricity |

The total capacity of the solar power plants installed to date is 7.093 MWp. Most of the energy generated is used for our own needs. This energy significantly reduces our $CO_2$ emissions. The projected annual production based on installed capacity is 7,507,500 MWh. However, the RES measures projected an annual production of 7,150 MWh.

## [E1-2] Policies related to climate change mitigation and adaptation

Based on its double materiality assessment, the Company identified climate change as a material sustainability issue and adopted the following policies:

- Policy on climate change mitigation
- Policy on the transition to a climate-neutral economy
- Policy on climate change adaptation

The policies establish a framework for managing significant impacts, risks, and opportunities related to:

- greenhouse gas emissions (Scopes 1, 2, and 3),
- energy intensity of production,
- transition risks (regulation, energy prices, etc.),
- physical risks (droughts, floods, extreme weather events),
- opportunities for technological modernisation and low-carbon products.

These policies apply to all of the Company's activities and are integrated into the 2024–2028 business strategy and the sustainability strategy up to 2030. The Management Board is responsible for their implementation, securing resources, and monitoring the achievement of objectives. Mitigation and adaptation policies are directly linked to the register of climate-related impacts, risks, and opportunities and serve as the basis for their management and monitoring.

The company addresses climate change mitigation systematically through:

**1. Targets**

- Reduction of the total carbon footprint by 10% by 2030 compared to 2021;
- Reduction of specific electricity consumption by 12% and natural gas consumption by 19%;
- Preventing the emission of 10,400 t $CO_2$ eq. through energy efficiency measures;
- Gradually reducing emissions across all scopes (1, 2, and 3).

**2. Key measures**

- Optimisation of technological processes;
- Replacement of energy-inefficient equipment;
- Upgrade of the ISO 50001 system;
- Purchase of low-carbon electricity and certificates of origin;
- LCA analyses of key products;
- Collaboration with suppliers to reduce Scope 3 emissions.

**3. Monitoring progress using KPIs**

- carbon footprint (t $CO_2$ eq., annually),
- specific energy consumption (kWh/t of product, monthly),
- share of renewable sources (% annually).

The company addresses physical climate risks through a specific climate change adaptation policy.

**1. Targets**

- Reduction of dependence on the Hudinja watercourse through the use of an alternative source by 2028.
- Reduction of process water consumption by 20% by 2028.
- Regular physical risk assessments and scenario analyses.

**2. Measures**

- Construction of a system for the reuse of wastewater from the Tremerje Wastewater Treatment Plant.
- Monitoring of barrier stability (Bukovžlak, Za Travnik).
- Early warning system and business continuity plan.
- Cooperation with other professional institutions.

**3. Progress is monitored as part of the annual management review.**

Energy efficiency is a central pillar of mitigation policy:

- Systematic energy management in accordance with ISO 50001.
- Process optimisation,
- Energy-efficient electric motors, compressors, and lighting.
- Monthly monitoring of specific energy consumption.

The energy team serves as a technical body responsible for identifying and implementing measures. The ISO 50001 standard is closely linked to all of the aforementioned policies, as it focuses on systematic energy management, which has a direct impact on reducing greenhouse gas (GHG) emissions, adapting to climate change, energy efficiency, and the use of renewable energy sources.

The Company is increasing the share of energy from renewable and low-carbon sources:

- increase in own energy production from renewable energy sources,
- a target of 19% renewable energy in total electricity consumption,
- purchase of carbon-free electricity,
- investments in decarbonisation totalling EUR 25 million by 2030.

The Finance Department ensures that investments are incorporated into the Company's financial plans.

The climate policies are:

- approved by management,
- integrated into investment decision-making,
- subject to regular management reviews,
- included in annual sustainability reporting.

The policies were adopted in 2025 and are reviewed regularly (annually or at least every five years, depending on the policy) and updated in response to changes in legislation or strategic priorities.

A policy on the integration of energy from renewable sources has not been established as a standalone document, as the objectives, measures, and monitoring related to renewable energy are fully incorporated into the Policy on climate change mitigation and the Policy on the transition to a climate-neutral economy. Where relevant, the policies also apply to the Company's supply chain.

Climate policies are approved by the Management Board, while the Supervisory Board monitors their implementation as part of its supervisory responsibilities and reviews progress toward achieving decarbonisation targets and managing climate risks.

## [E1-3] Actions and resources related to climate change policies

The measures stem from the Company's sustainability strategy and were determined based on an analysis of emission sources and an assessment of the feasibility of technical, process, and organisational improvements; they reflect the expected direction of the Company's future climate policy. They include emission scope targets (1, 2), timelines, expected emission reductions, and the corresponding necessary investments.

**Table 37: Overview of measures and key activities to reduce $CO_2$ equivalent emissions**

| Strategic objective | Type of measures and key activities | Year/ Status | Type of energy source | Energy savings (MWh) | Reduction in GHG emissions (t $CO_2$ eq.) | Investment in EUR |
|---|---|---|---|---|---|---|
| **Reducing the carbon footprint of Scopes 1 and 2** | Replacement of old electric motors with energy-efficient IE3 class motors | 2030 In progress | EE | 2,280 | 633 | 620,000 |
| | Replacement of two old transformers at Substation 7–10 Neutralisation | Completed in 2024 | EE | 53 | 15 | 102,132 |
| | Renovation of outdated lighting – replacement with LED fixtures | 2030 In progress | EE | 864 | 240 | 440,000 |
| | Replacement of compressors with energy-efficient models | 2030 In progress | EE | 2,650 | 736 | 1,985,000 |
| | Optimisation of the existing steam pipeline – 2023 | Completed in 2023 | ZP | 9,486 | 1,942 | 162,742 |
| | Replacement of the heat exchanger on acid IT2 – 2023 | Completed in 2023 | no energy savings, operational safety | / | / | 137,539 |
| | Replacement of the old acid fan with a frequency-controlled fan | 2030 | EE | 2,000 | 555 | 1,300,000 |
| **S pomočjo URE preprečiti 10.400 t $CO_2$ ekv.** | Replacement of condensate water pumps Schnackenberg (M273, M274; M275) Optimisation of technological installations | 2025 Completed | EE | 753 | 209 | 308,682 |
| | Replacement of main pumps at the cooling tower (water treatment) (Optimisation of technological installations) | 2025 In progress | EE | 297 | 82 | 180,000 |
| | Shutdown of equipment and consolidation of operations into shorter periods with the same power | 2030 | EE | 5,000 | 1,388 | 500,000 |
| | Optimisation of pre-drying (replacement of natural gas with steam) | Completed in 2023 | ZP | 5,500 | 1,126 | 507,563 |
| | Calciner – preheating of secondary air (3–5% of total gas consumption by 2028) | 2028 | ZP | 8,000 | 1,638 | 500,000 |
| | Energy efficiency – extending the time between acid maintenance shutdowns from one year to a year and a half | 2030 | ZP | 4,800 | 982 | 0 |
| | Modification of the 8.5 bar compressor station | Completed in 2024 | EE | 3,000 | 833 | 93,167 |
| **Increasing renewable energy production to 19% of total energy consumption and reducing the carbon footprint of Scope 2** | Installation of a solar power plant on the Polymers and Rolling plant building | Completed in 2022 | EE | 1,650 | 458 | 957,448 |
| | Installation of solar power plants in: KC, Kemija Mozirje, Grafika, Cafeteria, Hall A | Completed in 2023 | EE | 2,100 | 583 | 1,822,061 |
| | Installation of solar power plants: part of Marketing, Transportation, Multipurpose, Energy, and Maintenance (Hall B) | Completed in 2024 | EE | 2,100 | 583 | 1,220,134 |
| | Marketing building roof | Completed in 2024 | EE | 1,300 | 361 | 786,643 |
| | Installation of an electricity battery storage unit | 2030 In progress | no energy savings, financial savings | / | / | 3,900,000 |
| | Procurement of carbon-free and low-carbon electricity (market-based method) | 2030 In progress | | 77,000 | 84,300 | 115,000 |
| | Installation of a steam turbine for electricity generation | 2026 In progress | EE | 17,000 | 4,719 | 9,500,000 |
| **Reducing the Scope 3 carbon footprint in the value chain** | Support for suppliers in transitioning to lower carbon footprint technologies | 2030 | | | 45,000 | 0 |
| | Freight transport by sea with a lower carbon footprint | 2030 | | | 4,800 | 0 |
| | Freight transport by road using vehicles powered by renewable energy sources | 2030 | | | 2,200 | 0 |
| **Total** | | | | | | 25,138,111 |

As part of its assessment of physical climate risks, the Company identified an increased likelihood of extreme rainfall due to climate change, which could lead to intense surface runoff, embankment erosion, and an increased risk of destabilisation or failure of the barriers at the Za Travnik waste disposal facility.

At present, adaptation measures are primarily focused on engineering and technological solutions due to the nature of the production process and the industrial location.

In 2025, the Company did not adopt any new key measures in the area of climate change. The implementation of measures defined within the framework of the sustainability strategy and identified measures up to 2030 continued, focusing on improving energy efficiency, increasing the share of renewable energy sources, and gradually reducing the emission intensity of production.

The measures and their status are shown in Table 36 and primarily relate to in-house production and the lower end of the value chain. The measures are included in the 2024–2028 investment cycle, and no significant deviations were identified in 2025 that would require the adoption of additional corrective measures.

**Table 38: Planned measures and key activities to reduce $CO_2$-equivalent emissions by 2025**

| Strategic objective | Type of measures and key activities | Year | Type of energy source | Estimated energy savings (MWh) | GHG emissions (t $CO_2$ eq.) | Actual 2025 (MWh) | Actual GHG emissions (t $CO_2$ eq.) | Note/ Status |
|---|---|---|---|---|---|---|---|---|
| **Energy efficiency and reducing the carbon footprint of Scopes 1 and 2** | Replacement of old electric motors with energy-efficient IE3-class motors | 2030 | EE | 2280 | 633 | 203 | 56 | In 2025, 37 EMs were replaced, resulting in annual savings of 203 MWh |
| | Renovation of outdated lighting – replacement with LED fixtures | 2030 | EE | 864 | 240 | 108 | 30 | In 2025, 360 light fixtures were replaced, resulting in annual savings of 108 MWh |
| | Replacement of Schnackenberg condensate water pumps (M273, M274, M275) Optimisation of process equipment | 2025 | EE | 753 | 209 | 752 | 209 | All pumps were replaced at the end of 2024. The calculated annual savings amount to 752 MWh. |
| | Replacement of main pumps on the cooling tower (water treatment) (Optimisation of process equipment) | 2025 | EE | 297 | 82 | / | / | In progress. |

We will implement measures to reduce emissions using our own staff and our own financial resources.

Investments in fixed assets are recognised in the balance sheet as at 31 December 2025 under the item "Tangible fixed assets". The impact on OPEX through accrued depreciation is recognised in the income statement for 2025 as at the date the assets are ready for use. All other impacts on future periods are reflected in the projected financial statements for the 2024–2028 period, in accordance with the Company's five-year strategy for 2024–2028.

Assets acquired by 2024 and in 2025 have been put into use and are not under construction as at 31 December 2025.

Investments in fixed assets intended for the implementation of measures to reduce greenhouse gas emissions are recognised in the balance sheet as at 31 December 2025 under the item "Tangible fixed assets (i)".

This impact on the 2025 operating result is reflected in the depreciation charged on assets that became available for use in that year.

Reference to the requirements of Delegated Regulation (EU) 2021/2178 (ii, iii):

- The amounts of these investments were also included in the CAPEX taxonomy disclosure as partially taxonomy-compliant measures, primarily in the areas of energy efficiency and the transition to renewable energy sources.
- The estimated share of taxonomically compliant CAPEX in 2025, for example, amounted to 1.34% of all investments in fixed assets.
- The measures and investments are aligned with the internal investment plan, which is an integral part of the 2024–2028 five-year strategy, and with the previously conducted decarbonisation needs analysis.

Assets acquired up to and including 2025 were put to use by 31 December 2025 and are therefore no longer reported as construction in progress. The impact of remaining (planned) investments on OPEX will be reflected in future years in accordance with the depreciation schedule and the anticipated start of operations for individual facilities.

Investments in fixed and current assets related to measures to reduce GHG emissions are included in the balance sheet as at 31 December 2025 and also in the five-year strategic investment plan, which monitors the implementation of the adopted sustainability strategy.

Part of these investments was also assessed in accordance with the requirements of Delegated Regulation (EU) 2021/2178 regarding taxonomy compliance reporting. As part of its CAPEX, the Company defined the following investment performance indicators that are taxonomy-compliant:

- electric vehicle transportation 1.34%.

The data is based on the classification of activities under Regulation 2020/852 and analyses of the compliance of individual investments with the relevant technical criteria and minimum protective measures.

The taxonomic CAPEX for 2025 is included in the disclosures of this report in section 5.2 Environmental information.

As part of the implementation of adopted and planned decarbonisation measures, the Company developed a strategic plan for investments in fixed assets, which includes investments with defined timelines and scopes for the 2024–2028 period. The investments are in the following areas:

- energy efficiency,
- energy production from renewable sources,
- replacement of equipment with lower emissions.

Some of these investments were assessed as compliant with the taxonomy, while others were assessed as potentially compliant with the requirements of Delegated Regulation (EU) 2021/2139.

The total value of investments in fixed assets related to decarbonisation for the 2024–2028 period amounts to EUR 25,138,111, of which EUR 2,202,076 is already included in the 2024 annual budget and EUR 343,523 in the 2025 annual budget. A portion of these funds is specified in the CAPEX taxonomy report in Table 26.j. The planned investments directly support the implementation of decarbonisation measures and contribute to achieving the GHG emission reduction targets set out in the Company's sustainability strategy up to 2030.

## [E1-4] Climate change mitigation and adaptation objectives

To achieve the overarching commitment, we set targets in the strategy for the short term (2025), the medium term (a 3-year period from 1 January 2026 to 31 December 2028) and the long-term period (from 1 January 2029 to 31 December 2030).

The Company involved key stakeholders in the double materiality assessment and in the processes for identifying IROs, which contributed to an understanding of expectations regarding decarbonisation and the transition to a low-carbon economy. Stakeholders were not directly involved in setting specific numerical climate targets (e.g., selecting target emission reduction percentages). Target values were set based on internal expert judgment, taking into account the results of the IROs, available technological options, energy and infrastructure constraints, and the regulatory framework. Stakeholder involvement thus took place indirectly (through the IROs and the strategy), rather than as a direct input into the setting of target values.

The Company's overarching commitment is to strive to become a carbon-neutral company by 2050.

The Company's objectives, which apply to all of its operations and encompass all operational sites under the Company's operational control, are formulated based on available information, expertise, and experience, and take into account current trends and best practices in the field of sustainability. We recognise that methodologies and scientific findings in this field are constantly evolving, so we will regularly review and update our objectives in line with new insights and available data.

The climate change mitigation objectives for 2030 are presented in Table 39.

**Table 39: Overview of strategic climate change mitigation objectives by 2030.**

| | |
|---|---|
| Climate change mitigation – strategic objective 1 | **Reduce the total carbon footprint by 10% using the location-based method** |
| Climate change mitigation – strategic objective 2 | **Increase the share of renewable electricity generation to 19% of total electricity consumption** |
| Climate change mitigation – strategic objective 3 | **Prevent 10,400 tonnes of $CO_2$ eq. through energy efficiency measures** |
| Climate change mitigation – strategic objective 4 | **Reduce specific electricity consumption by 12%** |
| Climate change mitigation – strategic objective 5 | **Reduce specific natural gas consumption by 19%** |
| Climate change mitigation – strategic objective 6 | **Reduce transport-related emissions by 36%** |

In achieving our goals, we took into account the increase in production growth across our entire product portfolio. For our key product, titanium dioxide ($TiO_2$), this represented a 14% increase in total $TiO_2$ sales.

**Table 40: Overview of emission reductions using the location-based method by 2030.**

| Scope (location-based method) | Emissions in t $CO_2$ eq. in 2021 | Change percentage | Emissions in t $CO_2$ eq. in 2030 |
|---|---|---|---|
| Scope 1 | 78,763 | +7 % | 84,497 |
| Scope 2 | 28,015 | - 25 % | 20,976 |
| Scope 3 | 197,096 | - 15 % | 167,499 |
| Total | 303,874 | - 10 % | 272,972 |

**Table 41: Overview of emissions reductions using the market-based method by 2030.**

| Scope (market-based method) | Emissions in t $CO_2$ eq. in 2021 | Change percentage | Emissions in t $CO_2$ eq. in 2030 |
|---|---|---|---|
| Scope 1 | 78,763 | + 7 % | 84,497 |
| Scope 2 | 57,059 | - 100 % | 0 |
| Scope 3 | 197,096 | - 15 % | 167,499 |
| Total | 332,918 | -24 % | 251,996 |

The projection of emissions up to 2030, taking into account planned production growth and without the implementation of energy efficiency measures, would amount to approximately 89,497 t $CO_2$ eq. By implementing energy efficiency measures, the Company would reduce emissions by approximately 5,000 t $CO_2$ eq. compared to the no-action scenario, thereby limiting the growth of absolute emissions to 84,497 t $CO_2$ eq. The target for Scope 1 is thus defined as a reduction in emissions relative to the no-action projection, while simultaneously managing the growth in emissions due to production expansion.

The carbon footprint for Scope 2 will be 25% lower than in 2021 according to the location-based method and 100% lower according to the market-based method:

- reduced by 15% due to the deployment of renewable energy sources,
- reduced by 10% due to efficient use of electricity,
- reduced by 75% due to the purchase of carbon-free and low-carbon electricity, according to the market-based method.

The carbon footprint of Scope 3 will be 15% lower than in 2021:

- due to a 13% reduction in emissions from Category 1 – procurement of materials and services,
- due to a 2% reduction in emissions from Categories 4 and 9 – transportation and logistics.

To adapt to climate change, we set two strategic objectives:

- a significant reduction in water abstraction from the Hudinja stream through the use of wastewater from the Tremerje WWTP after 2028,
- a 20% reduction in process water consumption by 2028, thereby adapting to droughts.

Through the project to fill the Za Travnik waste disposal facility by 2030, we will adapt to heavy rainfall that could cause landslides and flooding in the gypsum disposal area.

**The link between climate objectives and the management of identified risks**

The Company's climate objectives represent a key mechanism for managing physical and transition risks.

1. **Transition risk – political and legal decisions related to $CO_2$ emissions (EU ETS, regulations)**
   The targets for reducing Scope 1 and 2 emissions and increasing the share of renewable energy sources directly reduce the Company's exposure to the risk of higher emission allowance prices and stricter regulations. Reducing specific electricity and natural gas consumption lowers cost sensitivity to changes in legislation and carbon prices and limits the growth of residual risk.
2. **Transition risk – customer demands regarding carbon neutrality (the Novartis example)**
   The Scope 3 emission reduction targets and supply chain activities (reducing emissions from procurement and transportation) serve as a mechanism for maintaining competitiveness and market access. In this way, the Company reduces the risk of losing customers due to failure to meet environmental criteria.
3. **Physical risk – limited water supply during periods of drought**
   The objectives of reducing process water consumption and increasing internal recycling directly reduce exposure to the risk of reduced production capacity due to drought. These objectives serve as an adaptation mechanism for short-term physical risks.
4. **Physical risk – heavy rainfall, landslides, and dam stability**
   The climate change adaptation objectives (reducing water abstraction, filling in the Za Travnik area, and investing in the stability of barriers) represent a long-term measure to reduce the residual physical risk associated with extreme weather events.

**Table 42: Total GHG emissions broken down by Scope 1 and Scope 2 and material Scope 3.**

| | GHG emissions | Base year 2021[10] | 2024 | 2025 | 2028 | | 2030 | | Annual target in % / base year | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Calculation in 2024 | Correction for 2025 | Calculation in 2024 | Correction for 2025 | Calculation in 2024 | Correction for 2025 |
| **Scope 1 GHG emissions** | | | | | | | | | | |
| Scope 1 | Gross Scope 1 GHG emissions (t $CO_2$ eq.) | **78,763** | **74,180** | **76,209** | **80,996** | **83,219** | **84,497** | **84,497** | **+0,8** | **+0.8** |
| Scope 1 | Share of Scope 1 GHG emissions from regulated emissions trading schemes (%) | **/** | **/** | **/** | **/** | **/** | **/** | **/** | **/** | **0** |
| **Scope 2 GHG emissions** | | | | | | | | | | |
| Scope 2 | Gross location-based Scope 2 GHG emissions (t $CO_2$ eq.) | **28,015** | **24,297** | **25,561** | **23,656** | **22,527** | **20,976** | **20,976** | **/** | **-2.8** |
| Scope 2 | Gross market-based Scope 2 GHG emissions (t $CO_2$ eq.)* | **57,059** | **45,023** | **26,037** | **/** | **26,000** | **/** | **0** | **/** | **-11.1** |
| **Materiality of Scope 3 GHG emissions** | | | | | | | | | | |
| Scope 3 | Total gross indirect GHG emissions (t $CO_2$ eq.) | **197,096** | **181,664** | **174,972** | **193,153** | **173,646** | **194,731** | **167,499** | **-0.1** | **-1.7** |
| Scope 3.1 | Purchased goods and services | 155,125 | 141,857 | 131,417 | 152,022 | 136,670 | 153,264 | 131,950 | -0.1 | -1.7 |
| Scope 3.2 | Purchase/installation of fixed assets | 2,609 | 2,735 | 3,989 | 2,557 | 2,298 | 2,578 | 2,209 | -0.1 | -1.7 |
| Scope 3.3 | Activities related to energy sources | 9,522 | 9,103 | 8,084 | 9,332 | 8,389 | 9,408 | 8,066 | -0.1 | -1.7 |
| Scope 3.4 | Transport and distribution of purchased products/materials | 19,589 | 15,291 | 20,057 | 19,197 | 17,258 | 19,354 | 16,592 | -0.1 | -1.7 |
| Scope 3.5 | Waste management | 169 | 79 | 231 | 165 | 149 | 167 | 143 | -0.1 | -1.7 |
| Scope 3.6 | Business travel | 30 | 91 | 88 | 30 | 26 | 30 | 25 | -0.1 | -1.7 |
| Scope 3.7 | Transportation of employees to and from work | 1,263 | 720 | 957 | 1,237 | 1,112 | 1,247 | 1,069 | -0.1 | -1.7 |
| Scope 3.9 | Transportation for product shipment | 1,589 | 2,272 | 1,981 | 1,557 | 1,400 | 1,570 | 1,346 | -0.1 | -1.7 |
| Scope 3.10 | Further processing of products/services | 7,174 | 9,485 | 8,141 | 7,030 | 6,320 | 7,088 | 6,076 | -0.1 | -1.7 |
| Scope 3.12 | End-of-life product management | 27 | 31 | 27 | 26 | 24 | 26 | 23 | -0.4 | -1.7 |
| **Emissions intensity for Scope 1 emissions in t $CO_2$e/t of product** | | 1.2 | 1.2 | 1.2 | 1.1 | 1.2 | 1.2 | 1.2 | 0 | 0 |
| **Emissions intensity for Scope 2 emissions (location-based) in t $CO_2$e/t of product** | | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | -2.8 | -2.8 |
| **Emissions intensity for Scope 2 emissions (market-based) in t $CO_2$e/t of product** | | 0.9 | 0.7 | 0.4 | / | 0.4 | / | 0 | / | -100 |
| **Emission intensity for Scope 3 emissions in t $CO_2$e/t of product** | | 3.1 | 2.9 | 2.8 | 2.7 | 2.4 | 2.7 | 2.3 | -1.4 | -2.8 |
| **Total emission intensity in t $CO_2$e/t of product** | | 4.8 | 4.6 | 4.4 | 4.2 | 3.9 | 4.1 | 3.7 | -1.7 | -2.5 |

[10] **It was not the subject of any negative assurance.**

The Company established gross greenhouse gas (GHG) emission reduction targets, without including GHG removals, carbon credits, or avoided emissions as means to achieve these targets.

The 2030 emissions reduction target is defined as an absolute target at the level of the Company's total emissions (Scopes 1, 2, and 3 combined). For Scope 1, the target does not represent an absolute reduction in emissions, but rather a cap on emissions growth despite the planned increase in production. The 7% increase in Scope 1 emissions by 2030 is a result of the expansion of production capacity, with the Company using energy efficiency measures to limit emissions growth compared to a scenario without such measures.

The reduction in Scope 2 and 3 emissions represents an absolute reduction relative to the baseline year of 2021. The targets apply to emissions from Scopes 1, 2, and 3. The types of GHGs covered include $CO_2$, $N_2O$, and $CH_4$, which is consistent with the GHG reporting boundaries defined in accordance with disclosure [E1-6].

The Company uses intensity indicators as a tool to track progress, particularly in light of expected production growth. In 2021, the emissions intensity was 4.8 t $CO_2$e/t of product. In 2025, it will be 4.4 t $CO_2$e/t of product, representing a change of –8.3% compared to the baseline.

**Changes to objectives, indicators and methodology during the period**

During the 2025 reporting period, the Company did not change the climate objectives adopted as part of its sustainability strategy, did not change the scope of the objectives, reporting boundaries, or the categories of greenhouse gas emissions covered, and did not change the indicators (KPIs) used to monitor progress toward achieving the targets, did not recalculate the 2021 baseline year, and did not introduce any significant changes to data processes or internal controls related to target monitoring. The methodological update and recalculation of baseline values, carried out in 2024 due to the replacement of the tool and database for calculating GHG emissions, remain in effect and are applied consistently in 2025, without further changes.

**Progress toward achieving the objectives**

The Company monitors progress toward its climate objectives annually based on calculations of GHG emissions and energy indicators. This monitoring is based on the same methodology as that used for the baseline year of 2021.

**Objective: 10% reduction in total emissions by 2030 (location-based method)**
In 2025, total emissions amount to 276,742 t $CO_2$ eq., representing an 8.9% change compared to 2021. The current trend is consistent with the planned trajectory up to 2030.

**Objective: 19% RES**
The share of RES in 2025 stands at 5.1%, representing an increase of 2.2 percentage points compared to the baseline. The rate of RES deployment is in line with the plan.

**Objective: 12% reduction in specific electricity consumption**
Specific electricity consumption increased by 2.8% by 2025 compared to 2021. The trend is inconsistent. The increase is due to maintenance work carried out in the autumn of 2025, which worsened specific consumption; no additional measures are necessary.

**Objective: Prevent 10,400 tonnes of $CO_2$ eq. through energy efficiency measures.**
Thanks to URE, we have prevented 1,183 tonnes of $CO_2$ eq. by 2025. Achieving this objective is currently realistic.

**Objective: 19% reduction in specific natural gas consumption**
Specific natural gas consumption increased by 0.2% in 2025. The main reason for the increase in specific consumption was the overhaul carried out in the autumn of 2025, which worsened specific consumption.

**Objective: 36% reduction in transportation emissions**
Emissions from transportation had decreased by 86% by 2025 compared to the baseline.

The Company estimates that the 2030 objectives are achievable with additional measures, taking into account the planned growth in production.

The Company ensures that its objectives are consistent with the reporting thresholds by:
- including all of its controlled emissions in the carbon footprint calculation,
- setting reduction targets for each emissions scope based on measures,
- for Scopes 1 and 2, using energy consumption and applying appropriate emission factors, and for Scope 3 emissions, involving its suppliers to achieve the targets,
- introducing appropriate digital tools to monitor energy consumption,
- ensuring compliance with regulatory requirements.

As mentioned, the Company uses 2021 as the baseline year for its climate objectives and emissions reporting. Emissions data and progress prior to 2021 are not disclosed because they were not collected in sufficient scope and quality to enable comparable and ESRS-compliant reporting. All comparisons and progress tracking are based on the baseline year 2021.

2021 was the first year for which the Company has the necessary data. It was an average year in terms of production, and at the same time, an extended autumn overhaul was carried out that year; therefore, we cannot say that it was a year in which the carbon footprint was above average. The year 2022 is not suitable as a baseline year, as it was a record year in terms of sales and one of the highest production capacities. The carbon footprint would be exceptionally high in that year, and it would be relatively easy to demonstrate a reduction in the carbon footprint in subsequent years. The year 2023 is also not suitable, as it was one of the worst years in terms of titanium dioxide production. From May onward, we operated at only half capacity due to market conditions, and a major overhaul was also carried out in the autumn. The carbon footprint would be extremely low and would not reflect the actual situation. The year chosen is also appropriate from the perspective of environmental impacts. Emissions into the environment are the most realistic given the production capacities for that year (specific emissions).

The Company adopted a policy on revising the base year, which defines the conditions and materiality threshold for any recalculation of emissions for the base year 2021.

A recalculation is performed in the following cases:
- significant structural changes (acquisitions, divestitures, mergers),
- methodological changes (e.g., updates to emission factors or methodology),
- discovery of significant errors in the data.
- The following are considered significant changes:
- a change in Scope 1 and 2 emissions exceeding 10%,
- a change in Scope 3 emissions exceeding 20%.

If a base year adjustment is triggered, the Company recalculates the base year and adjusts historical data and target values accordingly. During the 2025 reporting period, there were no events that would require a base year adjustment.

The Company's objectives are not scientifically based and are not compatible with limiting global warming to 1.5 °C in accordance with the Paris Agreement. In setting its targets, the Company took into account production growth up to 2030 and the volume of production:
- 73,000 tonnes of titanium dioxide pigment, an increase of 14%, including 20 tonnes of ultrafine titanium dioxide,
- 215,000 tonnes of sulphuric acid production, an increase of 23%,
- 210,000 tonnes of white gypsum (CEGIPS), an increase of 25%,
- 2,500 tonnes of powder coatings, an increase of 85%,
- 11,000 tonnes of masterbatches, an increase of 110%,
- 2,350 tonnes of copper products, an increase of 55%,
- an 85% increase in production at BU Polimeri.

In the future, the Company will examine the possibility of scientifically validating its objectives, taking into account technological constraints and its business model.

All of the decarbonisation levers listed below were identified and quantified as part of the Company's sustainability strategy, where they are linked to the targets for reducing GHG emissions by 2030. Their implementation is scheduled in accordance with the Company's investment plan and represents key pillars for achieving the planned reduction in Scope 1 and 2 gross emissions.
- Efficient use of natural gas, 5,688 t $CO_2$ eq.
- Efficient use of electricity, 4,691 t $CO_2$ eq.
- Installation of a steam turbine for electricity generation, 4,719 t $CO_2$ eq.
- Purchase of carbon-free and low-carbon electricity (market-based method), 84,300 t $CO_2$ eq.
- Electricity generation from solar power plants, 1,985 t $CO_2$ eq.
- Assistance to suppliers in transitioning to technologies with a lower carbon footprint, 45,000 t $CO_2$ eq.
- Freight transport with a lower carbon footprint, 7,000 t $CO_2$ eq.

The quantitative contributions of individual decarbonisation levers were estimated based on emission factors that were also used in the calculation of the Company's carbon footprint, ensuring methodological consistency. To assess the impact of each measure, we used data on the expected savings in energy, fuel, or other emission sources and multiplied them by the corresponding emission factor (in t $CO_2$ eq.).

The calculations are based on the base year 2021 and reflect the difference between the "no action" scenario and the projected implementation of the measure. For Scope 2 emissions, we used a market-based approach in accordance with the standards of the GHG Protocol and the ESRS.

In identifying decarbonisation levers, the Company used the results of an analysis of several climate scenarios, including the SPP1–1.9 scenario, which is compatible with limiting global warming to 1.5 °C, the SSP1-2.6 scenario, and the SSP5–8.5 scenario, which represents an unfavourable trajectory with very high greenhouse gas emissions and pronounced and more frequent physical impacts of climate change.

Based on these scenarios, key trends and events that could affect the Company's business environment were identified:

- Environmental: higher prices for emission allowances, pressure to reduce $CO_2$ emissions in production;
- Social: increased expectations from employees and local communities regarding sustainable practices;
- Technological: the need to switch energy sources, the introduction of carbon capture technologies;
- Market-related: growing demand for low-carbon products and loss of competitiveness in carbon-intensive sectors;
- Political: EU regulations and pressure from financial institutions.

These trends formed the basis for identifying the Company's key decarbonisation levers, including:

- a gradual transition to renewable energy sources,
- reducing energy consumption and increasing the efficiency of existing systems,
- improving the environmental profile of existing products based on LCA (life cycle assessment) results.

**Table 43: Links between events, trends, and decarbonisation levers**

| Events | Trends | Decarbonisation levers |
|---|---|---|
| **Environmental** | Tighter emissions regulations (ETS), higher $CO_2$ prices | Energy efficiency, reduction of fossil fuel use |
| **Social** | Increased expectations regarding sustainability from employees, local communities, and customers | Employee awareness, improving the transparency of ESG communication, incorporating sustainability criteria into decision-making |
| **Technological** | Demand for low-carbon technologies, lack of technologies to reduce process emissions | Monitoring new technologies, pilot tests, long-term investments |
| **Marketing** | Demand for sustainable products, higher costs for carbon-intensive products | Optimisation of production phases with high emission intensity, based on the results of LCA analyses |
| **Political/regulative** | EU regulations, ESG expectations of financial institutions | Transition to renewable energy sources, improving the ESG profile to access financing |



## [E1-5] Energy consumption and mix

**Table 44: Energy consumption by energy source in 2021, 2024 and 2025**

| Energy source | Unit | 2021 [11] | 2024 | 2025 |
|---|---|---|---|---|
| (1) Consumption of fuel from coal and coal-derived products | MWh | 0 | 0 | 0 |
| (2) Consumption of fuel from crude oil and oil products | MWh | 1,531.1 | 1,447.8 | 1,379.0 |
| (3) Consumption of fuel from natural gas | MWh | 127,222.3 | 114,170.0 | 123,687.7 |
| (4) Consumption of energy from other fossil fuel sources | MWh | 0 | 0 | 0 |
| (5) Consumption of purchased or procured electricity, heat, steam and cooling from fossil fuel sources | MWh | 75,319.3 | 45,945.8 | 45,632.1 |
| **(6) Total fossil fuel energy consumption (sum of lines 1 to 5)** | **MWh** | **204,072.7** | **161,563.6** | **170,698.8** |
| **Share of fossil fuels in total energy consumption** | **%** | **49.6** | **41.0** | **43.7** |
| **(7) Consumption from nuclear sources** | **MWh** | **13,875.1** | **33,788.6** | **33,557.9** |
| **Share of consumption from nuclear sources in total energy consumption** | **%** | **3.4** | **8.6** | **8.6** |
| (8) Consumption of fuel from renewable sources, including biomass (including industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) | MWh | 450.3 | 539.9 | 600.3 |
| (9) Consumption of purchased or self-generated electricity, heat, steam, and cooling from renewable sources | MWh | 11,715.7 | 12,786.3 | 12,699.1 |
| (10) Consumption of self-generated energy from non-fuel renewable sources | MWh | 181,619.2 | 185,358.4 | 173,257.5 |
| **(11) Total energy consumption from renewable sources (sum of lines 8 to 10)** | **MWh** | **193,785.2** | **198,684.6** | **186,556.9** |
| **Share of renewable sources in total energy consumption** | **%** | **47.0** | **50.4** | **47.7** |
| **Total energy consumption (sum of lines 6, 7, and 11)** | **MWh** | **411,733.0** | **394,036.8** | **390,813.6** |

Energy consumption by energy source for 2021, 2024, and 2025 is calculated based on data from invoices for purchased energy and on data from meters entered into the information system. Table 44 lists the shares of electricity generated by category, based on data regarding the composition of primary sources for electricity generation provided by the electricity supplier. Since the composition of primary sources for electricity generation for 2025 will not be published until June 2026, we used data on the composition of primary sources for 2024 to determine the distribution of electricity consumption in 2025. Upon receipt of the data for 2025, we will adjust the values accordingly and publish them in the Company's annual report for 2026. The Company does not use coal or coal-derived products as fuel. We also have no energy consumption from other fossil sources that would fall under 'Energy consumption from other fossil sources'. Consumption of ELKO, gasoline, diesel fuel, and propane gas is included under 'Fuel consumption from crude oil and petroleum products'.

[11] **It was not the subject of any negative assurance.**

The energy data was not independently audited or verified by an external body. In the future, we will explore the possibility of independent verification to improve the reliability of our reporting.

During the reporting period, the Company did not generate energy from non-renewable sources; all of its own energy production comes exclusively from renewable sources.

**Table 45: Electricity generation from own sources**

| Electricity generation from own sources | 2021 [12] | 2024 | 2025 |
|---|---|---|---|
| MWh | 0 | 4,423.6 | **6,966.1** |

The Company does not generate its own energy from non-renewable sources.

Energy intensity (see Table 46) is expressed in MWh/EUR and calculated as the ratio of total energy consumption (numerator) to net revenue (denominator).

The data on the Company's net revenue is as follows:
- 2021: EUR 192,462,100,
- 2024: EUR 200,285,413,
- 2025: EUR 198,801,281.

Total energy consumption:
- 2021: 411,733.0 MWh,
- 2024: 394,036.8 MWh,
- 2025: 390,813.6 MWh.

**Table 46: Energy intensity of Cinkarna Celje d.d. for 2021, 2024 and 2025**

| Indicator | 2021 [13] | 2024 | 2025 |
|---|---|---|---|
| Energy intensity of the Company in MWh/EUR | 0.002139 | 0.001967 | **0.001965** |

**Formula: EIC = Total energy consumption from operations (MWh) / Net revenue (EUR) [E1-5 41]**

High-impact climate sectors are industries that contribute significantly to GHG emissions and environmental impact, while also playing a key role in the transition to a low-carbon economy. In accordance with the EU NACE classification of economic activities, the Company is classified under C 20 – Manufacture of chemicals and chemical products, specifically under 20.12 – Manufacture of dyes and pigments. Based on Delegated Regulation (EU) 2022/1288, which supplements the EU Low Carbon Benchmark Regulation (EU BMR), the chemical and pigment manufacturing sector is classified as a high-carbon industry. The entire operations of the Company thus fall within a sector with a high climate impact, which requires systematic measures to reduce GHG emissions and transition to sustainable production processes.

Revenue for 2025 corresponds to the income statement item 'Revenue from contracts with customers', which amounts to EUR 198,801,281 (in 2024, it amounted to EUR 200,285,413).

[12] **It was not the subject of any negative assurance.**
[13] **It was not the subject of any negative assurance.**



## [E1-6] Gross Scopes 1, 2, 3 and total GHG emissions

For 2021, we calculated the Company's carbon footprint in accordance with the GHG Protocol for Scopes 1, 2, and 3. The Company's carbon footprint report serves as a basis for making important business decisions going forward.

The Company's carbon footprint was calculated by external contractors based on the guidelines, recommendations, and principles defined in the standard for calculating the carbon footprint at the organisational level, EN ISO 14064-1:2019, and the TGP Protocol. The reference year for the data collected and used in the carbon footprint calculation is 2021.

In 2025, the Company allocated EUR 343,523 to carbon neutrality initiatives, representing 1.8% of the Company's total investments in 2025.

**Table 47: $CO_2$-equivalent emissions—Scopes 1, 2, and 3, calculated using the location-based and market-based methods, 2021** [14]

| Scope | $CO_2$-equivalent emissions in 2021 using the location-based method | $CO_2$-equivalent emissions in 2021 using the market-based method |
|---|---|---|
| Scope 1 | 78,763 | 78,763 |
| Scope 2 | 28,015 | 57,059 |
| Scope 3 | 197,096 | 197,096 |
| Total | 303,874 | 332,918 |

**Table 48: $CO_2$-equivalent emissions—Scopes 1, 2, and 3, calculated using the location-based and market-based methods, 2024**

| Scope | $CO_2$-equivalent emissions in 2024 using the location-based method | $CO_2$-equivalent emissions in 2024 using the market-based method |
|---|---|---|
| Scope 1 | 74,180 | 74,180 |
| Scope 2 | 24,297 | 45,023 |
| Scope 3 | 181,664 | 181,664 |
| Total | 280,141 | 300,867 |

**Table 49: $CO_2$-equivalent emissions—Scopes 1, 2, and 3, calculated using the location-based and market-based methods, 2025**

| Scope | $CO_2$-equivalent emissions in 2025 using the location-based method | $CO_2$-equivalent emissions in 2025 using the market-based method |
|---|---|---|
| Scope 1 | 76,209 | 76,209 |
| Scope 2 | 25,561 | 26,037 |
| Scope 3 | 174,972 | 174,972 |
| Total | 276,741 | 277,218 |

[14] **It was not the subject of any negative assurance.**

**Table 50: Scope 3 categories for the base year 2021**[15]

| Scope 3 categories | Emissions [t $CO_2e$] | % |
|---|---|---|
| Cat 1 - Purchased Goods and Services | 155,125 | 78.58 |
| Cat 2 - Capital Goods | 2,609 | 1.32 |
| Cat 3 - Fuel- and Energy-Related Activities | 9,522 | 4.99 |
| Cat 4 - Upstream Transportation and Distribution | 19,589 | 9.92 |
| Cat 5 - Waste Generated in Operations | 169 | 0.09 |
| Cat 6 - Business Travel | 30 | 0.02 |
| Cat 7 - Employee Commuting | 1,263 | 0.64 |
| Cat 8 - Upstream Leased Assets | not relevant | not relevant |
| Cat 9 - Downstream Transportation and Distribution | 1,589 | 0.80 |
| Cat 10 - Processing of Sold Products | 7,174 | 3.63 |
| Cat 11 - Use of Sold Products | not relevant | not relevant |
| Cat 12 - End-of-Life Treatment of Sold Products | 27 | 0.01 |
| Cat 13 - Downstream Leased Assets | not relevant | not relevant |
| Cat 14 - Franchises | not relevant | not relevant |
| Cat 15 - Investments | not relevant | not relevant |
| **Total** | **197,096** | **100** |

**Table 51: Scope 3 categories for 2024**

| Scope 3 categories | Emissions [t $CO_2e$] | % |
|---|---|---|
| Cat 1 - Purchased Goods and Services | 141,857 | 78 |
| Cat 2 - Capital Goods | 2,735 | 1.51 |
| Cat 3 - Fuel- and Energy-Related Activities | 9,103 | 5 |
| Cat 4 - Upstream Transportation and Distribution | 15,291 | 8 |
| Cat 5 - Waste Generated in Operations | 79 | 0.04 |
| Cat 6 - Business Travel | 91 | 0.05 |
| Cat 7 - Employee Commuting | 720 | 0.39 |
| Cat 8 - Upstream Leased Assets | not relevant | not relevant |
| Cat 9 - Downstream Transportation and Distribution | 2,272 | 1 |
| Cat 10 - Processing of Sold Products | 9,485 | 5 |
| Cat 11 - Use of Sold Products | not relevant | not relevant |
| Cat 12 - End-of-Life Treatment of Sold Products | 31 | 0.02 |
| Cat 13 - Downstream Leased Assets | not relevant | not relevant |
| Cat 14 - Franchises | not relevant | not relevant |
| Cat 15 - Investments | not relevant | not relevant |
| **Total** | **181,664** | **100** |

[15] **It was not the subject of any negative assurance.**

**Table 52: Scope 3 categories for 2025**

| Scope 3 categories | Emissions [t $CO_2e$] | % |
|---|---|---|
| Cat 1 - Purchased Goods and Services | 131,417 | 75.1 |
| Cat 2 - Capital Goods | 3,989 | 2.3 |
| Cat 3 - Fuel- and Energy-Related Activities | 8,084 | 4.6 |
| Cat 4 - Upstream Transportation and Distribution | 20,057 | 11.5 |
| Cat 5 - Waste Generated in Operations | 231 | 0.1 |
| Cat 6 - Business Travel | 88 | 0.1 |
| Cat 7 - Employee Commuting | 957 | 0.5 |
| Cat 8 - Upstream Leased Assets | not relevant | not relevant |
| Cat 9 - Downstream Transportation and Distribution | 1,981 | 1.1 |
| Cat 10 - Processing of Sold Products | 8,141 | 4.7 |
| Cat 11 - Use of Sold Products | not relevant | not relevant |
| Cat 12 - End-of-Life Treatment of Sold Products | 27 | 0.01 |
| Cat 13 - Downstream Leased Assets | not relevant | not relevant |
| Cat 14 - Franchises | not relevant | not relevant |
| Cat 15 - Investments | not relevant | not relevant |
| **Total** | **174,972** | **100** |

**Tabela 53: Viri emisijskih faktorjev**

| Scope | 2021[16] | 2025 |
|---|---|---|
| Scope 1 | Sphera MLC Database, DEFRA Database | Sphera MLC Database - 2025.2 - Sphera Calculation; DEFRA - 2025 |
| Scope 2 | Sphera MLC Database (lokacijska metoda); AIB Residual Mixes (tržna metoda) | Sphera MLC Database - 2025.2 - Sphera Calculation; AIB residual mix 2024 |
| Scope 3 Cat 1 - Purchase of materials and services | Sphera MLC Database; SupplyChainGHGEmissionFactors_v1.3 by NAICS-6 | Sphera MLC Database - 2025.2; SupplyChainGHGEmissionFactors_v1.4 by NAICS-6; Supplier specific emission factor for ilmenit |
| Scope 3 Cat 2 - Purchase/ installation of fixed assets | SupplyChainGHGEmissionFactors_v1.3 by NAICS-6 | SupplyChainGHGEmissionFactors_v1.4 by NAICS-6 |
| Scope 3 Cat 3 - Activities related to energy | Sphera MLC Database, DEFRA - GHG reporting: conversion factors 2021 | Sphera MLC Database - 2025.2 - Sphera Calculation; DEFRA - GHG reporting: conversion factors 2025 |
| Scope 3 Cat 4 - Transportation and distribution of purchased products/materials | Sphera MLC Database; SupplyChainGHGEmissionFactors_v1.3 by NAICS-6 | Sphera MLC Database - 2025.2Sphera; SupplyChainGHGEmissionFactors_v1.4 by NAICS-6 |
| Scope 3 Cat 5 - Waste management | Sphera MLC Database | Sphera MLC Database - 2025.2 |
| Scope 3 Cat 6 - Business travel | DEFRA - GHG reporting: conversion factors 2021 | https://www.hotelfootprints.org/ DEFRA - GHG reporting: conversion factors 2025 |
| Scope 3 Cat 7 - Transportation of employees to and from work | DEFRA - GHG reporting: conversion factors 2021 | DEFRA - GHG reporting: conversion factors 2025 |
| Scope 3 Cat 9 - Transportation during product shipment | Sphera MLC Database | Sphera MLC Database - 2025.2 |
| Scope 3 Cat 10 - Further processing of products/ services | Sphera MLC Database; Knauf EPD | Sphera MLC Database - 2025.2 - Sphera Calculation; Knauf EPD |
| Scope 3 Cat 12 - End-of-life product management | Sphera MLC Database | Sphera MLC Database - 2025.2 - Sphera Calculation |

Scope 1 GHG emissions include all direct GHG emissions from energy consumption in the Company's own operations, calculated in accordance with the GHG Protocol. Energy consumption includes all direct energy sources (natural gas and fuel oil) at our own sites (production facilities, warehouses, and offices) and for our own vehicles. GHG emissions are calculated as energy consumption multiplied by the corresponding emission factors.

GHG emissions under Scope 2 include indirect GHG emissions from the generation of electricity that is purchased and consumed, calculated in accordance with the GHG Protocol. The location-based method and the market-based method are calculated by multiplying the amount of purchased energy by country-specific emission factors. The market-based method accounts for renewable electricity purchased through power purchase agreements (PPAs) or renewable energy certificates (RECs) or guarantees of origin (GoOs).

[16] **It was not the subject of any negative assurance.**



The Company reduced its emissions by purchasing carbon-free energy certificates from a nuclear power plant. Based on the certificate of revocation of certificates of origin for electricity issued by the Energy Agency of the Republic of Slovenia, it was confirmed in 2025 that 31,260 MWh of electricity was generated in nuclear power plants. This represents 31.7% of total electricity consumption.

Scope 3 GHG emissions include indirect GHG emissions from upstream and downstream supply chains.

Scope 3 emissions are calculated in accordance with:
- GHG Protocol Corporate Value Chain (Scope 3) Standard,
- Scope 1 & 2 GHG Inventory Guidance.

Most Scope 3 emissions are calculated based on secondary data and model databases (Sphera MLC Database, DEFRA, and other specialised databases), as primary data from suppliers is not systematically available. Primary data from suppliers was used only for ilmenite, which accounts for approximately 0.93% of Scope 3 emissions.

The Company does not report Scope 3 emissions in the following categories:
- Category 8 – Leasing of assets in the supply chain: We do not lease premises or other assets, so this category is excluded.
- Category 11 – Use of products/services during their life cycle: this category is not relevant to the Company, as its products do not cause direct emissions during the use phase, but contribute to indirect emissions during the use phase. In accordance with the GHG Protocol, reporting on indirect emissions during the use phase is optional. Therefore, this category is excluded.
- Category 13 – Leased assets in the sales and distribution chain: The Company does not manage leased assets outside its organisational boundaries. All relevant assets are either owned by the Company or under its operational control. Therefore, Scope 3 of Category 13 is not relevant to the Company's operations and is excluded from the Scope 3 emissions inventory.
- Category 14 – Franchises: The Company does not operate franchises; therefore, this category is excluded from the emissions inventory.
- Category 15 – Investments: The Company has no investments that would be outside its organisational boundaries or operational control. Therefore, this category is excluded from the emissions inventory. Investments in machinery and equipment are included in Scope 2. Scope 3 data involves a higher degree of measurement uncertainty, as it is based on indirect data.

The Company reports Scope 3 emissions in the following categories:
- Category 1 – Purchase of materials and services: Includes emissions from the extraction and processing of raw materials and indirect materials, as well as from third-party manufacturing and other goods and services.
- Category 2 – Purchase/installation of fixed assets: Includes emissions from investments in construction, installation, maintenance, and repairs, calculated based on the corresponding consumption of resources.
- Category 3 – Energy-related activities: Includes emissions resulting from the extraction, processing, and transport of purchased fuels and energy not included in Scopes 1 and 2.
- Category 4 – Transportation and distribution of purchased products/materials: Includes emissions related to the transportation of raw materials purchased and products sold by the Company that are not owned by the Company
- Category 5 – Waste management: emissions from external waste management of waste generated by the Company. Emissions are calculated based on the weight of waste generated and the type of waste.
- Category 6 – Business travel: emissions from employee business travel financed by the Company through reimbursement of various transportation costs (travel expenses) and reimbursement of accommodation and meal costs. Emissions are calculated based on travel agency reports for air travel and financial data for other activities. Travel data from 2022 was used to represent a typical business year for the Company, as 2021 was impacted by the COVID-19 pandemic.
- Category 7 – Transportation of employees to and from work: Emissions from employees' commuting between home and the workplace.
- Category 9 – Transportation during product shipment: Emissions from distribution carried out by third parties and not financed by the Company.
- Category 10 – Further processing of products/ services: Emissions resulting from the further processing of our sold products. When calculating the carbon footprint, due to a lack of accurate data from customers, we rely on experience and reasonable assumptions.
- Category 12 – End-of-life product management: Emissions from the processing of sold products at the end of their life cycle, including the Company's packaging materials.

The emissions data has not been independently audited or verified by an external body. In the future, we will explore the possibility of independent verification in accordance with the ESRS standards and the GHG Protocol to improve the transparency and reliability of our reporting.

**Table 54: Gross Scope 1 GHG emissions**

| Scope | Emissions in t $CO_2$ eq. for 2021[17], location-based method | Emissions in t $CO_2$ eq. for 2024, location-based method | Emissions in t $CO_2$ eq. for 2025, location-based method |
|---|---|---|---|
| Scope 1 | 78,763 | 74,180 | 76,209 |
| Scope 1 GHG emissions from regulated emissions trading systems | 25,376 | 23,273 | 24,397 |

The Company participates in the European Union Emissions Trading System (EU-ETS). In 2025, 32.01% of Scope 1 emissions were covered by the regulated emissions trading system. The Company does not participate in any other national or international emissions trading schemes.

The Company does not use carbon credits or voluntary carbon offsets to meet its emission reduction targets. Allowances surrendered or used under the EU-ETS represent a regulatory obligation and do not count as carbon offsets for the purposes of meeting these targets.

Emission allowances received, used, and sold are shown in Table 55.

**Table 55: Presentation of allowances received, used, and sold for carbon offsetting purposes**

| EU-ETS Emissions Trading | 2021[18] | | 2024 | | 2025 | |
|---|---|---|---|---|---|---|
| | No. of allowances | Value (EUR) | No. of allowances | Value (EUR)* | No. of allowances | Value (EUR) |
| Received allowances | 40,397 | 1,321,790 | 36,788 | 2,394,899 | 36,788 | 3,082,467 |
| Sold allowances | 13,000 | 436,560 | 0 | 0 | 0 | 0 |
| Used allowances | 25,376 | 830,303 | 26,882 | 1,750,018 | 24,397 | 2,044,225 |

***values calculated based on the last known market price of the allowance in the year in question**

All received allowances relate to Scope 1 emissions. These allowances account for 32% of Scope 1 emissions.

In the reporting year 2025, biogenic $CO_2$ emissions from the combustion or biodegradation of biomass, which are not included in Scope 1 GHG emissions, amounted to 7.03 t $CO_2$. Biogenic emissions for 2024 amounted to 24 t of $CO_2$. These emissions are disclosed separately for informational purposes and are not included in total GHG emissions, in accordance with ESRS E1-6.

The breakdown of primary energy sources provided by the electricity supplier for 2024 shows that the carbon dioxide emission factor is 381,555 g $CO_2$/kWh, while for the Company this factor is 352,320 g $CO_2$/kWh. The value for 2025 will be known by the end of June 2026.

Electricity generated in nuclear power plants is treated the same as energy generated from renewable sources; therefore, it is considered low-carbon.

Primary emissions data obtained from suppliers and other partners in the value chain is not included in the baseline calculation for Scope 3.

The Company does not have data on biogenic $CO_2$ emissions from the combustion or biodegradation of biomass generated within the value chain and not included in Scope 3 GHG emissions.

The Company assessed that emissions associated with outsourced IT services are not material, given their financial scope and in comparison to emissions from the procurement of raw materials and energy sources. Most of the IT infrastructure is hosted on the Company's own servers, whose electricity consumption is already included in Scope 2 emissions.

[17] **It was not the subject of any negative assurance.**
[18] **It was not the subject of any negative assurance.**



**Due to the negligible impact on total GHG emissions, emissions from cloud services were not quantified separately.GHG intensity**

**Table 56: Total GHG emissions relative to net revenue**

| Indicator | 2021[19] | 2024 | 2025 |
|---|---|---|---|
| GHG intensity in $tCO_2$/EUR (location-based method) | 0.00158 | 0.00139 | 0.00139 |
| GHG intensity in $tCO_2$/EUR (market-based method) | 0.00173 | 0.00150 | 0.00139 |

The Company does not exclude any portion of net revenue from the calculation of GHG emission intensity. All operating revenue is included in the calculation; therefore, the value of indicator E1-6.35 is: EUR 198,801,281. Net revenue for 2025, used to calculate GHG intensity, is aligned with the income statement item 'Revenue from contracts with customers', which amounts to EUR 198,801,281, and EUR 200,285,413 for 2024 (see Note 20 in the financial section of the report). Net revenue for the 2021 financial year amounted to EUR 192,462,100.

### [E1-7] GHG removal and GHG reduction projects financed with carbon credits

In 2025, the Company had no projects to reduce GHG emissions financed by carbon credits.

### [E1-8] Internal carbon pricing

The Company does not use an internal carbon pricing scheme when making decisions or promoting the implementation of climate-related objectives and policies.

### [E1-9] Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The Company conducted an assessment of long-term climate impacts, including rising temperatures, drought, and water scarcity. Based on the assessment, it was determined that the following assets could be materially affected: Celje site, titanium dioxide production plant (risks identified in Table 55). The risks relate to:

- limited supply of process water during dry periods (short-term),
- failure of the barrier due to extreme rainfall (long-term).

Based on an assessment of transition risks associated with climate policies, technological changes, and shifts in demand resulting from the transition to a low-carbon economy, the Company identified the following activities that are exposed to material transition risks:

- Titanium dioxide production: subject to regulatory changes (e.g., stricter emissions requirements, higher $CO_2$ costs).

Net revenue from activities involving material transition risks amounts to: EUR 168,872,162, representing 85% of the Company's net revenue. If events related to these risks occur, they will have a negative impact on the income statement and, consequently, on the Company's cash flow and statement of financial position.The calculations of gross and residual risks in the table below are based on estimated production costs and losses. The calculation takes into account fixed costs per tonne of $TiO_2$.

Gross risk refers to the amount of risk before risk management measures are applied, while residual risk refers to the amount remaining after risk management measures have been implemented. If the probability is greater than once a year, the risk is doubled.

[19] **It was not the subject of any negative assurance.**

**Table 57: Acute physical risks**

| RISK | PERIOD | GROSS RISK IN EUR | RESIDUAL RISK IN EUR | RISK CLASSIFICATION |
|---|---|---|---|---|
| Heavy rainfall caused by climate change (floods, landslides) that could lead to the collapse of barriers | LONG-TERM | 267,000,000 | 11,675,000 | FIZIČNO |

**Tabela 58: Kronična fizična tveganja**

| RISK | PERIOD | GROSS RISK IN EUR | RESIDUAL RISK IN EUR | RISK CLASSIFICATION |
|---|---|---|---|---|
| Limited supplies of process water during dry periods | SHORT-TERM | 7,098,000 | 2,770,000 | PHYSICAL |

The monetary amount of assets subject to significant acute physical risk prior to the implementation of adaptation measures is EUR 267 million, representing 102% of the Company's balance sheet total as at 31 December 2025. The monetary amount of assets subject to a significant chronic physical risk prior to adjustment measures amounts to EUR 7.1 million, representing 2.7% of the Company's total assets as at 31 December 2025.

The Company identified the assets and business activities exposed to material transition risks and linked these amounts to the relevant items in the Company's statement of financial position. The connection includes the gross value of the assets, the residual risk value, and the relevant accounting categories where these assets are reported.

The total book value of assets exposed to chronic physical risks amounts to EUR 61,475,578 (at the end of 2024, the value of these assets was EUR 59,541,095). The proportion of assets exposed to chronic risks amounts to 23.5% (21.9% in 2024).

**Table 59: Connection between transition risk assets and the Company's financial statements**

| Item | Description | Amount exposed to transition risks | Corresponding line item in the financial statements | Note |
|---|---|---|---|---|
| **Assets** | Assets of the core product | 61,475,578 EUR | Statement of financial position → Intangible and tangible fixed assets (Production equipment and machinery with other equipment) | Assets directly involved in production that is exposed to transition risk. |
| **Income** | Net income of the core product | 168,872,162 EUR | Income statement → Income from contracts with customers | Income from products exposed to transition risks (regulatory, market, or technological). |
| **Ratio to balance sheet total** | Assets of the core product / total assets | 24 % | Statement of financial position → Assets of the core product/total assets | Shows the proportion of assets that is potentially exposed to transition risks. |

The amounts of assets and revenues subject to transition risks are fully consistent with the amounts reported in the audited financial statements. The Company uses a reconciliation table to track the impact of transition risks on its financial position and operating performance.

The remaining value of both risks represents 5.5% of the Company's total assets; as at 31 December 2024, it amounted to 5.3%. The residual value of acute physical risk represents 4.5% of the Companys total assets as at 31 December 2025 (and 4.3% as at 31 December 2024). The residual value of the chronic physical risk represents 1.1% of the Company's total assets as at 31 December 2025 (and 1% as at 31 December 2024).

Adaptation measures (alternative water sources, monitoring, and stabilisation of the barrier) reduce potential financial losses by more than 95%, with the remaining exposure after implementation of the measures estimated at 5.5% of total assets.

The Company's material assets, which are exposed to physical risk prior to the implementation of adaptation measures, are located in the EU within the NUTS 3 region SI034–Savinjska. This primarily concerns the key production complex and its associated infrastructure, which are exposed to chronic physical risks associated with long-term water shortages and rising average temperatures.

The proportion of assets covered by the measures amounts to 62% ($TiO_2$ assets).

A cash amount of EUR 168,872,162 or 84.9% of net sales revenue from the core product $TiO_2$ relative to the Company's total income is income from business activities involving significant physical risks in the short-, medium-, and long-term. For more details, see Chapter IV, Segment reporting, in the financial section of the report.

**Limited supply of process water during dry periods**

We conducted a financial assessment of the sustainability-related risks and opportunities that our Company faces. In doing so, we took into account the interconnections between impacts and dependencies, recognising that drought could lead to water supply restrictions, as flow rates during such periods could fall below the ecologically acceptable flow rate, which represents the lower limit for the pumping permit in the water permit. A suspension of pumping would mean an immediate halt to the production of titanium dioxide, which is the Company's flagship product. Based on past drought periods and climate projections, there is a likelihood that a drought could result in a 30-day production outage. The Company holds a permit that also allows it to use drinking water in its production process. Due to technical limitations, the capacity is 120 $m^3$ of water per hour, which is insufficient for maximum production but means that the Company would produce a relatively smaller number of tonnes each day. This would result in an increase in fixed costs for 30 days, which could amount to EUR 2,770,000 annually, negatively impacting our financial situation.

The risk was assessed based on data on the flow of the Hudinja river and climate projections (ARSO, IPCC), with the financial impact estimated using the average daily loss of production and fixed costs at reduced capacity. In terms of time horizon, this is a short-term risk.

**Heavy rainfall caused by climate change (floods, landslides) that could lead to the collapse of barriers**

The estimated fixed costs would amount to EUR 61,445,532 plus the cost of barrier restoration.
The remediation is calculated based on the spill that occurred in Hungary in 2010 at the Ajka plant, when 1.1 million m3 of red sludge spilled from a similar dam. The remediation cost was EUR 141 million at the time; adjusted for today's value, that would be approximately EUR 196 million. Given that the pH was high there and the environmental damage was enormous, such remediation would not be necessary; however, in our case, 2 to 3 times more material could be spilled.

The assessment is based on internal engineering modelling, the volumes of water and sediment involved, and a comparable historical event (Ajka, 2010). The scenario involves a low probability but a very high impact, making it a long-term physical risk with high materiality.

The Company estimates that the assets of its core product, $TiO_2$, which amounted to EUR 61,475,578 as at 31 December 2025 (compared to EUR 59,541,459 as at 31 December 2024), are exposed to a material physical risk previously identified. To mitigate this risk, the Company has planned an investment in the use of process water from the Tremerje Wastewater Treatment Plant and the replacement of the water source from the Hudinja river in the amount of EUR 12,100,000 as part of its five-year business strategy, which will not alter the expected useful life of existing fixed assets. The investment will be completed by 2028 and financed from the Company's own funds.

**Table 60: Transition risk**

| RISK | PERIOD | GROSS RISK IN EUR | RESIDUAL RISK IN EUR | RISK CLASSIFICATION |
|---|---|---|---|---|
| Political and legal decisions regarding emissions of $CO_2$ eq. | LONG-TERM | 4,800,000 | 1,200,000 | TRANSITION |

EUR 4.8 million is the monetary amount at which there is a material transition risk in the short-, medium-, and long-term, before taking into account climate change mitigation measures.

The Company's operating expenses will increase by EUR 4.8 million, which will have a negative impact on the income statement in the long term after 2030 in the amount of EUR 4.8 million; however, this exceeds the five-year period covered by the established business strategy.

As at 31 December 2025, the proportion of assets subject to significant transition risk that are addressed through climate change mitigation measures amounts to 62% (the proportion of the flagship product's assets in total assets).

The Company conducted a comprehensive analysis of the business model's resilience to climate risks across three reference scenarios (SSP1-1.9, SSP1-2.6, and SSP5-8.5), in accordance with the TCFD framework and ESRS E1 requirements, and this is discussed in greater detail in section [SBM-3] Material impacts, risks and opportunities, and their relationship to the strategy and business model.

The effects on future financial performance are primarily reflected in:

- a potential increase in the cost of emission allowances,
- increased investment needs for technological adaptation,
- an impact on the cost structure of the supply chain,
- the risk of fluctuations in demand.

As mentioned in section 5.2.2.2, the time horizon of the analysis is aligned with the sustainability strategy up to 2030.

Based on the stress test analysis, the Company did not identify any assets for which a material risk of stranded costs is expected in the period up to 2030, as the technological transition is expected to be gradual and is aligned with the assets' investment cycle.

The Company uses energy-intensive assets with a long useful life (calcination furnace, dryers) with a current value of EUR 0.8 million; their estimated book value by 2030 and 2050 will be zero, as the assets will be fully depreciated.

Based on a climate risk resilience analysis conducted using the SSP1-1.9, SSP1-2.6, and SSP5-8.5, the Company assessed that assets related to its core product, $TiO_2$, are exposed to significant transition risk, primarily due to the energy intensity of production, exposure to emissions trading costs, and regulatory requirements for the transition to a low-carbon economy.

The book value of these assets as at 31 December 2025 is EUR 61,475,578.

The Company defines the medium-term as the period from 1 to 5 years, in line with its sustainability strategy, and the long-term as the period from 5 years onwards, in line with climate scenarios. This timeframe is aligned with the expected useful life of key production assets, which extends beyond 2030.

Based on a scenario analysis, the Company estimates that, upon implementation of the planned investments in energy efficiency and renewable energy sources totalling EUR 25,023,111 by 2030, it does not expect a need for early retirement or impairment of assets with an unamortised book value.

The investments are included in the 2024–2028 business strategy and the extended investment period up to 2030, and are financed from the Company's own resources. The Company also discloses the value of real estate (buildings) related to energy efficiency in the amount of EUR 38,469,429. The energy efficiency of these assets is based on internal assessments and energy consumption monitoring. No formal classification by energy efficiency class was performed.

The financial statements do not recognise any liabilities arising from the expected financial effects of material transition risks in the short-, medium-, or long-term.

A cash amount of EUR 168,872,162 EUR or 84.9% of net sales revenue from the core product $TiO_2$ relative to the Company's total income, represents revenue from business activities subject to significant volatility risk in the short-, medium-, and long-term. See section IV 'Reporting by segment' in the financial section of the report.

The carrying amount of the $TiO_2$ product as at 31 December 2025 is EUR 61,475,578, which represents a portion of the assets reported in the Company's statement of financial position under the item 'Tangible fixed assets'. Sales revenue of EUR 168,872,162 or 84.9% of net sales revenue from the core product $TiO_2$ relative to the Company's total income represents revenue from business activities involving significant physical and significant transitory risks in the short-, medium-, and long-term periods. See section IV 'Reporting by segment' in the financial part of the report and the income statement item 'Income from contracts with customers' (income from the core product is included in the Company's total income in the amount of EUR 198,801,281).

The assumptions used to assess the projected financial effects of significant physical and transition risks (including emission allowance prices, energy prices, planned investments, expected production growth, and the useful life of assets) are consistent with the assumptions used in the preparation of the Company's financial statements for 2025 and in the preparation of strategic projections for the 2024–2028 period.

Climate risks were taken into account in the assessment of future cash flows and the evaluation of potential asset impairments. As at 31 December 2025, the Company did not recognise any asset impairments, changes in useful lives, or additional provisions related to climate risks, as it assesses that the planned measures and investments enable the management of identified risks within the framework of expected business results.

With regard to the Emissions Trading Scheme (EU ETS), the Company recognises any liabilities arising from emission allowances in accordance with applicable accounting standards and the disclosures in the financial section of the annual report (see Note 4 'Other non-current assets' and Note 25 'Impact of climate change on the financial statements' in the financial section of the report). Expected long-term impacts of emission allowance prices extending beyond the period of the current business strategy are not included in the financial statements but represent scenario-based estimates of future exposure. Any changes in carbon prices or regulations will be appropriately reflected in the period when the conditions for recognising a liability are met. More detailed information regarding the status of allowances is shown in Table 53: Presentation of allowances received, used, and sold for carbon offsetting purposes.

As part of its efforts to implement climate change mitigation measures, the Company identified opportunities to reduce costs, primarily through improvements in energy efficiency and the optimisation of energy use.

The nature of the expected savings stems from:
- a reduction in electricity consumption,
- a reduction in natural gas consumption,
- an increase in the share of renewable energy sources,
- a reduction in exposure to price volatility of energy sources and emission allowances.

Savings are expected to materialise gradually in the period up to 2030, in line with the Company's investment plan.

The evaluation methodology is based on:
- an analysis of the expected reduction in energy consumption (in MWh),
- the use of average energy prices during the reference period,
- scenario assumptions regarding energy price trends and regulatory changes,
- a comparison of the »no-action« scenario and the scenario with measures implemented.

The estimated savings depend on future energy prices, regulatory conditions, and production volumes; therefore, they represent estimates that involve a certain degree of uncertainty. Due to business sensitivity, the Company does not disclose the detailed financial effects of individual measures, but estimates in aggregate that the measures contribute significantly to increased energy efficiency and long-term cost stability.

The Company assessed the potential changes in net revenue from low-carbon products and adaptation solutions based on:
- analysis of the existing product portfolio,
- projected production growth up to 2030,
- market trends in the titanium dioxide industry,
- EU regulatory requirements regarding the carbon footprint of products,
- results of the LCA analysis.

The assessment covers the period up to 2030 and is based on the assumption that the structure of the sales portfolio will not change significantly, but rather that the focus will be on improving the carbon footprint of existing products.

The Company does not currently anticipate any significant changes to its product portfolio or a substantial increase in revenue from new low-carbon products, as it remains focused on optimising the carbon intensity of its existing products.

The market for low-carbon materials is accessible to the Company through its existing customers and sales channels; however, it does not currently represent a separate or additional source of income, but rather a competitive advantage within the existing business model. Potential changes in regulations or demand for certified low-carbon products could affect the future income structure.

The financial impacts of physical and transition risks were assessed based on a scenario analysis that includes:
- an estimate of the probability of the event occurring,
- an estimate of the duration of the interruption or reduction in production,
- a calculation of the loss of revenue based on fixed costs per tonne of $TiO_2$ produced,
- an estimate of remediation costs or additional operating costs.

For acute risks, the approach used was based on gross risk (before measures) and residual risk (after measures were implemented).

Key assumptions include:
- an unchanged production structure,
- current regulatory conditions,
- average market prices for emission allowances,
- technical feasibility of the planned measures.

Limitations of the methodology:
- uncertainty in climate scenarios,
- uncertainty in energy and allowance price trends,
- use of historical reference events,
- failure to account for secondary macroeconomic effects.

The financial risk assessments were prepared internally by the Company's specialist departments. The financial impact metrics were not subject to a separate external review.



**The Company has established procedures for identifying and assessing actual and potential impacts, risks, and opportunities related to pollution.**

# [E2] Pollution

**[E2 IRO-1] Description of the process to identify and assess material pollution-related impacts, risks and opportunities**

The Company has established procedures for identifying and assessing actual and potential impacts, risks, and opportunities related to pollution. Based on the structured approach established in 2024, we continued with the regular implementation of the IRO procedure in 2025. As part of the annual update of the DMA, we reviewed and updated the assessments of significant impacts, risks, and opportunities prepared in the previous year. In doing so, we took into account updated data on emissions to air, water, and soil, as well as the state of the environment derived from available monitoring data for 2025, and we verified compliance with legislation and identified any new requirements. Assessments of pressures and impacts for our own operations were appropriately updated, and at the same time, we gradually expanded our due diligence to parts of the value chain within the scope of available data.

In 2025, consultations with employees and key stakeholders were not conducted, as the results of the extensive consultation activities and surveys conducted in 2024 were sufficient for further use in the IRO process. Therefore, this data was used as a reference basis for verifying any changes in the assessment of impacts, risks, and opportunities, without re-collecting stakeholder opinions. In our assessment, we thus utilised updated monitoring results for 2025, available data on the state of the environment, assessments of compliance with legislation, expert internal evaluations, and information from the supply chain due diligence.

The Company is aware of the impacts arising from its current production activities and, in particular, from the historical industrial contamination of the Celje site and surrounding areas, including waste treatment facilities and a landfill for non-hazardous waste. Past soil and groundwater investigations remain an important source of data for assessing environmental risks, as they indicate that many of these contaminations stem from periods when environmental legislation was not yet sufficiently strict and awareness of industry's impact on the environment was significantly lower than it is today.

Table 61 presents the material impacts, risks, and opportunities for area E2 that were identified in 2025, based on the updated IRO process, as material to the Company's operations (at the Celje and Mozirje sites), particularly those arising from the production of titanium dioxide ($TiO_2$). The general dual materiality assessment process is described in more detail in ESRS 2 [SBM-3].

**Table 61: Material impacts, risks and opportunities (IRO) for area E2**

| Material impacts, risks and/ opportunities | Definition | Location/value chain | | | Time period | | |
|---|---|---|---|---|---|---|---|
| | | Own operations | Lower part of the value chain | Upper part of the value chain | Short-term | Medium-term | Long-term |
| **Air pollution** | | | | | | | |
| Emissions to air $SO_2$, $H_2S$, other gases | Actual negative impact | x | | | | | x |
| Emissions to air – particulate matter (dust) | Actual negative impact | x | | | | | x |
| Other $CO_2$ emissions (process sources)* | Actual negative impact | x | | | x | | |
| **Water pollution** | | | | | | | |
| Emissions to rivers – sulphates | Actual negative impact | x | | | | x | |
| Discharges to groundwater in areas with historical contamination | Actual negative impact | x | | | | x | |
| Due to groundwater monitoring findings indicating that the Bukovžlak non-hazardous waste landfill (ONOB) is causing changes in groundwater conditions, the Company is facing a requirement to remediate the ONOB. Implementing remediation measures will represent a significant financial burden for the Company and could substantially impact the planning of future resources and operational priorities. | Risk (physical) | x | | | | | x |
| **Substances of concern and very high concern** | | | | | | | |
| Substances of concern | Actual negative impact | x | | | | | x |
| Substances of very high concern | Actual negative impact | | | | | | x |

***This impact is discussed in section E1**

The Company's production activities result in emissions of substances into the air and water. This causes air and surface water pollution. These emissions result from processes in the chemical industry, primarily from the production of titanium dioxide. **The Company has installed appropriate treatment facilities compliant with BAT techniques at all emission points.** However, the release of treated gases from the treatment facilities into the air (primarily sulphur oxides, hydrogen sulphide, and particulate matter in the form of dust) still affects outdoor air quality or contributes to existing pollution. Discharges of treated wastewater are released into surface waters, primarily involving sulphate loading, which affects the chemical status of watercourses. Due to historical industrial activities, which were primarily carried out in the past at the Celje site and the Bukovžlak landfill, certain environmental impacts have occurred that are still reflected today in soil and groundwater contamination. These are the result of past practices where industrial waste was used as construction material; this now contributes to the leaching of these pollutants, which affects the quality of groundwater in these areas and can indirectly affect the quality of surface water.

During the reporting period, the Company did not have any intentional or regular emissions of pollutants into the soil or groundwater. Based on the mode of operation, the valid environmental permit, and the risk assessment conducted, there are no established discharge points into the soil or groundwater, and operational monitoring is carried out. Potentially relevant substances are defined as relevant hazardous substances (RHS) in accordance with the Industrial Emissions Act. Eighteen relevant hazardous substances are identified in the area of the facility, 17 of which are included in the comprehensive risk assessment and monitoring; their presence is expressed in mg/kg (soil) and µg/L (groundwater), but they are not released into the soil as emissions.

Technical measures are in place to prevent any uncontrolled releases, including impermeable flooring, containment systems, double-walled tanks, and separate drainage systems, thereby preventing contact between the hazardous substances in question and the ground.

In accordance with the requirements of industrial emissions legislation, a baseline survey of soil and groundwater was conducted, which serves as a reference point for long-term monitoring. The concentrations of substances found in the soil and groundwater are predominantly related to the historical use of the site and do not represent quantified emissions during the reporting period.

The Company is conducting, or will conduct, operational monitoring to detect any potential future changes. In the event of an emergency, the quantities of spilled substances would be recorded and reported as actual emissions to the soil.

Air, water, and soil pollution can have a negative impact on human health and quality of life, as well as on the Company's public reputation due to its role in causing pollution.

Similarly, the Company cannot completely avoid the use of hazardous chemicals in its manufacturing operations, including substances of concern and substances of very high concern. These substances, or hazardous chemicals, may pose risks to people and the environment due to their use. The Company ensures that the use and production of hazardous chemicals comply with the REACH Regulations (Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals) and CLP (Regulation (EC) No. 1272/2008 on the Classification, Labelling and Packaging of Substances and Mixtures), which is based on the Globally Harmonised System (GHS).

The Company did not recognise microplastics as an important issue.

We monitor, identify, and assess the impacts and risks associated with pollution. In doing so, we use available data from our own monitoring of emissions of substances into water and air, monitoring of surface waters in the vicinity of our sites, monitoring of groundwater and soil conditions, noise, waste, the use of hazardous substances, incident tracking, and complaints from affected communities. We assess identified impacts and risks, take measures as needed, and regularly report on environmental indicators. We also monitor other available monitoring results and findings regarding pollution in the vicinity of our operations, including data on past pollution incidents and their consequences (historical data). We also pay attention to anticipated changes in production processes by determining how these changes could impact the environment (applications for amendments to environmental permits with an assessment of actual and anticipated impacts, assessment of BAT techniques). In 2024, we also began conducting an impact assessment of the value chain. While the Company identified several value chains, we focused on the key value chain related to $TiO_2$ production (upper section).

## [E2-1] Policies related to pollution

**Table 62: Key policies for managing material impacts related to the prevention and control of pollution in the areas of air, water and soil pollution and the substitution and reduction of the use of substances of concern and very high concern**

| Title of policy, code, regulation | Description of key content | Description of key content | Disclosure of third-party standards or initiatives that the Company considers when implementing the policy | Description of consideration of the interests of key stakeholders in the formulation of the policy | Availability |
|---|---|---|---|---|---|
| Policy on Pollution Prevention, Sustainable Use of Water Resources, Biodiversity and the Circular Economy | This policy sets forth the Company's commitment to preventing environmental pollution. The goal is to reduce negative environmental impacts, improve resource use, and ensure compliance with legislation and best available techniques (BAT). The policy applies to the Company's own operations. | Head of the Sustainability Team, Management Board, employees | **ISO 14001** (environmental management system), | In developing its Policy on Pollution Prevention, Sustainable Use of Water Resources, Biodiversity and the Circular Economy, the Company took into account the interests of key stakeholders, including employees, business partners, the local community, and regulatory authorities, and applies this policy to its own operations. | Document management system |
| Policy on Quality, Environmental Management, Occupational Health and Safety, and Energy Management | It sets out the achievement of key strategic objectives in the areas of pollution reduction, compliance with legal requirements, and the identification and management of hazards and risks. The policy applies to the Company's own operations. | Head of the Sustainability Team, Management Board, employees | **ISO 9001** (quality management system),<br>**ISO 14001** (environmental management system),<br>**ISO 45001** (occupational health and safety management system)<br>**ISO 50001** (energy management system) | In developing its Policy on Quality, Environmental Management, Occupational Health and Safety, and Energy Management, the Company took into account the interests of key stakeholders, including employees, business partners, the local community, and regulatory authorities, and applies this policy to its own operations. | www.cinkarna.si |
| Policy on the Prevention of Major Accidents and Mitigation of Their Consequences | Ensuring a high level of disaster preparedness and the safety and health of employees, residents, and the environment, with the aim of:<br>· ensuring operations comply with the requirements of regulations governing environmental protection, chemical management, occupational safety and health, and protection against natural and other disasters;<br>· minimising the risk to people at the facility and in the surrounding area from extraordinary events and major accidents that could occur at the facility due to the handling, use, production, or storage of hazardous substances;<br>· planning, construction, maintenance, and operation in accordance with the best available techniques for preventing major accidents and mitigating their consequences;<br>· encouraging all employees to prevent major accidents and mitigate their consequences for people and the environment;<br>· ensuring adequate preparedness for major accidents based on the adopted protection and rescue plan for major accidents at the facility;<br>· cooperating with the local community and informing it in a timely and appropriate manner about the status of accident prevention;<br>· informing residents in the vicinity of the facility about potential major accidents at the facility. | Management Board, employees | **ISO 14001** (environmental management system),<br>**ISO 45001** (occupational health and safety management system) | The company took into account the interests of employees, affected communities, and businesses that could be impacted in the event of an accident, as well as applicable laws, and applies these principles to its own operations. | www.cinkarna.si |
| Organisational policy: Safety Management and Emergency Response System | It defines the authorities, responsibilities, and documentation within the Company's Safety Management and Emergency Response System (incidents). In the event of an incident, actions are taken to resolve the incident and mitigate its consequences for people and property, with the participation of employees in specific roles, maintenance personnel, firefighters, civil protection units, first responders, and others. After the incident, an analysis of the causes is conducted, and measures are taken to prevent such incidents from recurring. | Management Board, employees | **ISO 14001** (environmental management system),<br>**ISO 45001** (occupational health and safety management system) | The policy takes into account employees, affected stakeholders, and applicable laws, and applies to the Company's own operations. | www.cinkarna.si |
| Code of Sustainable Business Conduct for Business Partners of Cinkarna Celje d.d. | Presentation of strategic goals in the areas of the environment, society, and corporate governance. We expect our business partners to act in accordance with all applicable regulations and to establish systems, controls, and rules to promote compliance with applicable regulations and this Code, including training, monitoring, and auditing mechanisms. Business partners are responsible for verifying that their operations comply with the Code and for meeting the requirements set forth in the Code, both within their own organisation and throughout their supply chain. | Director of Procurement and Logistics, Management Board, employees in sales and procurement | Code of Ethics of the Purchasing Association of Slovenia | The code reflects a balanced approach that enables effective collaboration with all stakeholders and promotes long-term, sustainable, and ethical procurement practices, and applies to the value chain. | Document management system<br>Business partners |

An integral part of the Company's management is an integrated management system that encompasses the fundamental elements of management and operations for all of the Company's activities, in accordance with the requirements of the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System; at the Kemija Mozirje site, we are registered in the EMAS environmental management and assessment system. Within this system, we established and documented our Policy on Quality, Environmental Management, Occupational Health and Safety, and Energy Management, as well as our Policy on Pollution Prevention, Sustainable Use of Water Resources, Biodiversity, and the Circular Economy.

The effectiveness of the established systems, including the requirements of the EMAS Regulation and the Environmental Statement, is verified annually by the certification body SIQ (Slovenian Institute for Quality and Metrology). Based on the environmental audit and all documented evidence, the Slovenian Environment Agency issued on 10 February 2025 the Decision on the Extension of Registration in the EMAS system with Registration Number SI-00003 and the corresponding Certificate of Registration in the EMAS system, valid until 30 November 2027. These policies are consistent with the sustainability strategy. They address responsible environmental management and, consequently, the management of significant impacts of air pollution (SO2, H2S, particulate matter), the reduction of $CO_2$ emissions (from process sources), discharges into water (sulphates) and groundwater, and the use of substances of concern and very high concern, as well as risk management within our own operations (the aforementioned IROs in the table: Material impacts, risks and opportunities (IROs) for area E2). Through our Policy on the Prevention of Major Accidents and Mitigation of Their Consequences, as well as our organisational regulations for safety management and emergency response, we address potential impacts on air, water, groundwater, and soil pollution, including the safe use of hazardous substances. Through the Code of Sustainable Business Conduct for Business Partners, we address the material impacts listed in the table: Material impacts, risks and opportunities (IRO) for area E2 for the upper and lower parts of the value chain.

In the area of the environment, we operate in accordance with legal requirements and environmental permits. This includes compliance with the requirements of EU directives on industrial emissions (meeting the requirements of BAT (Best Available Techniques) conclusions), the European Pollutant Release and Transfer Register, and the Regulation on Sustainability-Related Disclosures. We actively collaborate with relevant authorities in planning and implementing environmental measures and proactively manage our environmental impacts. We engage in dialogue with local communities, involve them in decision-making regarding environmental measures, and transparently report on the results achieved. We also monitor, educate, and seek opportunities for the gradual phase-out and replacement of substances of concern and substances of very high concern. We have established procedures for identifying risks and implementing risk management measures, and we ensure a rapid and effective response in emergency situations to prevent or reduce pollution. We regularly monitor and report on progress toward achieving our environmental objectives.

**We expect our business partners to sign the Code of Sustainable Business Conduct, thereby committing them to achieving our strategic goals, including those related to pollution.** We conduct due diligence to identify the impacts, risks, and opportunities of our own operations and the value chain. The Company's Sustainability Strategy up to 2030 was also adopted. For more details, see section [SBM-1].

### [E2-2] Actions and resources related to pollution

The Company adopts numerous measures aimed at meeting strict environmental requirements, adhering to policy commitments and strategic goals with the aim of reducing pollution caused by its own operations, and monitors impacts throughout the value chain. The material impacts identified are those caused by the Company's operations on the environment, which in turn affect the affected communities.

***Air pollution***

We carefully monitor air emissions at both locations (Celje and Mozirje). We measure pollutants such as sulphur oxides (SOx), hydrogen sulphide ($H_2S$), nitrogen oxides (NOx), carbon monoxide (CO), total dust, and total organic carbon (TOC). Based on the results of emission monitoring, environmental monitoring, and the Company's potential environmental impacts, we identified three types of emissions as significant: SOx emissions, $H_2S$ emissions, and total dust emissions.

The three key emitters listed above are located in Celje and are primarily associated with titanium dioxide production. Smaller amounts of dust emissions also occur at the Mozirje site. Therefore, all measures at this site are aimed at reducing these emissions and are presented in the tables. Measures that were completed by 2024 are not listed again in the report.

**Table 63: Overview of measures and key activities to reduce $H_2S$ emissions at the Celje site**

| Types of measures and key activities | Year | Status |
|---|---|---|
| Automatic addition of NaOH to the leaching solution at the sulphur melting plant | 2025* | In progress |
| Automatic lime dosing during sulphur melting | 2025* | In progress |
| Replacement of the sampling system from the separation towers | 2025* | In progress |
| Control of the separation reaction to limit $H_2S$ formation | 2030 | In progress |
| Installation of a third column for $H_2S$ absorption during sulphur melting | 2026 | To be implemented as needed if other measures do not yield sufficient results |

***Due to difficulties in finding suitable solutions, the investments were not completed in 2025 and will continue into 2026.**

**Table 64: Overview of measures and key activities to reduce air emissions – $SO_x$**

| Types of measures and key activities | Year | Status |
|---|---|---|
| Installation of an additional sulphuric acid reactor | 2030 | To be implemented as needed if other measures do not yield sufficient results |
| Routine replacement of $V_2O_5$ catalyst and activated carbon | 2030 | In progress |
| Dosing of NaOH directly into feeders 12.24 A, B, C | 2025 | Completed |

**Table 65: Overview of measures and key activities to reduce air emissions – Dust**

| Types of measures and key activities | Year | Status |
|---|---|---|
| Improving the performance of the wastewater treatment plant's pre-drying process through an engineering approach | 2030 | In progress |

### *Water pollution*

Wastewater is generated at both Company locations. Before discharge, it is treated at the Company's own treatment plants or sent for treatment. Through monitoring at discharge points, we track pollutants and their impact on surface waters into which certain treated wastewater is discharged. Monitoring is conducted regularly and systematically at all wastewater discharge points as well as in the surface waters into which wastewater is discharged. The key impact on surface waters is the emission of sulphates as a result of titanium dioxide production using the sulphate process. The concentration of sulphates in the Company's wastewater consequently affects the chemical composition of the watercourse, which in turn impacts aquatic ecosystems. The Company therefore monitors sulphate emissions in wastewater and surface waters, and strives to reduce them through effective water management measures within the production process itself, as well as by filling the waste disposal facility, thereby reducing sulphate emissions. It also implements measures to prevent groundwater contamination in areas with historical contamination, specifically by reconstructing the Bukovžlak Non-Hazardous Waste Landfill and by conducting regular, comprehensive monitoring of the condition of groundwater and surface water. **The goal of these measures is to ensure compliance with environmental legislation, protect the quality of surface and groundwater, and reduce impacts on watercourses and the local environment.**

**Table 66: Overview of measures and key activities to reduce emissions into water (sulphates)**

| Types of measures and key activities | Year | Status |
|---|---|---|
| Effective water management – increasing the reuse of process water | 2026* | In progress |
| Filling the Za Travnik Waste Disposal Facility | 2030 | In progress |

***Activities were not completed in 2025 and will continue into 2026**

### *Substances of concern and very high concern*

The Company uses hazardous substances in its manufacturing operations and is aware of the impacts and risks their use poses to people and the environment. It systematically monitors the use of substances of concern (SoC) and substances of very high concern (SVHC). To this end, it seeks possible substitutes with lower hazard levels where technically and economically feasible, and also strives to reduce their quantities. It also places great emphasis on educating employees about the safe use of chemicals.

**Table 67: Overview of measures and key activities to reduce substances of very high concern**

| Types of measures and key activities | Year | Status |
|---|---|---|
| Replacing hydrazine with a less hazardous alternative | 2027 | In progress |
| Introduce an alternative to TMP in $TiO_2$ production | 2027 | In progress |

### Managing the impacts of the value chain

In 2024, the Company conducted an analysis of the upper part of the value chain and implemented a due diligence process for key suppliers. We are continuing with these procedures and, to that end, we are using/reviewing/collecting data for due diligence based on:

- annual reports from suppliers/customers,
- information obtained through direct communication with stakeholders,
- surveys,
- information from websites.

To effectively manage the impacts of the value chain, the Company will continue to implement activities in the coming periods that encompass both the upstream and downstream segments of the value chain and include measures to mitigate negative impacts.

The planned steps are:

- analysing and reviewing partners in the value chain with regard to their sustainability commitments, goals, and measures,
- monitoring partners' activities and their progress toward achieving sustainability goals,
- promoting sustainable projects that reduce negative impacts.

### [E2-3] Targets related to pollution

The Company set short-term, medium-term, and long-term targets in the areas of pollution reduction and the management of substances of concern and very high concern, with the aim of ensuring sustainable development and reducing negative environmental impacts. These are voluntary commitments. It focuses on key impacts that significantly contribute to pollution prevention and control, substantially reduce pollution levels, and improve environmental quality. To this end, indicators and metrics have been established to measure pollution reduction, such as specific emission reductions, ensuring that progress can be quantitatively assessed in accordance with the criteria for significant contributions. In doing so, the search for innovative technologies and practices leading to significant reductions in pollution is encouraged, the regulatory framework is taken into account, and stakeholders, including local communities, are gradually involved to ensure that various perspectives are considered and that measures are effective and equitable. Employees are also involved through awareness-raising and training on pollution prevention and control.

The Company's targets related to pollution are not based solely on regulatory requirements and internal assessments, but are grounded in scientifically sound principles.

When setting targets, the Company uses:

- reference values and limit criteria based on scientific studies of the environmental and health impacts of substances;
- best available techniques (BAT/BREF), whose limit values are derived from extensive international industrial and scientific analyses;
- monitoring data analysed using statistical methods that enable scientifically reliable assessment of pollution trends and the effects of measures;
- internal impact assessments based on methodologies that follow applicable scientific standards for risk assessment and environmental impact assessment.

The targets are designed so that:

- they are based on verifiable scientific metrics,
- follow the best available environmental standards,
- contribute to reducing pollution to an extent that can be scientifically demonstrated and measured,
- take into account credible scientific predictions regarding the effects of pollutants and expectations within the EU regulatory framework.

On this basis, environmental targets are designed to be grounded in verifiable scientific metrics, aligned with the best available environmental standards, and contribute to reducing pollution to an extent that can be scientifically demonstrated and measured.

No scientifically determined ecological thresholds are available for the Celje area that would define the ecosystem's carrying capacity or the maximum permissible air and soil pollution levels. Instead of ecological thresholds, the regulatory framework in Slovenia and the EU uses air quality limit values (e.g., PM10/PM2.5), soil concentration limits, and emission limits from industrial sources. Local air quality monitoring for Celje is based on tracking exceedances of legally established PM10 limit values, with results significantly influenced by heating systems, traffic, and the unfavourable meteorological conditions in the basin. In the area of soil contamination (heavy metals in specific degraded parts of the urban area), there are monitoring data and remediation programmes, but no scientifically determined ecological thresholds that would define environmental carrying capacity.

Due to the absence of scientifically established ecological thresholds, the Company did not base its targets on these thresholds, but rather on legally prescribed emission limit values and the conditions set forth in the environmental permit, BAT reference values, and internal efforts to gradually reduce emissions relative to the baseline. In this context, statutory limit values represent regulatory limits on permissible environmental impact where ecological thresholds have not yet been developed or are not available. The Company monitors regulatory and scientific developments and will adapt its target-setting procedures accordingly should ecological thresholds be established at the EU or Slovenian level.

Monitoring and reporting systems are implemented to track progress. Appropriate funding is also allocated. By focusing on these areas, the pollution-related objective can effectively address shortcomings in the criteria for significant contributions to pollution prevention and control, leading to significant improvements in environmental quality.

The strategic objectives include:

- reducing air, water, soil, and groundwater pollution by focusing on the main identified pollutants;
- managing and reducing the use of substances of very high concern (SVHCs) in accordance with the REACH Regulation.

To enable the Company to achieve its strategic objectives, specific and measurable targets were established, which are presented in Tables 68 - 70.

**Table 68: Overview of targets for reducing air pollution**

| Target | Quantity and planned year | Result |
|---|---|---|
| Reduction of specific hydrogen sulphide ($H_2S$) emissions by 2030 | By 15% by 2030 (a reduction of 0.005 kg/t $TiO_2$; in absolute terms, we remain within legal limits and at the 2021 level) | A reduction of 73.7% (0.028 kg/t $TiO_2$ less; we remain within legal limits in absolute terms) by 2025 |
| Reduction of specific sulphur oxide ($SO_x$) emissions by 2030 | By 15% by 2030 (a reduction of 0.22 kg/t $TiO_2$; in absolute terms, we remain within legal limits and at the 2021 level) | A reduction of 73.1% (1.06 kg/t $TiO_2$ less; we remain within legal limits in absolute terms) by 2025 |
| Reduction of specific particulate matter emissions by 15% by 2030 | By 15% by 2030 (a reduction of 0.035 kg/t $TiO_2$; in absolute terms, we remain within legal limits and at the 2021 level) | A reduction of 45.2% (0.11 kg/t $TiO_2$ less; we remain within legal limits in absolute terms) by 2025 |

**Table 69: Overview of targets for reducing water pollution**

| Target | Quantity and planned year | Result |
|---|---|---|
| Reduction of specific sulphate emissions into water by 15% by 2030 | By 25 kg/t of $TiO_2$ by 2030; in absolute terms, we remain within legal limits and at the 2021 level) | An increase of 2.4% (an additional 3.8 kg/t of $TiO_2$; in absolute terms, we remain within legal limits) in 2025 |

**Table 70: Overview of targets for controlling and reducing the use of substances of very high concern (SVHCs) in accordance with the REACH Regulation**

| Target | Result |
|---|---|
| Gradual replacement of SVHCs with alternative substances by 2030, where technically feasible | In 2025, the supply and use of one SVHC (borax decahydrate) were discontinued, and the procurement of chemicals containing bisphenol A was reduced |
| Regular updating of the internal SVHC list in accordance with the REACH Regulation | The list is updated regularly |

When setting pollution targets, the Company also took into account ecological thresholds—scientifically determined limits above which significant negative impacts on ecosystems or human health may occur. These thresholds are based on European and national environmental standards as well as scientific studies. The ecological thresholds relevant to the Company are those for emissions to water, emissions of substances to air, and emissions to soil.

To prevent soil and groundwater contamination, the Company implements all measures specified in the environmental permit. This includes both preventive measures and monitoring of groundwater and soil. Groundwater monitoring is conducted twice a year, while soil monitoring is conducted at five-year intervals (a baseline survey was conducted in 2024; the next monitoring is scheduled for 2029).

The Company is also carrying out the rehabilitation of the Bukovžlak Non-Hazardous Waste Landfill, and it is expected that the technical and remediation measures implemented will reduce the landfill's impact on groundwater in the long term.

In addition to the above, measures to prevent pollution are regularly implemented at all waste disposal facilities and production sites, including monitoring of conditions and environmental parameters, which ensure the prevention of soil and groundwater contamination and the timely detection of any deviations.

The Company has no additional specific objectives or measures in this area, as its existing activities are carried out in accordance with legal requirements and the environmental permit, and are sufficient to effectively manage environmental risks.

***Sustainable value chain***

The Company is aware of the importance of cooperation with suppliers and business partners, and therefore strives to:

- establish and maintain cooperation with partners who adhere to the Company's Code of Sustainable Business Conduct,
- encourage business partners in the value chain to reduce the use of hazardous substances and pollution.

The set targets are monitored on a quarterly basis, and their effectiveness is reviewed once a year as part of the annual management review, which also includes a due diligence review. Measures to achieve the targets are reported in section [E2-2]. We adopt and implement appropriate measures to ensure that our taxonomy-eligible activities do not cause significant harm to the objectives set out in Regulation (EU) 2020/852 establishing a framework to promote sustainable investment (Taxonomy Regulation) and that we meet the Do No Significant Harm (DNSH) criteria.

## [E2-4] Pollution of air, water and groundwater

The Company's production processes result in emissions of substances into the air, water, and groundwater. Below, we report on pollution resulting from our own operations. We disclose data on changes in emissions over a two-year period in accordance with the requirements and methodological adjustments set forth in the CSRD Directive and ESRS standards.

***Air pollution***

**Reducing air emissions is crucial for improving air quality and mitigating negative impacts on human health and the environment.** To this end, we set targets and measures aimed at reducing emissions from individual sources over which we have control. We monitor air emissions through measurements conducted in accordance with a monitoring programme implemented by authorised external organisations. Measurements are conducted in accordance with applicable standards and are either periodic (once a year, once every 3 years, or once every 5 years) or involve continuous air pollution monitoring. The key parameters are SOx, H2S, and total dust.

**Table 71: Air emissions at the Celje and Mozirje sites in 2024 and 2025, in kg and kg/t of $TiO_2$ from titanium dioxide production**

| Type of emissions | 2024 | 2025 |
|---|---|---|
| Sulphur dioxide ($SO_2$) (kg) | 88,338 | 75,862 |
| Sulphur dioxide ($SO_2$) (kg/t $TiO_2$) | 0.51 | 0.39 |
| Hydrogen sulphide ($H_2S$) (kg) | 2,331 | 653 |
| Hydrogen sulphide ($H_2S$) (kg/t $TiO_2$) | 0.04 | 0.01 |
| Dust (kg) | 9,550 | 7,687 |
| Dust (kg/t $TiO_2$) | 0.16 | 0.13 |

Emissions of sulphur dioxide, hydrogen sulphide, and dust from titanium dioxide production were below the limit values (the limit value for $SO_2$ is 500 kg/t $TiO_2$, for $H_2S$ is 0.05 kg/t $TiO_2$, and for dust is 0.45 kg/t $TiO_2$; in accordance with the OVD or the $TiO_2$ Regulation and BAT).

**Data collection and calculation process**

The data on air emissions presented in the table above is based on measurements taken by authorised monitoring contractors in accordance with the requirements of the environmental permit. The measurements comply with applicable standards and measurement methods, which always include an assessment of measurement uncertainty, provided in the monitoring operators' reports along with a description of the measurement method used. The measured concentrations of pollutants (e.g., $SO_2$, $H_2S$, dust) are then converted into annual quantities based on available data on plant operation (number of operating hours, operating capacity, and other technical parameters).

In titanium dioxide production, measurements are typically taken once a year at most monitoring points, under peak operating conditions; therefore, the measured concentrations are considered to represent maximum reference values. In the annual calculation, these values are extrapolated to full-year operation, which can lead to partially overestimated annual emission values when actual operating conditions throughout the year deviate from the measured conditions. Particulate matter is monitored at two locations using continuous (permanent) measurements, which allows for a more representative calculation of annual values.

The Company notes that certain quantitative metrics are therefore subject to a higher degree of measurement uncertainty, particularly where measurements are less frequent. The frequency of individual measurements (e.g., once every three years, once every five years, or once a year) is specified in the environmental permit, which is publicly available on the website of the Ministry of the Environment, Spatial Planning and Energy. For these parameters, concentrations are determined based on a limited number of measurements; due to the low measurement frequency and the variability of actual operating conditions, certain emission metrics may exhibit higher measurement uncertainty or deviations resulting from methodological assumptions.

In addition to absolute emission values, the Company also calculates specific emissions based on the quantity of product manufactured. Production is measured directly; therefore, the measurement uncertainty of specific emissions is primarily due to the uncertainty of input emission measurements and calculations based on operational data.

Despite the aforementioned limitations, the Company ensures that all emissions data is calculated based on the best available data, in accordance with the requirements of the environmental permit and the methodologies prescribed by external monitoring contractors. The Company regularly reviews the data and, as measurement methods and monitoring equipment are upgraded, gradually improves the accuracy and reliability of the reported values.

***Water pollution***

At the Celje site, wastewater and cooling water are generated as part of production processes. Wastewater is treated at the Company's own treatment plants and, after treatment, is suitable for discharge into watercourses. Where possible, procedures are implemented to recover and reuse water in processes. Municipal wastewater is treated at the Celje Central Wastewater Treatment Plant (Tremerje). Most cooling systems are closed-loop, so there are no discharges. Stormwater is discharged into watercourses separately, either indirectly (after being treated in oil separators and sand traps) or directly.

In accordance with our environmental permit, we monitor a total of fifteen wastewater discharge points, ten of which are at the Celje site and five at the Mozirje site. At the Celje site, we discharge wastewater into three water bodies: Dobje, Vzhodna Ložnica, and Hudinja; at the Mozirje site, we discharge into the Ljubija and Savinja rivers.

The volume of water discharged into surface waters depends partly on the volume of water consumed (for production and efficient use) and partly on the volume of stormwater, as a result of the catchment area of waste disposal facilities, from which excess water is discharged into watercourses. The discharge of municipal wastewater depends on several factors, namely the rational use of water for sanitary purposes and, to some extent, for technological purposes, as well as losses in the internal water supply system.

The Table 72 shows the total amount of sulphate released by the Company and the specific amount of sulphate released from $TiO_2$ production in 2024 and 2025.

**Table 72: Emissions to water at the Celje and Mozirje sites in 2024 and 2025, in kg and kg/t of $TiO_2$, from titanium dioxide production at the Celje site**

| Type of emission | 2024 | 2025 |
|---|---|---|
| Amount of sulphate emitted (in kg/year) | 9,099,998 | 9,124,485 |
| Specific amount of sulphates ($SO_4^{2-}$ in kg/t $TiO_2$) | 149 | 159.5 |
| Amount of zinc emitted (in kg/year)* | 114 | 72 |
| Amount of copper emitted (in kg/year)* | 33 | 31 |

**$SO_4^{2-}$ in kg/t $TiO_2$ is the concentration of sulphates per unit of $TiO_2$ product.**
***Reporting is in accordance with the requirement set out in Annex II to Regulation (EC) No 166/2006 (E-RIPO Regulation)**

The amount of sulphate emitted from titanium dioxide production was below the limit value (the limit value is 550 kg/t $TiO_2$ according to the OVD or the $TiO_2$ Regulation and BAT).

Based on monitoring conducted in 2025, no exceedances of sulphate levels or other substance concentrations were detected in the wastewater.

**Data collection and calculation process**

The data presented in the table above is calculated manually based on available data obtained through measurement and is subject to the measurement uncertainty specified in the measurement. Measurements determine pollutant concentrations, which are converted into annual quantities based on the volume of discharged wastewater measured (measurement uncertainty) for the reporting year. Specific measurements are performed 12 times a year under operating conditions, and it is assumed that such concentrations remain consistent throughout the year; therefore, certain metrics are partially based on estimates. Specific emissions are also calculated based on the volume of product produced, which is measured.

Each year, the Company reports on emissions of substances that exceed the reporting thresholds (threshold quantities) set by the European Pollutant Release and Transfer Register (E-PRTR) Regulation. In 2025, none of the quantities exceed the reporting threshold under the aforementioned regulation at either production site.

***Groundwater (soil) pollution***

Groundwater contamination is a significant environmental challenge that we address with great care. When assessing the risk of soil and groundwater contamination, we take into account various factors, such as the properties of hazardous substances, the quantity of substances stored or used, and the facility's location. In accordance with the Environmental Protection Act, we are operators of activities and facilities that may cause large-scale environmental pollution. In 2023, we prepared and submitted to the Ministry of the Environment, Climate and Energy an assessment of pollution risks, a partial baseline report with a draft proposal for a soil condition operational monitoring programme, and a draft proposal for a groundwater operational monitoring programme, in accordance with the requirements of the IED Regulation (Regulation on the types of activities and facilities causing industrial emissions (Official Journal of the Republic of Slovenia, No 68/22)). The partial baseline report specifies sampling points for soil and groundwater. In 2024, we conducted sampling and analyses at these points and supplemented the aforementioned documentation with the results of these baseline measurements. The monitoring programme was approved by the Ministry of the Environment, Climate and Energy (MOPE) in 2025. In accordance with the amendment to the OVD, we will begin operational monitoring of soil in 2029 and groundwater in 2027. Monitoring will be conducted every 3 years for groundwater and every 5 years for soil, taking into account the baseline conditions in the first year of measurement (2024). Assessing the potential for soil and groundwater contamination is an important step in risk assessment and pollution prevention. Our goal is to ensure that the condition of soil and groundwater does not deteriorate and that we remain within legal limits. Should monitoring results indicate a deterioration in condition, we will take additional measures and report on them.

**At the Celje site, at the Za Travnik and Bukovžlak waste treatment facilities, and at the Bukovžlak Non-Hazardous Waste Landfill, we are conducting groundwater monitoring in accordance with the environmental permit.** It has been determined that the Bukovžlak Non-Hazardous Waste Landfill has an impact on groundwater. In addition to regular groundwater monitoring, work is also underway as part of the Bukovžlak Non-Hazardous Waste Landfill Reconstruction Project, which will reduce this impact. The work is expected to be completed in 2029.

We monitor the impact on organisms in watercourses through regular surface water monitoring at the Celje site. Monitoring is conducted on three watercourses where the impact of our own operations is assessed, namely the Hudinja, Vzhodna Ložnica, and Dobje watercourses. We monitor hydrological conditions, a comprehensive set of chemical parameters in the water, a specific set of chemical parameters in the sediment, and living organisms.

We monitor the safety of high-embankment barriers through regular technical inspections and maintenance work, and we conduct seismic monitoring at the Bukovžlak site.

***Microplastics***

During the reporting period, the Company did not use microplastics as intentionally added raw materials in its production processes, nor did it incorporate them into its products. Based on available data, the Company does not identify any significant generation of microplastics that would leave its facilities as an emission, a product, or a component of a product. The Company does not currently assess the potential unintentional generation of microplastics due to the wear and tear of materials or equipment as a significant environmental impact.

***Compliance and standards***

In the area of pollution, we operate in accordance with legal requirements (E-RIPO, IED, etc.) and environmental permits. We also comply with BREF requirements and BAT conclusions. We conduct regular operational monitoring (continuous and periodic measurements) and report on the results.

Over the past five years or more, the Company has not received any fines for non-compliance with environmental laws and regulations. However, in 2025, two corrective orders were issued to address non-compliance (one related to the IED and one related to a major accident hazard). In accordance with the IED (Industrial Emissions Directive, 2010/75/EU), which regulates the prevention and reduction of environmental pollution from industrial activities, the Company is classified under the following activities: 4.2b, 4.2e, 4.4, and for these, it also ensures compliance with BAT.

## [E2-5] Substances of concern and substances of very high concern

The Company ensures that the use and manufacture of hazardous chemicals comply with the REACH Regulation (Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation, and Restriction of Chemicals) and the CLP Regulation (Regulation (EC) No 1272/2008 on classification, labelling, and packaging of substances and mixtures), which is based on the Globally Harmonised System (GHS).

Substances of concern (SoC) and substances of very high concern (SVHC) are also used in production processes and in the maintenance of such processes. SoCs meet the criteria set out in Article 57 and are identified in accordance with Article 59(1) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council (35).

SVHCs meet the criteria set out in Article 57 of Regulation (EC) No 1907/2006 (REACH) and are identified in accordance with Article 59(1) of that Regulation. These are carcinogenic, mutagenic, or toxic to reproduction—CMR for short—as well as substances that are persistent, bioaccumulative, and toxic (PBT), or substances that are very persistent and very bioaccumulative (vPvB).

SoCs and SVHCs are used for maintenance purposes, in the preparation of water for steam production, and as raw materials that remain part of the manufactured products or are released into the environment as emissions. Hazardous substances used for maintenance include cleaning agents, antifreeze fluids, lubricants, solvents, thinners, hardeners, lubricants, and oils for metal treatment or protection.

The proportion of SoCs remaining as part of the product is 722 t, or 74% of all SoCs used. 20% are used for maintenance or as fuel. The proportion of SVHCs remaining as part of the product is 0.62 t, or 31%. No product on its own falls into the SVHC category. The proportion of SVHCs released from the facility as emissions to water is 10%.

Table 72 shows a correction and the difference regarding the use of SoCs and SVHCs for 2024. The error arose during the manual calculation of the quantities that are part of the product and part of the emissions, as the system for data collection and calculation had not yet been set up.

The hazard classes and hazard statements required by the Appendix to the Delegated Regulation of the European Commission supplementing Directive 2013/34/EU are shown in Table 73.

**Table 73: List of required H statements that must be taken into account when compiling information relevant to disclosure**

| Hazard class | Related hazard statements |
|---|---|
| Health hazards – carcinogenicity, mutagenicity, reproductive toxicity (CRM), Categories 1A and 1B, Category 2 | H350, H360FD, H360F, H360D, H360Fd, H361d, H351, H341, H361, H361f, H361d, H361fd |
| Specific target organ toxicity – single or repeated exposure, Categories 1 and 2 | H371, H372, H373 |
| Respiratory sensitisation, Category 1<br>Skin sensitisation, Category 1 | H317, H334 |
| Hazardous to the aquatic environment – chronic hazard, Categories 1 to 4 | H400, H410, H411, H412 |

The properties and quantities of SoCs and SVHCs used in manufacturing and support processes are compiled from an internal data collection system recorded in the Oracle software. The values are accurate and have not been verified by external experts.

**Table 74: Quantities of substances of concern and substances of very high concern for 2024 and 2025**

| | SoC (t) | | | SVHC (t) | | |
|---|---|---|---|---|---|---|
| | 2024 | | 2025 | 2024 | | 2025 |
| | | Correction for 2024 | | | Correction for 2024 | |
| Total quantity of substances purchased or used during production | 983 | 835 | 981 | 3.0 | 1.65 | 1.97 |
| Total quantity of substances leaving the site as emissions, as products, or as part of products | 975 | 800 | 789 | 2.7 | 1.64 | 1.965 |
| Quantity of substances leaving the site as emissions | 82 | 75 | 67 | 0.3 | 0.21 | 0.18 |
| Quantity of substances leaving the site as part of products | 893 | 725 | 721 | 2.4 | 1.42 | 1.785 |

The breakdown of chemical consumption/use by business unit is such that the majority is attributed to two key business units, with the remainder distributed among three smaller units. The business units Kemija Celje and $TiO_2$ account for the largest share, each representing approximately 40–45%. The remaining share, i.e., approximately 10–15%, is distributed among the business units Maintenance and Energy, Kemija Mozirje, and Polimeri.

**Table 75: Overview of substances of very high concern used in 2024 and 2025**

| Hazard class | Substance | Quantity of SVHCs that leave the facilities as emissions, products, or part of products. (t) | |
|---|---|---|---|
| | | 2024 | 2025 |
| Carcinogenicity (Article 57a of the REACH Regulation) | Hydrazine | 0.34 | 0.18 |
| Toxic to reproduction (Article 57c of the REACH Regulation) | Borax decahydrate | 1.20 | 1.20 |
| | 4,4'-isopropylidenediphenol (Bisphenol A) | 1.44 | 0.042 |
| | 2-Butanone oxime | 0.003 | 0.00 |
| | N-methyl-2-pyrrolidone | 0,02 | 0.023 |
| | Lead tetroxide | / | 0.54 |

For the reporting period, the Company does not disclose a breakdown of quantities by hazard class for the following reasons, which relate to data availability and, above all, reliability:

- We track data at the level of chemical quantities purchased and consumed (materials, raw materials, and products);
- Some of the chemicals we use are mixtures classified under multiple H-statements and, consequently, multiple hazard classes, which could result in double counting (the same quantity would appear in multiple classes);
- We do not keep records at the level of individual substances in a chemical and their proportions, so we cannot accurately calculate quantities by hazard class.

Due to the aforementioned methodological and systemic limitations, the Company is unable to provide a reliable and unambiguous breakdown of quantities by individual hazard classes for the reporting period. Disclosure would entail a risk of inaccuracy and double counting to such an extent that we do not report such data in accordance with ESRS BP-2. The Company will gradually explore options for improving the traceability of hazardous substances, particularly in connection with the upgrading of information systems and the evolution of supply chain requirements, while implementing improvements only to the extent justified by actual environmental risks, data availability, and the practicality of additional system requirements.

In 2024, with the aim of reducing negative impacts, the Company began phasing out certain SVHCs wherever possible. These measures include discontinuing products containing SVHCs or replacing such substances with alternatives that are less harmful to the environment. As part of these activities, the Company discontinued the procurement of chemicals containing borax decahydrate and some chemicals containing bisphenol A. In 2025, the last remaining stock of chemicals containing borax decahydrate was used up.

## [E2-6] Anticipated financial effects from material pollution-related risks and opportunities

**Table 76: Anticipated financial effects from material pollution-related risks and opportunities**

| | Short-term 2024 | Medium-term 2028 | Long-term 2030 |
|---|---|---|---|
| Percentage of net revenues from products and services that are or contain substances of concern | 43 % | 47 % | 47 % |
| Percentage of net revenues from products and services that are or contain substances of very high concern | 0.6 % | 0.5 % | 0.4 % |

**Table 77: Calculation of the percentage of net revenue for products containing SoCs**

| Period | 2024 | | 2025 | 2028* |
|---|---|---|---|---|
| | | Correction for 2024 | | |
| Company's net revenue (EUR) | 200,285,413 | 200,285,413 | 198,801,240 | 262,678,089 |
| Revenue from products containing substances of concern (SoC) (EUR) | 87,387,455 | 116,258,956 | 104,459,757 | 123,458,701 |
| Proportion (%) | 43.6 | 57.6 | 52.5 | 47.0 |

***estimated values**

**Table 78: Calculation of the percentage of net revenue for products containing SVHCs**

| Period | 2024 | 2025 | 2028* |
|---|---|---|---|
| Company's net revenue (EUR) | 200,285,413 | 198,801,240 | 262,678,089 |
| Revenue from products containing substances of very high concern (SVHC) (EUR) | 1,275,169 | 754,087 | 1,313,390 |
| Proportion (%) | 0.6 | 0.4 | 0.5 |

***estimated values**

Table 77 shows a correction to the revenue from products containing SoCs for 2024. The error occurred because the system's data capture was incorrect, which in turn led to an incorrect calculation.

The calculation of the percentage of net revenue for the medium-term period is in line with the strategy for the 2024–2028 period. For the long-term period, specifically the year 2030, we currently have only an estimate that the share will be 47% for SoCs and 0.4% for SVHCs.

We identified potential financial risks associated with regulatory changes. Stricter regulations on the use of substances of concern and substances of very high concern could lead to increased compliance costs. However, we have not specifically set aside funds for this, as they do not have a material impact on covering potential remediation and adjustment costs over the next three years.

Our financial forecasts are based on current market trends, the regulatory environment, and technological advancements. We are aware that there is a degree of uncertainty in these assumptions, particularly regarding future regulatory changes and technological innovations. The Company is committed to regularly reviewing and adjusting our financial estimates to reflect the latest information and ensure the resilience of its business model.

Our share of net revenue generated from products and services containing substances of concern and substances of very high concern was 52.5% and 0.4%, respectively, in the reporting period.

During the period in question, the Company did not make any investments in current or fixed assets related to major incidents or deposits.

The Company also has no provisions set aside for environmental protection costs and remedial measures, for the remediation of contaminated sites, the remediation of landfills, or the removal of environmental contamination at existing production or storage sites.

The calculations were based on the definitions of SoCs and SVHCs for the chemicals used and manufactured. We identified SoCs and SVHCs based on the suppliers' safety data sheets, which comply with EU and Slovenian legislation. However, there is uncertainty regarding future legislative changes, such as updates to the candidate list for SVHCs, restrictions on use, and new technological insights regarding the substances used. During the reporting period, the metric was not additionally verified by an external body. Where monetary units are used, we report in EUR, which is the presentation currency of the financial statements.

# [E3] Water resources

## [IRO-1] Description of the process to identify and assess material impacts, risks, and opportunities related to water resources

**Water is a vital resource, and we are committed to its responsible management throughout the entire cycle—from extraction at the source to the discharge of treated wastewater back into the natural environment.** For our production processes at the Celje site, we utilise process water sourced through the abstraction of surface water from the local watercourse and groundwater. Potable water is used for sanitary purposes and for production processes at our Mozirje facility. Following a comprehensive identification and assessment of impacts, risks, and opportunities conducted in 2024, the abstraction of surface water was identified as a material sub-topic.

In 2025, as part of our regular annual DMA review, we verified and updated the assessment of material impacts, risks, and opportunities prepared in the previous year. The review focused on validating the continued relevance of the 2024 findings against current data and available analyses. The results confirm that the abstraction site is not situated in an area of high-water stress, does not directly impact the public water supply, and is not located within Natura 2000 protected areas. The 2025 impact assessment also incorporated water monitoring results, environmental status data, legislative compliance audits, and other available metrics. A detailed review of the value chain was not undertaken; however, key suppliers located in areas of medium or low water stress continue to implement measures to manage these risks.

Subject-matter experts were involved in the DMA review process, as stipulated by our internal policy. No new consultations with other key stakeholders, including affected groups (which encompasses the local community), were conducted (see section S3). We continued our value chain due diligence; however, the scope of this review was not significantly expanded in 2025. A comprehensive expansion of the review is planned for future years, in line with our three-year cycle for conducting full-scale DMA assessments.

The identification and assessment process for impacts, risks, and opportunities is described in further detail in section ESRS 2 [SBM-3].

As noted above, the Company requires significant volumes of water for its production processes. Water abstraction from the adjacent watercourse can adversely affect the environment; specifically, during prolonged drought, it may further lower water levels, potentially impacting the ecosystem in the long term. These drought periods are becoming increasingly frequent due to climate change, which presents a significant risk to the Company: abstraction must cease if river flow drops below the statutory ecological minimum defined in our water permit. Such an interruption would necessitate the immediate suspension of titanium dioxide production, the Company's core product. In the short term, this water source can be supplemented with potable water.

Following use in our technological processes, wastewater is treated at our on-site facilities before being discharged into the watercourse, containing residual pollutants (specifically, sulphate discharges). This impacts the water quality of the receiving watercourse, which is a recognised impact under Pollution (E2). The outcomes of our IRO identification are presented in Table 79.

**Table 79: Significant impacts, risks, and opportunities (IRO) for the E3 area**

| Material impacts, risks and/or opportunities | Category | Location/Value chain | | | Time horizon | | |
|---|---|---|---|---|---|---|---|
| | | Own operations | Downstream value chain | Upstream value chain | Short-term | Medium-term | Long-term |
| Water abstraction from the river (reduction of water levels) | Actual negative impact | x | | x | | | x |
| Discharges into rivers - sulphate | Actual negative impact | x | | | | | x |
| Reduced production capacity due to limited water supply for technological purposes during drought | Risk (physical) | x | | | | | x |

## [E3-1] Water resource policies

**Table 80: Key policies for managing significant impacts related to water resources**

| Policy title | Summary of key content | Accountability | Alignment with external standards & initiatives | Stakeholder engagement & scope | Accessibility |
|---|---|---|---|---|---|
| Quality, environmental, health and safety, and energy management policy | Sets out key strategic objectives for resource use and responsible water management. Focuses on reducing natural water consumption, implementing wastewater reuse, mitigating water pollution, and identifying environmental risks to prevent harm to the environment and human health. Committed to strict compliance with legal requirements | Management Board, employees | **ISO 9001** (Quality Management System), **ISO 14001** (Environmental Management System), **ISO 45001** (Occupational safety and Health Management System) **ISO 50001** (Energy Management System) | In developing the Quality, Environmental, Health & Safety, and Energy Management Policy, the Company considered the interests of key stakeholders, including employees, business partners, the local community, and regulatory bodies. The policy applies to own operations. | www.cinkarna.si |
| Pollution prevention, sustainable water use, biodiversity, and circular economy policy | Defines the Company's commitment to pollution prevention. Aims to mitigate negative environmental impacts, improve resource efficiency, and ensure compliance with legislation and Best Available Techniques (BAT). Applies to own operations. | Head of sustainability team, Management Board, employees | **ISO 14001** (Environmental Management System) | In preparing the Pollution Prevention, Sustainable Water Use, Biodiversity, and Circular Economy Policy, the Company considered the interests of key stakeholders, including employees, business partners, the local community, and regulatory bodies. The policy applies to own operations. | Document management system |

The pollution prevention, sustainable water use, biodiversity, and circular economy policy addresses the IROs outlined in the 'Material Impacts, Risks, and Opportunities (IRO) for Area E3' table. It sets specific objectives for preventing water pollution (sulphate discharges), managing water resources (reducing river water abstraction), and mitigating risks associated with limited water supply during drought periods.

## [E3-2] Actions and resources related to water resources

In 2024, the Company finalised a revised strategy incorporating specific measures and resources dedicated to addressing critical water resource management issues. **Our strategic focus is on minimising reliance on natural water sources, enhancing wastewater treatment processes, and advancing water circularity.** The Company actively participates in a collective initiative for sustainable water management and the mitigation of environmental impacts on water bodies. The initiative is underpinned by robust partnerships with key stakeholders, including local communities, municipal utility providers, and government institutions. A notable example is the project involving the reuse of industrial water from the Tremerje Central Wastewater Treatment Plant (WWTP), conducted in partnership with the Tremerje WWTP and the Municipality of Celje. Currently, treated water from this facility is discharged into the Savinja River. By repurposing this water, the Company expects to effectively eliminate fresh water extraction from the Hudinja river, reserving such extraction solely for maintenance periods when the WWTP discharge to the Savinja is suspended. This measure not only mitigates water scarcity risks but also improves the ecological status of the stream. Similar positive outcomes are expected from the implementation of internal recycling and water reuse systems.

**Table 81: Water resource conservation measures and key activities**

| Type of measure and key activity | Year | Expected savings (water consumption/ t $TiO_2$) | Status |
|---|---|---|---|
| Introduction of internal water recycling, reducing specific consumption of freshwater per tonne of product and thereby reducing the consumption of freshwater in $TiO_2$ production, or lowering total extraction from the Hudinja river. | 2026* | 40 $m^3/h$ 5 $m^3/t$ $TiO_2$ 350,400 $m^3$/year | In progress |
| Recycling of BNVT for the preparation of limestone powder | 2026* | | In progress |
| Preparation of lime slurry | 2026* | | In progress |
| Returning overflow water from Bukovžlak | 2028 | 40 $m^3/h$ 5 $m^3/t$ $TiO_2$ 350,400 $m^3$/year | In progress |
| Utilisation of industrial water from the Tremerje WWTP, replacing natural sources from the Hudinja river | Post-2028 | Substantial replacement of the natural resource | Project preparation |

***Activities not completed in 2025 are continuing into 2026**

## [E3-3] Targets related to water resources

The Company has established short, medium, and long-term targets to address identified negative impacts and risks regarding water management. These voluntary commitments are of strategic importance for ensuring long-term water security, maintaining uninterrupted production, adapting to climate change, and promoting circularity. Targets related to water discharges are detailed in section [E2-3] Targets related to pollution.

Strategic objectives include:

1. Reducing freshwater abstraction (withdrawal) from the Hudinja river.
2. Improving the efficiency of process water consumption.

To achieve these strategic goals, the following specific and measurable targets have been set:

- Substantial reduction in water extraction from the Hudinja river through the utilisation of treated wastewater from the Tremerje WWTP after 2028;
- 20% reduction in process water consumption by 2028, against a 2021 baseline.

***Sustainable value chain***

The Company actively manages its impacts throughout the value chain, with particular attention to water use and the protection of water resources. It works closely with suppliers, service providers and other business partners. In its upstream and downstream value chain engagements, the Company endeavours to ensure that its partners:

- Conduct their activities in accordance with the Company's Code of sustainable business practices;
- Implement processes that support responsible water use, contribute to the reduction of overall water consumption and improve the quality of effluents.

To ensure sustainable management and compliance with the company's goals, mechanisms have been established that include:

- Quarterly monitoring of key indicators related to water withdrawal, emissions to water, and risk management;
- Annual review of progress against targets as part of the annual management review;
- Due diligence - a comprehensive review of impacts, risks, and opportunities within the value chain, assessing both actual and potential impacts alongside the adequacy of mitigation measures.

On the basis of monitoring and due diligence findings, the Company implements supplementary actions and explores further improvement opportunities in collaboration with its suppliers. These efforts aim to reduce the burden on water resources and secure long-term sustainability.

## [E3-4] Water consumption

For process purposes in its production activities, the Company abstracts surface water from the nearby Hudinja watercourse and groundwater from three springs at the Za Travnik waste disposal facility. Water abstractions for the Company's own operations take place in an area of low water stress.

Abstraction volumes are monitored via inlet flow meters, which are regularly certified by an external public water infrastructure operator to ensure third-party verification of measurements. Water pumped from the Hudinja river is monitored using internal flow meters subject to regular calibration by authorised contractors. Discharge meters, where continuous measurement is mandated, are verified and certified by an external accredited body.

Potable water is used for sanitary purposes and, in part, for process requirements; this consumption is also monitored as described above.

The total volume of water withdrawn equals the sum of abstractions from watercourses, groundwater and water supplied from the public mains. The total volume of water discharged comprises process wastewater discharged at the Company's individual outfalls (larger volumes measured, smaller volumes estimated), municipal wastewater and, to a limited extent, stormwater that cannot be separated and flows through the effluent system. Water consumption is calculated as the difference between the total volume of water withdrawn and the volume of water discharged (the Company does not store water and therefore does not account for it as inventory).

The Company does engage in water recycling and reuse; however, these volumes are not currently monitored with a degree of reliability suitable for external reporting. Phased measures are being implemented to establish sufficiently reliable data in the future (expected within the next five years). The Company does not store water.

**Table 82: Water consumption and wastewater discharge – own operations, 2024 and 2025***

| | Unit | 2024 | 2025 |
|---|---|---|---|
| Total water withdrawal | $m^3$ | 2,741,087 | 2,815,420 |
| Water stored | $m^3$ | 0 | 0 |
| Total water discharged | $m^3$ | 2,589,330 | 2,450,252 |
| Water consumption | $m^3$ | 181,857 | 405,168 |
| Water intensity | $m^3$/ EUR million of revenue | 908 | 2038 |

***Aggregate figures for the Celje and Mozirje sites**

**Data collection and calculation methodology**

The data presented in the tables above was manually compiled based on a combination of direct measurements and assessments, both of which are subject to inherent measurement uncertainty. Water abstraction volumes are determined through inlet metering or utility billing. Effluent discharge volumes are partially determined via metering at primary outfalls, while volumes for minor discharge points are estimated. As internal water recirculation is not currently metered or assessed to a satisfactory standard, these volumes have been excluded from the reporting scope. Water consumption is calculated as the difference between total abstraction and total discharge. We acknowledge that these figures are subject to additional uncertainty due to the incomplete tracking of internal recirculation and the inclusion of unquantified stormwater runoff. This runoff, which collects on facility surfaces and enters the effluent system, contributes to total discharge volumes but is not separately metered or independently valued.

# [E5] Resource use and circular economy

**[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities related to resource use and circular economy**

The identification and assessment of impacts, risks, and opportunities (IROs) are conducted as part of our due diligence process. This involves reviewing value chain impacts through interviews and an analysis of publicly available data and reports. In 2024, due diligence focused on our primary $TiO_2$ value chain (both upstream and downstream); no material issues under the E5 standard were identified at that time. In 2025, an annual double materiality assessment was performed. A detailed description of all identified IROs is provided in section ESRS 2 [SBM-3]. From 2025 onwards, the Company will progressively expand the scope of its due diligence processes. This will enable the collection of comprehensive data required for the accurate assessment of actual and potential negative impacts, as well as risks and opportunities.

Resource efficiency and the circular economy have been identified as material topics within the Company's own operations. This necessitates a comprehensive approach and the implementation of measures across various levels, encompassing impact assessments, the identification of risks and opportunities, regulatory compliance, the introduction of technological upgrades, and awareness-raising initiatives. The Company identified waste management in its own operations as a material impact. A review of impacts within the value chain did not identify any material IROs.

In accordance with our waste management plans, the Company adheres to the waste hierarchy where technically feasible. **We prioritise waste prevention, source separation, reuse, and the recycling of industrial waste and packaging.** Furthermore, we collaborate with partners to maximise the circularity or energy recovery of these materials.

The generation of non-hazardous red gypsum, arising from the production of titanium dioxide, has been identified as the Company's most significant impact. The quantity of this waste represents more than 95% of all waste generated in the Company. The aforementioned non-hazardous waste is landfilled or dry-filled at our own waste disposal facility Za Travnik. Landfilling creates a direct impact on the environment – primarily due to sulphates in the overflow waters discharged from the facility (detailed in E2-IRO1 and E2-4). A potential environmental and public health impact could arise from an accident involving the failure of the containment embankments behind which red gypsum is currently backfilled or was disposed of in the past. Furthermore, these waste disposal facilities indirectly affect the quality of life within the local community due to their proximity to residential areas—a social impact (detailed further in section S3-SBM3).

The principal risk identified relates to the finite disposal capacity for red gypsum. The successful completion of backfilling operations at the Za Travnik and Bukovžlak facilities is critical to mitigating the risk of non-delivery of the Company's strategic objectives.

In 2025, the Company identified a significant new opportunity following the development of a process to extract and recover $TiO_2$ from 23% spent sulphuric acid—previously treated as a waste stream within the production process. This initiative not only reduces the volume of red gypsum sent for disposal but also generates added value, as the recovered $TiO_2$ is no longer classified as waste, but as a marketable product of equivalent quality and value to that of our standard production.

**Table 83: Significant impacts, risks, and opportunities (IRO) for the E5**

| Material impacts, risks and/or opportunities | Category | Location/Value chain | | | Time horizon | | |
|---|---|---|---|---|---|---|---|
| | | Own operations | Downstream value chain | Upstream value chain | Short-term | Medium-term | Long-term |
| Waste: red gypsum backfilling | Actual negative impact | x | | | | | x |
| Operational risks due to constrained red gypsum disposal capacity | Risk | x | | | | | x |
| Waste: $TiO_2$ recovery from 23% spent acid | Positive impact | x | | | | x | |
| Waste reduction and product recovery with lower full production costs | Opportunity | x | | | | x | |

## [E5-1] Policies related to circular economy

**Table 84: Key policies for managing significant impacts related to the circular economy**

| Policy title | Summary of key content | Accountability | Alignment with external standards & initiatives | Stakeholder engagement & scope | Accessibility |
|---|---|---|---|---|---|
| Quality, Environmental, Health & Safety, and Energy Policy | Outlines the achievement of key strategic objectives regarding waste management. The policy aims to mitigate environmental impacts through enhanced waste management and the monitoring of product Life Cycle Assessments (LCAs). | Management Board, employees | **ISO 9001** (Quality Management System), **ISO 14001** (Environmental Management System), **ISO 45001** (Occupational Safety and Health Management System) **ISO 50001** (Energy Management System) | In formulating the Quality, Environmental, Health & Safety, and Energy Policy, the Company considered the interests of key stakeholders—including employees, business partners, the local community, and regulatory bodies. This policy applies to own operations. | www.cinkarna.si |
| Pollution Prevention, Sustainable Water Use, Biodiversity, and Circular Economy Policy | Defines the Company's commitment to pollution prevention. Objectives include reducing environmental footprints, enhancing resource efficiency, and ensuring compliance with legislation and Best Available Techniques (BAT). | Sustainability Team Leader; Management Board, employees | **ISO 14001** (Environmental Management System), | In preparing the Pollution Prevention, Sustainable Water Use, Biodiversity, and Circular Economy Policy, the Company accounted for the interests of key stakeholders, such as employees, business partners, the local community, and regulatory bodies. This policy applies to own operations. | Document management system |
| Code of sustainable business practices for business partners. | The Code incorporates the core principles of sustainable raw material sourcing, mandating that business partners ensure the economical use of natural resources, prioritise renewable energy and materials wherever feasible, and prevent the use of materials from unknown or illicit origins. Furthermore, it stipulates the exclusion of conflict minerals and bolsters responsible conduct throughout the supply chain. These expectations establish a minimum framework for sustainable sourcing and complement the Company's internal environmental policies. | Procurement & Logistics Director; Management Board; Sales and Procurement staff | Code of Ethics of the Purchasing Association of Slovenia | The Code reflects a balanced approach that enables effective engagement with all stakeholders and promotes long-term, sustainable, and ethical procurement practices across the value chain. | Document management system Business partners |

The Company utilises its policy framework to govern waste management, resource efficiency, pollution prevention, and compliance with both legislation and Best Available Techniques (BAT). It is progressively reducing its dependency on primary raw materials by increasing the integration of secondary materials—for example, through the use of recycled copper and the active pursuit of additional secondary raw material sources. These approaches enhance the proportion of circular materials used and reduce primary resource consumption.

Elements of sustainable sourcing are also embedded in the Code of sustainable business practices for business partners, which is binding for the entire supply chain. The Code sets out requirements for the economical and sustainable use of natural resources, gives preference to the use of renewable materials and energy where possible, and requires the exclusion of materials of unknown origin, conflict minerals, and materials from illegal sources.

In 2024, the Company's sustainability strategy established targets and actions for waste reduction and circular economy initiatives, alongside measures to mitigate associated risks. In 2025, the Company formalised the Pollution Prevention, Sustainable Water Use, Biodiversity, and Circular Economy Policy to strengthen the management of resource use and circularity. The aforementioned policy, in conjunction with the Quality, Environmental, Health & Safety, and Energy Management Policy, addresses the IROs identified in Table 81: Material impacts, risks and opportunities (IRO) for E5, through objectives focused on reducing waste generation, decreasing the consumption of primary raw materials, increasing the use of secondary raw materials or recycled materials, managing waste to enable circular material flows, and fostering awareness and technological innovation in the field of resource use and the circular economy.

In accordance with its waste management plans, the Company focuses on the application of Best Available Techniques (BAT) to ensure efficient resource use, maximise the use of recycled materials, and recover waste. It strictly adheres to the waste hierarchy, which prioritises prevention, preparation for reuse, recycling, other recovery operations, and the minimisation of disposal as a last resort.

Whilst the Company's internal policies primarily focus on own operations and do not encompass all circular economy risks within the value chain, the Company mandates that its business partners adhere to the sustainability principles outlined in the Code of sustainable business practices. These expectations include the economical and sustainable use of natural resources, the efficient reduction of raw material consumption, the minimisation of waste, and the active promotion of recycling and material reuse.

## [E5-2] Actions and resources related to resource use and circular economy

The Company's initiatives concerning resource efficiency and the circular economy are aimed at meeting stringent environmental requirements and achieving sustainable development goals. The Company strives to reduce waste disposal and strengthen circularity within its operations, focusing on the impacts its activities have on the environment and affected communities. Key to this approach is increasing the generation of by-products—thereby reducing waste—and identifying new opportunities for the reuse of production waste. Two essential by-products, red gypsum (RCGIPS) and white gypsum (CEGIPS), are particularly significant in $TiO_2$ production. White gypsum is utilised in the construction industry, while red gypsum is used for the dry backfilling of the waste disposal facility. Furthermore, the Company has defined specific actions and key activities to reduce the volume of red gypsum sent for backfilling.

**Table 85: Actions and key activities to reduce red gypsum backfilling at Cinkarna Celje until 2030**

| Strategic goal | Type of actions and key activities | Year | Emissions (air/water/land) | Anticipated reduction (t) | Status |
|---|---|---|---|---|---|
| Reduction of red gypsum generation | Increasing CEGIPS production (additional centrifugation for gypsum isolation) | 2028 | land | Reduction by approx. 25,000 | In progress |
| Reduction of red gypsum generation | Recovery of 23% spent acid – $TiO_2$ isolation and recycling | 2030 | land | Reduction by approx. 2,000 | In progress |

The Company is also implementing measures to mitigate identified risks associated with the finite disposal capacity for gypsum (dry backfilling). Additional activities are focused on improving the waste management system, including increasing reuse, expanding recycling capabilities, recovering waste into usable materials, and increasing the use of secondary raw materials. These actions aim to reduce the consumption of primary resources and ensure maximum material circularity (e.g., the use of waste copper and other waste streams). All measures are monitored within the framework of the integrated management system.

### [E5-3] Targets related to resource use and circular economy

The Company's targets regarding resource use and the circular economy are designed to enhance the circular design of production processes and material flows. In this context, the Company focuses on waste prevention at the process design stage, increasing material reuse and recovery, and transforming by-products and waste into value-added secondary raw materials.

The Company voluntarily sets targets for resource use and the circular economy to improve process efficiency, reduce waste generation, and minimise environmental impact. To this end, maintaining a comprehensive understanding of material and waste flows for each specific business activity is essential.

Resource use and circular economy objectives include:

- Reducing waste generation;
- Decreasing the consumption of primary raw materials while increasing the use of secondary raw materials and recycled materials;
- Implementing waste management practices to enable circular material flows;
- Fostering awareness and technological innovation in the fields of resource efficiency and the circular economy.

The Company's primary strategic target is a 14% reduction in red gypsum generation by 2030, measured against a 2021 baseline. This objective is intrinsically linked to the circular design of production processes, driven by the re-engineering of material flows and the development of technological solutions to repurpose red gypsum and other waste streams into value-added secondary raw materials. By addressing these factors at the design stage, the Company reduces its reliance on waste disposal—the least preferred tier of the waste hierarchy. The Company already integrates selected secondary raw materials (e.g., recycled copper compounds) into its operations and actively evaluates new secondary material sources wherever technologically feasible.

Within the scope of E5, the Company has identified one taxonomy-eligible activity: the production and sale of white gypsum (CEGIPS). This is disclosed in the Taxonomy Report under "Collection and transport of non-hazardous waste" (CE 2.3). The activity meets the Substantial Contribution (SC) criteria for the transition to a circular economy by facilitating the reuse of secondary materials, reducing disposal volumes, and displacing primary raw materials in the construction sector.

Furthermore, the activity meets all "Do No Significant Harm" (DNSH) criteria; it presents no adverse impact on water, air, or soil, and operates in full compliance with the Industrial Emissions Directive (IED), SEVESO requirements, and internal environmental control systems. Current projects focused on the valorisation and processing of red gypsum contribute significantly to circular economy goals. Although these initiatives are not yet disclosed as taxonomy-aligned for 2025, they strictly adhere to circular principles regarding material reuse, disposal reduction, and the development of secondary raw material streams.

### [E5-4] Resource inflows

The Company incorporates recycled materials into its production processes wherever feasible. The volume of recycled input materials utilised is contingent upon production output, material availability, and the comparative pricing of alternative raw materials.

**Specific initiatives are underway to increase the proportion of recycled content within the agro-product portfolio, where copper is the primary raw material.** For this purpose, the Company utilises 100% recycled copper. Furthermore, spent etchant is also employed as an input. The Company holds the requisite waste recovery permits for these substances and continuously evaluates new sources of waste-based raw materials.

**Table 86: Used recycled input materials in 2024 and 2025 in kilograms at the Celje site**

| Material consumption (kg) | 2024 | 2025 |
|---|---|---|
| For recovery under R_05 (non-hazardous) | 950,316 | 675,286 |
| For recovery under R_05 (hazardous) | 165,379 | 195,160 |
| **Total** | 1,115,695 | 870,446 |
| **Recycled material content in %** | 53.4 | 52.54 |

**R5 – Recycling/reclamation of other inorganic materials**

### [E5-5] Resource outflows

The Company adheres to the five-tier waste hierarchy, prioritising efficient material management and waste minimisation. Materials are recirculated into the production process or reused wherever possible; any remaining waste is transferred to authorised collectors and processors for recovery or disposal.

In alignment with circular economy targets (reducing waste generation and increasing reuse), the Company implements measures and pursues improvement goals to decrease total waste volumes. Operations follow a source-separation system. **The Company holds recovery permits for specific waste streams, enabling their reintroduction into production processes** and the displacement of primary natural resources with recovered materials.

The most significant proportion of disposed waste consists of gypsum, which is a specific byproduct of titanium dioxide production. Two types are generated: red gypsum (RCEGIPS) and white gypsum (CEGIPS), both chemically identified as calcium sulphate dihydrate ($CaSO_4 \cdot 2H_2O$). Red gypsum has a specific disposal status, as it is used for dry backfilling. The volume of red gypsum sent for disposal is being reduced by increasing the recovery capacity of the white gypsum by-product. In 2025, 2.66 tonnes of white gypsum were isolated per tonne of titanium dioxide produced (specific white gypsum yield). The preparation of technical documentation and the obtaining of the necessary building permit for the construction of an additional centrifuge are currently underway; this investment will further facilitate increased white gypsum recovery. Furthermore, yield optimisation procedures have been implemented within $TiO_2$ production, and a red gypsum valorisation project is currently ongoing, aimed at identifying alternative commercial applications.

Other key waste streams include packaging (plastic, paper, cardboard, and wood). Regarding packaging, the Company is part of a packaging waste management scheme operated by an authorised waste management company. This scheme involves the collection of all generated packaging at the source and ensures that it is handled in compliance with current legislation and required recycling targets. A significant portion of waste also arises from major overhauls (discarded equipment, construction debris) and routine production activities.

Despite the implementation of numerous measures, waste generation cannot be entirely eliminated. The hazardous and non-hazardous waste generated is separated at the source and primarily prepared for recovery (under operations R3–R13) or disposal (under operations D1–D13). All hazardous waste is transferred to authorised waste collectors. Similarly, any remaining source-separated non-hazardous waste that is not recovered or disposed of by the Company itself is transferred to authorised collectors.

**Table 87: Total amount of production waste generated at the Celje and Mozirje sites in 2024 and 2025, in kilograms**

| | 2024 | 2025 |
|---|---|---|
| Total waste generated (kg) | 178,952,652 | 196,820,774 |
| Total non-recycled waste (hazardous+ non-hazardous) (kg) | 177,114,565 | 195,132,275 |
| Percentage of non-recycled waste (hazardous + non-hazardous) (%) | 98.97 | 99.14 |

**Table 88: Waste (hazardous and non-hazardous) by type of treatment or recovery method for the Celje and Mozirje sites in 2024 and 2025**

| | | 2024 | 2025 |
|---|---|---|---|
| **Hazardous waste (total) (kg)** | | **76,010** | **116,516** |
| Diverted from disposal | Preparation for reuse (kg) | 0 | 4,413 |
| | Recycling (kg) | 0 | 1,365 |
| | Other recovery operations (kg) | 18,886 | 250 |
| Directed to disposal | Incineration (kg) | 0 | 43,267 |
| | Landfilling (kg) | 8,960 | 0 |
| | Other disposal operations (kg) | 48,164 | 67,221 |
| **Non-hazardous waste (total)(kg)** | | **178,876,642** | **196,704,258** |
| Diverted from disposal | Preparation for reuse (kg) | 0 | 9,420 |
| | Recycling (kg) | 955,720 | 939,920 |
| | Other recovery operations (kg) | 863,481 | 733,131 |
| Directed to disposal | Incineration (kg) | 0 | 1,880 |
| | Landfilling* (kg) | 177,018,420 | 194,927,420 |
| | Other disposal operations (kg) | 39,021 | 92,487 |

***Landfill volumes include red gypsum used for dry backfilling at the Za Travnik facility (Waste code 06 11 01).**

During the reporting period, the Company did not have key products or materials designed according to circular product design principles. Given the nature of its core business—producing primary chemical products—circularity is addressed at the level of production processes and material flow management rather than product design. The Company approaches the circular economy through material flow optimisation, waste reduction, increased recovery rates, and the development of processes that reintegrate materials into the production cycle.

The process of collecting and calculating waste generation data may be a source of uncertainty, primarily regarding disposal methods rather than total quantities. This uncertainty relates to the information on treatment or disposal provided by authorised waste contractors following the collection of the waste, as this data may be estimated based on the specific waste type. Data regarding collected waste quantities and their allocation to various recovery operations is obtained from these authorised contractors; therefore, the Company has limited influence over the accuracy of such data. The volume of waste disposed of at the waste disposal facility is calculated based on quantity and composition data, as well as measurements and estimates of the red gypsum composition (specifically the moisture content remaining prior to dry backfilling).

In addition to red gypsum waste (calcium-based waste from titanium dioxide production), the Company generates waste resulting from chemical activities (e.g., waste paints and varnishes, discarded equipment, spent waxes, and emulsions) and packaging waste (paper, wood, metal, plastic, and other packaging materials). Furthermore, waste arises from various construction and maintenance activities (including construction debris, scrap metal, and insulation materials).

# [S] Social information

Open dialogue, employee engagement, and active listening to employees' needs contribute significantly to employee satisfaction and the Company's success.

## [S1] Own workforce

### [SBM-3] Material impacts, risks and opportunities

At the end of 2025, the Company employed 726 people, who constitute its workforce and represent a key pillar of its operations. The Company's activities are based on the conviction that open dialogue, employee engagement, and active listening to their needs contribute significantly to employee satisfaction and corporate success. Focus is placed on ensuring a high-quality, safe, and inclusive working environment. The workforce is structured across various organisational units in accordance with the requirements of production and administrative processes. The majority of own employees are employed under full-time contracts, which contributes to a sustainable personnel structure and enables long-term human resource planning. Less than 6% of the workforce is engaged via employment agencies; however, the Company ensures identical working conditions for all personnel, regardless of their form of employment. The Company strives to create long-term employment opportunities that provide employees with stability and career development.

Based on the double materiality analysis (DMA), several material aspects related to the own workforce were identified:

- Two negative impacts;
- One positive impact;
- One material risk.

Actual and potential impacts on the workforce derive directly from the characteristics of the Company's business model, which is based on highly regulated, complex chemical production. The identified actual impacts include:

- Ensuring occupational safety and health – an actual negative impact due to potential risks inherent in an industrial environment;
- Ensuring employee job satisfaction – a material actual negative impact arising from the demanding nature of the work and organisational challenges;
- Ensuring job security – an actual positive impact, as the Company provides long-term stability for its employees.

In addition to these actual impacts, a significant risk affecting the workforce was identified concerning:

- Underdeveloped succession policy and competency gaps; this represents a threat to the retention of critical knowledge and the capacity for intergenerational knowledge transfer.

Both the actual impacts and the identified risk are treated as material elements of the business model and are considered in the formulation of the HR strategy, the improvement of the working environment, and long-term resource planning. As these impacts affect both employees and contracted workers, they are included within the scope of this disclosure. The following sections outline the Company's approach to understanding employee interests, their engagement, and the measures, policies, and targets used to address these key impacts.

**Table 89: Table of significant impacts, risks and opportunities (IRO) for Cinkarna Celje, d. d.**

| Material impacts, risks and/ or opportunities | Category | Location/ value chain | | | Time horizon | | |
|---|---|---|---|---|---|---|---|
| | | Own operations | Downstream value chain | Upstream value chain | Short-term | Medium-term | Long-term |
| Occupational safety and health | Actual negative impact | x | | | | | x |
| Ensuring employee job satisfaction | Actual negative impact | x | | | | | x |
| Ensuring employee job security | Actual positive impact | x | | | | | x |
| Underdeveloped succession policy and competency gaps | Risk | x | | | | | x |

The Company acknowledges the fundamental role of its employees in delivering business objectives and sustainable growth; consequently, significant focus is placed on managing material impacts, risks, and opportunities concerning its own workforce. The scope of this disclosure extends to all individuals within the workforce who could be materially affected by the Company's operations, including permanent and part-time employees, self-employed contractors, and personnel engaged via employment agencies.

As a company in the chemical industry, Cinkarna Celje faces the challenge of ensuring a safe working environment where handling hazardous substances and managing demanding technological processes are inevitable parts of production. To mitigate potential negative impacts, the Company implements strict safety protocols, regular training, and preventive measures to ensure the health and safety of employees and reduce the risk of accidents and occupational diseases. The Company is aware that motivated and satisfied employees are crucial to its success and competitiveness. Consequently, significant focus is placed on ensuring job satisfaction by creating a stimulating work environment based on safety, respect, professional development, and fair remuneration.

To improve job satisfaction, numerous measures are implemented, including investment in occupational safety and health, the promotion of open and transparent relationships between employees and management, the maintenance of a fair job classification system, and the provision of career development opportunities. An important aspect of this commitment is the ongoing effort to prevent all forms of violence, discrimination, and harassment in the workplace.

Furthermore, the Company recognises the positive impacts generated by providing job security for its own workforce through long-term business stability, systematic personnel management, and investment in competency development. Particular emphasis is placed on social security and associated benefits, ensuring stable employment with minimal risk of layoffs and competitive wages that provide economic security. Effort is also dedicated to maintaining a healthy work-life balance, which further contributes to satisfaction and long-term stability.

One significant risk identified arises from an underdeveloped succession policy and a lack of appropriate employee competencies, which could negatively impact business continuity, productivity, and the Company's adaptability to market and technological changes. To manage this risk, target measures are implemented, such as systematic succession planning and employee education and training to strengthen key competencies, ensure knowledge transfer, and prepare personnel for future responsibilities.

During the reporting period, based on the double materiality analysis and established risk management and internal control procedures, the Company did not identify any actual material negative impacts on people or the environment, nor did it identify significant impacts on employees arising from the transition.

The Company is significantly dependent on a skilled and stable workforce, as this enables the uninterrupted execution of regulated and technically demanding production processes. This dependency affects efficiency, quality, delivery reliability, and the Company's capacity for long-term development.

Identified risks, such as staff shortages and the loss of key knowledge, impact the business model and are addressed through the following strategic measures:

- Development of systematic knowledge transfer and internal succession;
- Strengthening of internal training and competency development;
- Digitalisation of HR processes;
- Long-term succession planning for critical roles.

The relationship between risks and opportunities regarding the workforce is inextricably linked to the Company's business strategy. Measures used to manage HR risks simultaneously open new development opportunities and contribute to the successful realisation of strategic goals. Therefore, risks and opportunities are integrated into a unified approach involving monitoring, response, and long-term integration into the business model.

In addition to disclosures on topics identified as material within the double materiality assessment under ESRS, the Company also reports on the following specific points: S1-8, S1-9, S1-10, S1-12, S1-15 and S1-16. While these were not defined as material, they are included in the report in the interests of transparency and responsible reporting.

### [S1-1] Policies related to own workforce

As one of Slovenia's leading industrial enterprises, the Company recognises the fundamental role of its employees in achieving both sustainable and business objectives. We are committed to providing a safe, fair, and inclusive working environment that respects fundamental human rights, labour rights, and the principles of decent work.

The Company's workforce strategy and its approach to managing material impacts, risks, and opportunities (IROs) are underpinned by policies covering human rights, human resources, occupational safety and health, ethical conduct, employee engagement, and the protection of labour rights. These documents form the foundation of workforce management and provide operational support for the implementation of the Company's strategic HR objectives.

The following section presents the key documents governing occupational safety and health, ethical conduct, workforce organisation, diversity, the prevention of violence, competency development, and respect for human rights. Each policy is linked to one or more identified material IROs within the workforce domain:

- Occupational Safety and Health Policy defines the organisational and technical measures required to prevent injuries and occupational diseases, as well as the safe execution of work processes. The policy directly addresses the material actual negative impact related to ensuring health and safety at work;
- Code of Ethical Conduct and Work establishes the foundations for responsible conduct, professionalism, and respectful cooperation. It thereby strengthens a culture of integrity and reduces actual negative impacts related to challenges in the field of social dialogue;
- Diversity Policy promotes inclusion and equal opportunities, thereby addressing the material actual negative impact on employee satisfaction and providing an opportunity to develop an inclusive organisational culture;
- Rules on Internal Organisation and Job Classification establish a clear workplace structure, enabling efficient personnel planning and allocation while managing risks associated with labour shortages, inadequate organisation, and succession planning;
- Rules on the Prevention of All Forms of Workplace Violence protect employees from psychosocial risks such as mobbing, harassment, and violence, thereby reducing material actual negative impacts on employee satisfaction and safety;
- Rules on Determining and Paying Performance-Related Bonuses establish criteria for fair and target-oriented remuneration, reducing negative impacts on satisfaction and providing an opportunity for increased motivation and a sense of belonging;
- OP 174 – Provision of Personal Protective Equipment (PPE) defines procedures and responsibilities for PPE use, reducing injury risks and ensuring regulatory compliance. This policy directly addresses the material actual negative impact related to ensuring health and safety at work;
- OP 137 – Training governs the system for internal training and competency development, enabling the management of risks associated with succession and knowledge gaps while promoting long-term employee development;
- Human Rights Policy defines the principles, obligations, and commitments of the Company regarding respect for human dignity, equal opportunities, decent work, environmental protection, and responsible conduct throughout the supply chain.

**Table 90: Key policies for ensuring a safe and orderly working environment**

| Policy, commitment or code title | Summary of key content (Objectives, IROs) | Accountability | Alignment with external standards & initiatives | Stakeholder engagement & consideration of interests | Accessibility |
|---|---|---|---|---|---|
| Occupational Health and Safety Policy (S1-1, DR23) | Ensures a safe and healthy working environment for employees and visitors:<br>· Commitment to compliance with relevant legislation and occupational health and safety regulations;<br>· Focus on the prevention of workplace injuries:<br>· Establishing health and safety procedures;<br>· Defining roles and responsibilities. | Head of Health, Safety and Environment (HSE) | Occupational Health and Safety Act (ZVZD-1); Directive 89/391/EEC; ISO 45001 | Addresses the interests of employees, temporary agency workers, students, trainees, and the Labour Inspectorate; formulated in cooperation with employee representatives. | Cinkarna Celje, d. d., Intranet |
| Code of Ethical Conduct and Work, | Defines fundamental principles and rules of conduct for employees and management. Ensures high standards of business and ethical integrity and promotes a culture of responsibility, honesty, and respect. | Management Board | OECD Guiding Principles for Multinational Enterprises, UN Global Compact, ISO 26000, Integrity and Prevention of Corruption Act (ZIntPK) | Addresses employees, workers employed through an employment agency, business partners, and the general public. | https://www.cinkarna.si/o-podjetju |
| Diversity Policy | The policy aimed at ensuring diversity in the Management Board and Supervisory Board of The Company. sets out the main principles for achieving greater diversity in these bodies, which contributes to greater efficiency, diversity of opinions and a better understanding of current developments and long-term risks and opportunities for the Company's operations. | Management Board | Employment Relationships Act (ZDR-1), UN Agenda 2030 (SDG 5, 8, 10), | Addresses employees; takes into account the recommendations of the Slovenian Sovereign Holding. | https://www.cinkarna.si/o-podjetju |
| Rules on Internal Organisation and Job Classification | These rules define the organisational structure and job classification, specifying internal organisational units, their tasks, roles with job descriptions, and conditions for filling said positions, and include:<br>· Internal organisation with the definition of organisational units.<br>· Job classification with the definition of individual roles, including job descriptions, required level and type of education, working conditions, and other special requirements.<br>· Conditions for filling positions by determining the criteria that candidates for individual roles must meet, such as level of education, work experience, specific knowledge, or qualifications. | Head of Human Resources and General Affairs | Employment Relationships Act (ZDR-1), | Addresses employees, workers employed through an employment agency, document prepared in consultation with employee representatives | Cinkarna Celje, d. d., Intranet |

| | | | | | |
|---|---|---|---|---|---|
| Rules on the Prevention of all Forms of Violence in the Workplace, (S1-1, DR24a,b,d) | These rules ensure a safe and supportive working environment and protect the dignity of all employees. They include:<br>· Clear provisions on what constitutes violence, bullying, sexual and other harassment, and psychosocial risks in the workplace;<br>· Measures for identifying, preventing, eliminating, and managing violence, harassment, bullying, and other forms of psychosocial risk;<br>· Reporting and handling procedures through which employees can report incidents of violence or bullying, and the method of their handling, including ensuring the anonymity and protection of reporting persons;<br>· Measures against the alleged perpetrator of the misconduct. | Head of the Legal Department | Employment Relationships Act (ZDR-1), International Labour Organization (ILO) – Convention No. 190, Recommendation No. 206 (ILO), Directive 2000/78/EC (EU) | Addresses employees; workers employed through an employment agency, students, pupils, prepared in consultation with employee representatives. | Cinkarna Celje, d. d., Intranet |
| Rules on Determining and Paying Performance-Related Bonuses | These rules define the conditions, criteria, and procedures for the payment of performance-related pay based on the Company's business results and include:<br>· Determining the conditions under which employees are eligible for performance bonuses, such as achieving specific financial targets;<br>· Clearly defined criteria used for payment;<br>· Determining the methodology for calculating the payment amount and the method of payment to employees. | Management Board | ZDR-1, Company-Level Collective Agreement | Addresses employees; workers employed through an employment agency, prepared in consultation with employee representatives. | Cinkarna Celje, d. d., Intranet |
| OP 198 Management of Occupational Health and Safety at Shared Workplaces | The objective is the coordinated implementation of safety measures and the prevention of accidents. This procedure defines measures to ensure safety at work when multiple employees and external contractors operate simultaneously at the same worksite. It requires a written agreement between all participants, designates persons responsible for safety, defines shared measures, and requires that workers are briefed on safety procedures. | Head of Health, Safety, and Environment (HSE) Department | Health and Safety at Work Act (ZVZD-1), ISO 45001 | Addresses the interests of employees, workers employed through an employment agency, and the labour inspectorate; designed in cooperation with employee representatives. | Cinkarna Celje, d. d., Intranet |
| Operating Regulation OP 137: Training | This regulation defines the planning of training needs, requirements for training prior to starting a role, and training for independent work for new hires, employees reassigned to other positions, long-term absent employees, and agency workers. It outlines the planning and verification of employee competence, training for students (compulsory internships, theses, student work), training for interns and apprentices, the organisation and monitoring of part-time studies, and defines the procedures and system for conducting annual appraisal interviews. | Head of Human Resources and General Affairs | Health and Safety at Work Act (ZVZD-1), Compliance with the OECD Guiding Principles for Enterprises, | Addresses employees, business partners, and the general public; designed with the involvement of management and HR. | Cinkarna Celje, d. d., Intranet |
| Human Rights Policy (S1-1, DR20) | This policy defines the Company's fundamental principles and commitments to respecting human dignity and protecting human rights across all activities. It applies to all potentially affected stakeholders, including employees, business partners, and local communities. It emphasises zero tolerance for discrimination, harassment, forced labour, and exploitation, while supporting equal opportunities, fair and respectful treatment, and safe and healthy working conditions. The policy also outlines expectations for business partners, grievance mechanisms for reporting and addressing violations, and a commitment to monitoring and continuously improving the implementation of these principles. | Management Board | Commitment in the Sustainability Statement for 2024 | Addresses all employees in the Company, all suppliers, and partners, including local communities with which the Company cooperates in the global supply chain; designed with the involvement of management and HR. | https://www.cinkarna.si/za-vlagatelje/objava/politika-clovekovih-pravic-2025-12-30 |

We are committed to respecting all internationally recognised human rights, including compliance with Slovenian labour legislation, the EU Charter of Fundamental Rights (Article 21: Non-discrimination), EU Directive 2000/78/EC (on equal treatment in employment and occupation), EU Directive 2000/43/EC (on equal treatment irrespective of racial or ethnic origin), and ILO Convention No. 111 (on discrimination in respect of employment and occupation). This commitment further extends to ILO Conventions No. 138 and No. 182, the UN Convention on the Rights of the Child, the EU Charter of Fundamental Rights (Article 32), EU Directive 94/33/EC on the protection of young people at work, the European Convention on Human Rights (Article 4), and the ILO Declaration on Fundamental Principles and Rights at Work. The Company has adopted Rules on the Prevention of All Forms of Workplace Violence, which enable the identification, prevention, elimination, and management of violence, harassment, bullying, and other psychosocial risks. These rules explicitly cover discrimination based on sex, race, religion, sexual orientation, gender identity, or other personal characteristics. Currently, the Company has not adopted specific commitments or positive measures for groups at particular risk of vulnerability within its own workforce, as it operates in full accordance with the applicable Employment Relationships Act.

All of our own workforce is employed in the Republic of Slovenia and is subject to Slovenian labour legislation, which provides strict frameworks prohibiting child and forced labour. Based on the conducted Impact, Risk, and Opportunity (IRO) assessment, the Company assesses the risk of child or forced labour within its own workforce as low or immaterial; therefore, this area is not defined as a material risk.

### [S1–2] Processes for engaging with own workers and workers' representatives about impacts

We dedicate particular attention to collaboration with employee representatives, as two representative trade unions and a Works Council operate within the Company. The Company has formal agreements in place to provide the necessary conditions and resources for the functioning of both the unions and the Works Council. Furthermore, employees are represented within the management bodies by a member of the Management Board acting as Labour Director, and within the supervisory bodies by two representatives on the Supervisory Board, through whom employees can exercise their views and influence.

All employees can express their concerns regarding the workforce and sustainability through the Works Council, where Employee Initiatives and Questions is a standing agenda item. In the event of organisational changes or updates to internal policies, the Company regularly informs and consults with the Works Council and ensures the participation of its representatives at meetings. During these sessions, the Works Council obtains answers to employees' open questions through invited Company representatives or written responses. These are published on the intranet, accessible to all employees with computer access, and/or via minutes of regular or extraordinary meetings posted on noticeboards. Employees have an additional channel for expressing concerns through trade union representatives or the presidents of the representative trade unions, with whom the Management Board meets regularly as required.

The Company recognises the importance of including vulnerable groups of employees, such as older workers, women, foreign nationals, and persons with disabilities, as the impacts of our operations may affect them more significantly. We systematically involve employees and their representatives in addressing workforce-related impacts, taking their views and concerns into account through the Works Council, union representatives, and the possibility of submitting anonymous suggestions via our communication channels. When necessary, we conduct additional informal discussions with employees from vulnerable groups to ensure their voices are heard and considered when shaping measures that affect their working environment.

The Company has established a formal and structured system for employee engagement through the Works Council, representative trade unions, and employee representatives in management and supervisory bodies. As the process for engaging with employees is established and regularly implemented, disclosures relating to instances where no such process exists are not relevant to the Company.

### [S1–3] Processes to remediate negative impacts and channels for own workers to raise concerns

Workers and their representatives are enabled to participate in addressing issues concerning the own workforce. They are involved in workplace risk assessments and the preparation of the formal Risk Assessment document. Several committees operate within the Works Council through which employees from various areas convey questions and concerns regarding working conditions. Workers can report work-related hazards and suggestions for improving working conditions via the Works Council, or by reporting potential hazards and near-miss events. The effectiveness of the measures taken is evaluated by monitoring the implementation of agreed improvements, analysing recurring events, and through regular reporting and employee feedback. Based on the data collected, additional corrective measures are adopted as necessary. The Company has established formal and accessible channels for raising concerns and reporting irregularities.

Employee engagement in the Company takes place through the following channels:

- Annual job satisfaction survey, where employees provide information on key topics such as satisfaction with various aspects of work, including working conditions, promotion opportunities, remuneration, relationships with colleagues, job security, and the reputation of the work. Results are presented and analysed at senior management level, with individual departments and managers responsible for preparing action plans to address identified challenges.
- Annual employee engagement survey, based on the Gallup Engagement Scale, which provides internationally comparable data on factors influencing employee engagement. Results are presented and analysed at senior management level, with departments and managers responsible for preparing action plans.
- CCUM useful suggestion scheme, where employees can submit suggestions to improve work processes, the working environment, working conditions, and relationships. Each submission is reviewed by the system administrator, the President of the Works Council, who ensures that the suggestion is appropriately evaluated by the responsible persons and that the employee receives feedback.
- Anonymous mailboxes titled What's Bothering You? (Kje pa vas čevelj žuli?) or the online channel razkritja@cinkarna.si, whose administrator is a member of the Management Board - the Labour Director who carefully examines each reported case and proposes further consideration.

**Monitoring the effectiveness of employee engagement**

To evaluate the effectiveness of our efforts, we monitor several key indicators:

- Survey methodology: We monitor trends in participation, engagement levels, and employee satisfaction, which allows us to adjust our engagement strategy.
- Employee turnover and talent retention: This serves as an additional indicator of the effectiveness of employee engagement.

**Engagement of non-employees**

Contracted workers, secondary school and higher education students on mandatory work placements are not classified as employees of the Company; however, uniform criteria and rules for their engagement apply to them just as they do to our employees, in accordance with legislation and internal regulations. At the start of their placement, they are inducted into the working environment, briefed on fundamental safety rules, rights, and expectations, and assigned a dedicated mentor or supervisor. In line with the principles of fair treatment, these individuals have the opportunity to raise concerns, ask questions, or report perceived irregularities through the same structures as permanent staff—including direct communication with supervisors, HR support, and anonymous communication forms. Familiarisation with available channels is a core part of the induction process, and their use is voluntary and protected. All individuals using these channels—including contracted workers, secondary school and higher education students—are protected by internal anti-retaliation policies as set out in the Code of Ethical Conduct, which applies to everyone acting on behalf of the Company or within the scope of its operations. This ensures that non-employees also have the opportunity to safely voice their concerns and contribute to a fair and secure working environment.

**[S1–4] Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions**

***Ensuring occupational safety and health***

The actions presented in this disclosure address the material impacts, risks, and opportunities related to our own workforce, as defined in disclosure ESRS 2 SBM-3.

Regarding impacts in the field of occupational safety and health (OSH), our policy is rooted in the conviction that all accidents are preventable; therefore, our »ZERO accidents« goal reflects our total commitment to this area.

Three primary objectives in occupational safety and health:

1. Zero workplace injuries – the overarching goal: This is a long-term objective to which all other goals are subordinate. We pursue it through the systematic implementation of various preventive activities and improvements.
2. Improvements in OSH and fire safety: We eliminate potential causes of workplace injuries by identifying and analysing process risks that could negatively affect occupational safety and health.
3. Organising and implementing workplace health promotion: We regularly carry out health promotion activities according to a structured programme that is adapted annually.

**The occupational safety and health policy is rooted in the conviction that all accidents are preventable; therefore, our "ZERO accidents" goal reflects our full commitment to this area.**

As part of ensuring occupational safety and health (OSH), we have implemented the following activities and measures for all our employees:

- First aid provision for injured and suddenly ill persons at the workplace: A workshop for employees;
- Health education in the field of cardiovascular disease prevention – risk factors: Quarterly monitoring of blood lipids and sugar levels, blood pressure measurements, etc.;
- Body composition measurements: Including the determination of BMI as a risk factor for cardiovascular diseases;
- Occupational medicine collaboration: In cooperation with the contracted occupational medicine provider, we conduct revisions of risk assessments and workplace inspections regarding ergonomic suitability, as well as biological monitoring of employees. Furthermore, the occupational medicine provider conducts preventive medical examinations for employees and issues certificates of fitness for work. Preventive medical examinations are carried out at intervals specified in the risk assessment for each specific workplace (24–60 months);
- Sports activities:
  - Cycling to work (the GAMSI cycling section);
  - Participation in the European Mobility Week campaign – Celje Commutes Sustainably;
  - Organised sports activities (badminton, table tennis, boxing, bowling, etc.);
  - 20% discount on the use of facilities at local health spas;
  - Team building;
  - Employee sports games and picnic;
- Preventive activities for early cancer detection: Awareness-raising about colorectal cancer in cooperation with the National Institute of Public Health (NIJZ);
- Healthy breakfast: Promotion of the Traditional Slovenian Breakfast;
- First aid at the workplace: First aid procedures;
- Prevention of musculoskeletal disorders: Back Care workshop;
- Promoting a healthy lifestyle: Movement and Sleep workshop;
- Open Day: Body composition measurements;
- Promoting mental health: Workplace Stress Management workshop;
- Protection against infectious diseases: Seasonal flu vaccinations.

Based on the Impact, Risk and Opportunity (IRO) assessment conducted, the Company did not identify any actual negative impacts on employees during the reporting period that were assessed as material. Furthermore, no business practices causing material negative impacts on employees were identified, nor were any negative impacts arising from the transition to a green economy.

We utilise an established system for recording and reporting incident statistics and for rectifying identified deficiencies. In the event of a workplace accident or sudden illness, first aid and rescue services are organised and guaranteed across all workplaces during both regular and shift-working hours. In the event of an injury, the employee must immediately seek first aid from qualified personnel and inform their supervisor, who must then report the accident to the Occupational Safety and Health Service.

In addition to workplace accidents, we monitor near-misses and potential hazards, which are regularly recorded to eliminate root causes and prevent accidents. In 2025, we identified 168 potential hazards that were promptly rectified—an 18.8% decrease compared to the previous year. Production workers participate in the Safety Minute activity at various intervals; the purpose of this is for employees in individual plants to discuss the upcoming shift and any identified potential hazards before work begins. Furthermore, in the event of a workplace injury, discussions are held regarding the causes of the accident and other relevant topics concerning safe and healthy work.

We maintain a system for the continuous assessment of workplace risks based on occurrence and intensity. Based on these results, the Risk Assessment for all workplaces and the OSH Risk Register are prepared or revised, detailing employee exposure to physical, chemical, mechanical, social and biological risks. Where risks are identified, we determine and adopt appropriate measures to reduce exposure to hazardous working conditions, assigning responsible persons and deadlines for the mitigation or elimination of specific risks.

Good health is a prerequisite for a successful life and work—both for the individual and the organisation. Consequently, we regularly implement a health promotion programme aimed at maintaining and strengthening the physical and mental health and well-being of our employees, as well as the early detection of various medical conditions. This represents active employer support for improving general employee health. The health promotion programme, which is financially evaluated and approved annually by the Management Board, is prepared based on an assessment of employee needs. This includes an analysis of the health status of employees based on periodic medical examinations, as well as an analysis of sick leave data categorised by disease group and economic activity.

***Workforce competence and availability***

Workforce competence and availability represent a key strategic area and, simultaneously, a significant risk that can impact business stability and performance. The Company recognises that retaining skilled personnel and attracting new talent in an environment of limited labour market availability is an increasing challenge. Consequently, we systematically invest in the development of employee competencies, knowledge transfer and the adaptation of recruitment strategies to ensure the Company's long-term stability and competitiveness. To manage the risks associated with workforce competence and availability, the Company implements the following measures:

1. Staffing system: The established staffing system includes:
   - Prescribed training programmes for every position;
   - Assignment of mentors to new employees to ensure effective induction;
2. Targeted employee training: Based on revised competencies, we organise:
   - Internal and external training across various fields, aligned with the requirements for professional knowledge and content development;
   - Maintenance of the active status of existing certified engineers;
3. Succession planning and development:
   - •We have conducted a review of key positions, identifying potential successors and establishing timelines for replacements;
   - For management personnel, we have established a Leadership Academy focused on developing leadership competencies, complemented by individual coaching for employees where necessary.

**We systematically invest in the development of employee competencies, knowledge transfer, and the adaptation of recruitment strategies to ensure the Company's long-term stability and competitiveness.**

***Social dialogue***

The Company is committed to high-quality social dialogue, which improves working conditions for all employees and ensures long-term corporate stability. We recognise that a lack of effective dialogue can have serious negative impacts on both the Company and its workforce. Collaboration with employees and their representatives fosters greater inclusion and satisfaction while mitigating workforce-related risks. Measures to address material impacts include:

1. Regular cooperation with the trade union:
   - Formal agreement on remuneration policy, ensuring fair pay for all employees;
   - Cooperation agreement between the Company and the trade unions;
   - Alignment of working conditions and employment rights through regular collective bargaining and negotiations;
   - Active participation in the development of occupational safety and health (OSH) policies;
2. Strengthening the role of the Works Council:
   - Formal cooperation agreement between the Company and the Works Council;
   - Regular meetings with management to address key issues;
   - Providing employees with the opportunity to actively influence working conditions through their representatives;
   - Strategic integration of employee initiatives into decision-making processes;
3. Employee representatives in supervisory bodies:
   - Active participation of employee representatives on the Company Supervisory Board;
   - Ensuring transparency in key business decisions;
4. Role of the Labour Director:
   - Direct representation of employee interests within the Company's management,
   - Acting as a liaison between the workforce and the Company's strategic decision-making bodies;
5. Internal communication system:
   - Enhanced communication through internal announcements, staff meetings, and direct dialogue;
   - Implementation of mechanisms for submitting employee initiatives and enquiries;
   - Monitoring employee satisfaction and responding effectively to their needs.

***Monitoring the effectiveness of adopted measures***

The Company monitors the implementation and effectiveness of measures adopted in the fields of occupational safety and health (OSH) and social dialogue through the following activities:

1. Occupational safety and health:
   - Annual reporting: Formal reviews at the annual management meeting;
   - Regular monitoring of safety and health indicators via performance targets at Management Board meetings and the quarterly adoption of measures;
   - Real-time tracking of the Number of injury-free days on digital screens and the intranet;
   - Detailed root cause analysis of workplace accidents;
   - Regular informal meetings with the authorised occupational health physician.
2. Social dialogue:
   - Regular employee satisfaction analyses and internal surveys;
   - Review of the effectiveness of social dialogue, including the number of employee initiatives and agreements reached;
   - Monitoring of turnover and absenteeism rates to measure the long-term impact of measures.

The Company remains committed to the further development and enhancement of social dialogue, as we believe that open communication and collaboration are essential for corporate stability and sustainable success.

**[S1–5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities**

The Risk Management Committee has established the targets and measures for managing material risks and opportunities related to the workforce. As part of its Sustainability Strategy to 2030—approved by the Supervisory Board, which includes two employee representatives—the Company has set the following targets:

- To increase the proportion of engaged employees to 40% and reduce the proportion of actively disengaged employees to 16% (based on the Gallup Engagement Scale);
- Zero workplace injuries by 2030;
- To increase activities promoting local employment opportunities by 10%.

To achieve these sustainability targets related to its own workforce, the Company has undertaken the following activities:
To achieve the strategic target regarding employee engagement:

- Overhauling the mentoring system;
- Enhancing the organisational culture, focusing on financial and non-financial indicators, leadership, training and knowledge transfer;
- Strengthening the accountability framework;
- Improving the transparency of the remuneration system, specifically regarding variable pay components and promotion criteria;
- Modernising and implementing the competency and knowledge development system, including performance assessments, training, talent management and succession planning.

To achieve the strategic target regarding employee safety:

- Implementing LOTO (Lockout-Tagout) safety procedures within $TiO_2$ production;
- Introducing the Safety Pillar as part of the lean manufacturing project (CC Excellence System) in $TiO_2$ production;
- Launching additional activities to further enhance occupational safety and health (OSH) by 2030.

To achieve the strategic target regarding the promotion of local employment opportunities:

- Collaborating with local primary and secondary schools and universities, including the organisation of site excursions;
- Providing mandatory work placements for students at all levels of education;
- Participating in career fairs and information days, and hosting Company Open Days.

**Table 91: Overview of the achievement of objectives from the company's sustainability strategy related to the workforce**

| Target name and target year 2030 | Result: Baseline year 2021 | Result: Year 2024 | Result: Year 2025 |
|---|---|---|---|
| To increase the proportion of engaged employees to 40% and reduce the proportion of actively disengaged employees to 16% (based on the Gallup Engagement Scale) by 2030. | Proportion of engaged employees: 36.5%; actively disengaged employees: 21.9% (based on the Gallup Engagement Scale). | Proportion of engaged employees: 37.4%; actively disengaged employees: 17.7% (based on the Gallup Engagement Scale). | Proportion of engaged employees: 36.5%; actively disengaged employees: 23.8% (based on the Gallup Engagement Scale). |
| Zero injuries by 2030. | Number of workplace injuries = 10 | Number of workplace injuries = 17 | Number of workplace injuries = 16 |
| To increase activities promoting local employment opportunities by 10% by 2030. | Number of activities = 76 | Number of activities = 82 | Number of activities = 94 |

## [S1–6] Characteristics of the Company's employees

As of 31 December 2025, the Company employed 726 people, of whom 80.0% were men and 20.0% were women. The total number of employees is broken down by gender (see Table 92) and is consistent with the corresponding figure in the financial statements; specifically, the number of employees on the last reporting date of 2025 was 726, while the average number of employees for 2025 was 724, as disclosed in Note 22, Operating Expenses, in the financial section of the report.

Taking into account the Management Board's business policy, the diverse business results of individual business units, and planned recruitment, the total number of employees increased by 1.1%, or 8 employees. In 2025, 47 employees left the Company, of whom 26 retired.

The most representative number of employees, as disclosed in the notes to Table 1, Summary of Operations and Alternative Performance Measures (Average number of employees in 2025), is 724. The difference between the status as of 31 December 2025 and the average number of employees results from recruitment dynamics during the year.

**Table 92: Employees by gender as of 31 December 2025**

| Employees by gender | 2024 | | 2025 | |
|---|---|---|---|---|
| | Number | % | Number | % |
| Men | 573 | 79.8 | 581 | 80.0 |
| Women | 145 | 20.2 | 145 | 20.0 |
| Other | 0 | 0 | 0 | 0 |
| Not reported | 0 | 0 | 0 | 0 |
| **Total** | **718** | **100** | **726** | **100** |

As of 31 December 2025, the majority of employees (91.7%) were employed on permanent contracts and worked full-time (98.9%). A small percentage of employees (1.1%) worked part-time. Regardless of whether they are on permanent or fixed-term contracts, or working full-time or part-time, all employees receive the same benefits. The employee turnover rate in 2025 was 6.5%. This figure is calculated based on the actual headcount of employees, regardless of full-time equivalents (FTE). The calculation includes all employee departures during the reporting year, irrespective of the reason (retirements, resignations, mutual agreements, deaths, etc.). In 2025, 47 people left the Company.

The turnover rate was determined as the ratio of the number of departures to the average number of employees during the year, with the average calculated as the arithmetic mean of the monthly headcount. The data is based on internal personnel records and is reconciled with the Company's financial statements.



**Table 93: Number of employees based on headcount, by employment status as of 31 December 2025**

| Men | Women | Other | N/A | Total |
|---|---|---|---|---|
| **Number of employees** | | | | |
| 581 | 145 | 0 | 0 | 726 |
| **Number of permanent employees** | | | | |
| 524 | 142 | 0 | 0 | 666 |
| **Number of fixed-term employees** | | | | |
| 57 | 3 | 0 | 0 | 60 |
| **Number of employees with non-guaranteed hours** | | | | |
| 0 | 0 | 0 | 0 | 0 |
| **Number of full-time employees** | | | | |
| 578 | 140 | 0 | 0 | 718 |
| **Number of part-time employees** | | | | |
| 3 | 5 | 0 | 0 | 8 |

## [S1–7] Characteristics of non-employee workers in the Company's own workforce

The Company has contracts with two employment agencies. Regarding the remuneration of agency workers employed through these agencies, the Company is bound by its Company-Level Collective Agreement, which ensures that these workers are in an equivalent position to regular employees in terms of pay and all associated bonuses. In 2025, the Company utilised an average of 40.6 agency workers, representing 5.6% of the average headcount. This figure is 31.7% higher than in 2024, resulting from increased labour needs, particularly within the production units. There is no seasonal impact on the number of agency workers; instead, the number of personnel is adjusted according to the Company's specific needs. The Company does not have a predetermined quantitative threshold for disclosing fluctuations in the number of non-employee workers. The decision to disclose is based on professional judgment.

As of 31 December 2025, there were no self-employed workers or individuals performing work based on self-employed status within the Company. All workers included in the disclosure of the own workforce are employed under employment contracts.

Student work (via the student referral system) was performed by an average of 13.5 participants per month, representing a 6.3% decrease compared to 2024. The majority of student work is provided during the summer months (July and August) to cover temporary or occasional holiday leave and additional tasks. Excluding July and August, the Company utilised an average of 9.7 workers via the student referral system.

### [S1–8] Collective bargaining coverage and social dialogue [20]

Employees are bound by the Company-Level Collective Agreement of Cinkarna Celje d.d., which was concluded with two representative trade unions. Collective bargaining and negotiations with social partners serve as the key mechanisms for regulating employment relations within the Company, ensuring a stable working environment and uniform conditions for all employees.

In 2025, 100% of our employees were covered by the Company-Level Collective Agreement. Of these, 94.1% were entitled to all rights and benefits stipulated in the agreement, including provisions on wages, working hours, allowances, and occupational safety and health (OSH). The remaining 5.9% of employees, who perform management and executive functions, were partially covered by the Company-Level Collective Agreement, specifically in areas not separately regulated by their individual employment contracts. This means that for these employees, certain aspects of their working conditions are governed directly by their contracts, while other general elements of the employment relationship continue to follow the collective agreement.

The Company actively promotes social dialogue through two representative trade unions: the Free Trade Union (Svobodni sindikat) of Cinkarna Celje and the Independent Trade Union (Neodvisni sindikat) of Cinkarna Celje. Furthermore, employees are represented by two members on the Supervisory Board and by a Management Board member acting as Labour Director, ensuring direct representation in the Company's strategic decision-making.

Regular meetings between management and employee representatives facilitate the discussion of key topics such as remuneration, working conditions, and safety at work. In 2025, this dialogue contributed to improvements in allowances for special working conditions, the conclusion of an agreement on remuneration policy, the payment of the annual leave allowance, and the determination of criteria for the 2025 business performance bonus.

The Company recognises and supports the right to freedom of association and collective bargaining, and encourages open social dialogue as a key tool for improving working conditions and the sustainable development of the Company.

**Applicability of the Company-Level Collective Agreement to non-employees**

Contracted workers, as well as secondary school and higher education students on mandatory work placements, are not classified as employees of the Company; however, the Company-Level Collective Agreement applies to them in full, to the same extent as for our employees.

### [S1–9] Diversity metrics [21]

The Company recognises the importance of diversity and inclusion as key drivers of long-term success and the creation of a supportive working environment. We are committed to ensuring equal opportunities for all employees, regardless of gender, age, ethnicity, religion, disability, or other personal circumstances. As of 31 December 2025, the senior management level (B-1)—comprising directors and heads of departments who report directly to the Management Board—consisted of 9 men (64.3%) and 5 women (35.7%).

In 2025, the largest age group was employees aged 30–50, representing 46.8% of the workforce. This reflects a significant shift in the Company's efforts to rejuvenate the collective, taking demographic trends into account. This group was followed by employees over the age of 50, who accounted for a 37.5% share. The smallest group consists of employees under the age of 30. We are mindful of the increasing average age of our workforce; consequently, we are implementing several measures to encourage the recruitment of younger staff and to enable young people to develop professional competencies within a supportive working environment. We provide mandatory work placements for secondary school and higher education students and offer corporate scholarships for studies in fields such as chemical technology, mechanical technology, toolmaking, chemical engineering, mechanical engineering, and electrical engineering. For new hires, we conduct mentorship programmes for knowledge transfer, while simultaneously engaging with the wider community to foster an interest in chemistry among young people.

[20] **The sub-topic was not identified as material within the double materiality assessment (DMA).**
[21] **The sub-topic was not identified as material within the double materiality assessment (DMA).**



**Table 94: Number of employees by age group as of 31 December 2025**

| Percentage of employees by age (%) | 2025 | | | | |
|---|---|---|---|---|---|
| | Men | Women | Other | Not reported | Total |
| Under 30 | 13.9 | 1.8 | 0.0 | 0.0 | 15.7 |
| 30–50 years | 39.1 | 7.7 | 0.0 | 0.0 | 46.8 |
| Over 50 | 27.0 | 10.5 | 0.0 | 0.0 | 37.5 |
| **Total** | 80.0 | 20.0 | 0.0 | 0.0 | 100.0 |

### [S1–10] Adequate wages [22]

In 2025, the gross minimum wage in the Republic of Slovenia was EUR 1,277.72. The average wage within the Company is 19.6% higher than the average gross wage in the Republic of Slovenia for 2025 (EUR 2,536.03). When determining wages and all allowances agreed upon in the Company-Level Collective Agreement, equal treatment and identical standards apply to all employees. The starting salary is determined according to the job classification system for each specific position. Over the years, both the lowest gross salary and the average gross salary in the Company have consistently increased; this is a result of adhering to current national legislation, our responsibility to our employees, and negotiations with social partners to ensure a decent standard of living in the face of rising cost of living.

**Table 95: Gross minimum wage in the Republic of Slovenia and average salary at Cinkarna Celje, d. d., in 2024 and 2025 in EUR**

| | 2024 | 2025 |
|---|---|---|
| Gross minimum wage (EUR) | 1,253.90 | 1,277.72 |
| Gross average wage (EUR) | 2,949.32 | 3,034.23 |

All employees in the Company receive an adequate wage, which is in line with the reference values of Directive (EU) 2022/2041 of the European Parliament and of the Council, as it must not be lower than the statutory minimum wage in each European Union Member State where the legal entity operates. The lowest basic salary for employees in the Company is EUR 1,345.98, which is 5.34% (or EUR 68.26 gross) higher than the minimum wage in the Republic of Slovenia for 2025.

### [S1–11] Social protection

In 2025, 100% of the company's employees were included in the social protection system in accordance with the applicable legislation of the Republic of Slovenia and relevant collective agreements. All employees work in the Republic of Slovenia and are included in compulsory forms of social insurance, which provide protection against loss of income due to significant life events.

Employees are guaranteed social protection in the following areas:

- **Healthcare and pension insurance:** All employees are included in mandatory healthcare and pension insurance, ensuring their right to medical services and pension benefits.
- **Sick leave compensation:** In the event of illness or injury, employees are entitled to sick pay in accordance with legislation and the Company's internal policies.
- **Parental leave and family benefits:** Employees are entitled to maternity, paternity and parental leave, as well as other benefits related to childcare in accordance with legislation.
- **Unemployment protection:** In the event of job loss, employees are entitled to unemployment benefits and other support mechanisms in accordance with legislation.
- **Disability or incapacity benefits:** In the case of permanent incapacity for work, the Company supports employees in obtaining their social rights and facilitates gradual reintegration into work or provides adapted work tasks.

[22] **The sub-topic was not identified as material within the double materiality assessment (DMA).**

## [S1–12] Persons with disabilities [23]

The Company also employs individuals with a recognised disability. At the end of 2025, they accounted for 5.5% of the total workforce. These employees have various degrees of disability; their workstations and duties are adapted to their capabilities and specific needs. Due to an active policy of cooperation with the Occupational, Transport and Sports Medicine and the Disability Commission of the Pension and Disability Insurance Institute (ZPIZ), the proportion of employees with disabilities relative to the total headcount has decreased for the fifth consecutive year (with the exception of 2022). This represents a sustained positive trend. Given the age structure of the workforce and more restrictive legislation regarding disability retirement, no significant changes to this structure are expected for the time being. The primary reasons for the higher number of workers with disabilities relate to spinal deformities, poor posture, restrictions on lifting heavy loads and psychosomatic factors.

**Table 96: Percentage of employees with disability status as of 31 December 2024 and 31 December 2025**

| Employees with disabilities | 2024 | 2025 |
|---|---|---|
| Number | 41 | 40 |
| Percentage (%) | 5.7 | 5.5 |

## [S1–13] Training and skills development metrics

The Company recognises the importance and value of a skilled workforce and provides regular training and competency development. Mandatory training accounts for the largest share of these activities, focusing primarily on occupational safety and health (OSH), the handling of hazardous chemicals, fire safety, environmental protection, and standards management.

**Table 97: Employee training in 2024 and 2025**

| | 2024 | | | 2025 | | |
|---|---|---|---|---|---|---|
| | Men | Women | Total | Men | Women | Total |
| Total attendance in specific functional training | 2,869 | 955 | 3,824 | 3,053 | 878 | 3,931 |
| Total training hours for specific content | 12,166 | 3,944 | 16,110 | 11,563 | 2,989 | 14,551 |
| Average training hours per employee | 21.1 | 27.2 | 22.2 | 20.0 | 20.3 | 20.1 |
| Average training expenditure per employee (EUR) | 676.0 | 659.5 | 675.7 | 606.6 | 496.7 | 584.0 |

Employees are provided with access to training and development programmes, focusing on enhancing the knowledge required for technological progress and safety. Through our digital transformation, we have introduced e-learning for the entire workforce, ensuring continuous professional development and the strengthening of employee competencies. In 2025, we recorded 20.1 training hours per employee, with a particular emphasis on safety, competency development and professional content. The decrease in training hours compared to the previous year was partly attributed to a prioritisation of targeted professional training. This shift was also reflected in the training content, which focused on refining individual specialisations and mandatory regular training.

In 2025, specific functional training sessions, delivered both in-house and externally, recorded a total of 3,931 attendances. Total training hours amounted to 14,551.4, representing a 9.7% decrease compared to the previous year.

In 2025, the Company did not conduct formalised and systematic performance and career development reviews; consequently, data regarding the proportion of employees involved and their breakdown by gender is not available. We are working towards developing a unified system for monitoring and supporting personnel development, which will facilitate a more structured approach to this area in future reporting periods.

[23] **The sub-topic was not identified as material within the double materiality assessment (DMA).**

## [S1–14] Health and safety metrics

A safe and healthy working environment is a key priority for the Company. We regularly conduct workplace risk assessments and involve employees in training for the safe handling of equipment and materials. We also provide a wide range of activities designed to support the mental health and well-being of our employees. The Company has set a target of zero workplace injuries; consequently, we have implemented measures to improve working conditions, focusing on safety at work and ensuring access to continuous training for all employees. Progress towards this target is regularly monitored, and short-term performance goals are set annually to help achieve the overarching objective. We operate in accordance with ISO 45001 certification for Occupational Safety and Health (OSH). Progress is measured through metrics included in reports for the regular annual management review.

The Occupational Safety and Health management system covers 100% of individuals performing work for the Company, whether under an employment contract or any other legal basis (external contractors), as well as individuals undergoing training and those performing student work.

Work-related injuries are monitored using a frequency index, representing the number of cases of absence from work due to sick leave per 100 employees. Compared to 2024, the frequency index decreased from 2.3 to 2.2 injuries per 100 employees. In 2025, there were no occupational diseases, work-related fatalities, or injuries related to business travel or commuting (where transport is organised by the employer).

The Lost Time Injury Frequency Rate (LTIFR) is calculated as the ratio of the number of lost-time injuries to the total number of hours worked by all employees, with the result multiplied by a factor of 1,000,000.

The number of days lost due to workplace injuries is calculated as the total number of calendar days of absence due to a work-related injury or illness. This includes all days from the first to the last day of absence, including weekends and holidays, regardless of whether the employee would have otherwise been scheduled to work on those days.

These metrics have not been verified by external institutions.

**Table 98: Health and safety indicators in 2024 and 2025**

| Event | 2024 | 2025 |
|---|---|---|
| No. of work-related injuries | 17 | 16 |
| No. of days lost due to work-related injuries | 1572 | 1229 |
| Work-related injury rate (LTIFR) (S1-6 AR89) | 14.8 | 13.8 |
| Frequency index | 2.3 | 2.2 |
| Work-related illness | 0 | 0 |
| Number of days lost due to work-related illness | 0 | 0 |
| Work-related fatalities | 0 | 0 |
| Occupational diseases | 0 | 0 |
| Number of injuries during commuting (where organised by employer) | 0 | 0 |
| Number of days lost during commuting (where organised by employer) | 0 | 0 |
| Number of injuries during business travel | 0 | 1 |
| Number of days lost due to business travel | 0 | 29 |
| *Number of recorded work-related injuries – external contractors | 6 | 7 |
| *Work-related fatalities – external contractors | 0 | 0 |

In 2025, the Company recorded 16 work-related injuries, one of which was related to business travel. There were no reported occupational diseases, work-related fatalities, or injuries during commuting where transport was organised by the employer. This confirms that the existing preventive and organisational measures in these areas remain effective. The frequency index decreased from 2.3 in 2024 to 2.2 injuries per 100 employees in 2025, a favourable 4.3% decrease compared to the previous year. The number of days lost also fell from 1,572 in 2024 to 1,229 in 2025, indicating a reduction in the severity of employee injuries. In 2025, the Company revised its methodology for calculating the number of days lost, as further explained in section 5.1.1.2.4. The number of recorded work-related injuries among external contractors increased slightly from 6 to 7 in 2025, highlighting the need for additional oversight regarding the implementation of safety requirements. The primary causes of these accidents were slips, trips and falls; the crushing of limbs; injuries caused by contact with corrosive substances; cuts; and injuries sustained during manual handling. This underscores the need for continued emphasis on ergonomic measures, workplace orderliness, the use of personal protective equipment (PPE) and regular employee training.

### [S1–15] Work-life balance metrics [24]

The Company recognises the importance of work-life balance and provides employees with flexible working arrangements, such as remote work and flexible working hours. In accordance with the Employment Relationships Act and the Company-Level Collective Agreement, all employees are entitled to family-related leave, which facilitates the reconciliation of professional and family obligations. Family-related leave includes absence for the care of sick children or relatives, maternity leave, paternity leave, parental leave, and leave for birth or adoption. This definition excludes leave for employees' medical examinations, pregnancy-related illness outside of parental leave, or absence due to funerals and the death of relatives. Furthermore, family-related leave does not include absences registered as unspecified unpaid leave.

In 2025, the Company did not maintain separate records for specific types of family-related leave (e.g., maternity, parental, or carers' leave), as all such absences were recorded under a single absence code, regardless of their specific purpose. Consequently, it is not possible to calculate the percentage of employees who actually took family-related leave, nor can a breakdown by gender be provided.

We recognise the importance of this data for assessing the work-life balance of our employees and plan to implement more precise absence classifications in the coming years.

### [S1–16] Remuneration metrics (pay gap and total remuneration) [25]

In accordance with ESRS S1-16, the Company discloses two separate indicators related to employee remuneration: the ratio between the annual total remuneration of the highest-paid individual and the median annual total remuneration of employees, and the gender pay gap.

The total remuneration ratio is calculated by dividing the total annual salary of the highest-paid employee by the median annual salary of the Company's employees, excluding the highest-paid employee from the calculation. The median remuneration and the calculation of the gender pay gap include all remuneration paid by the Company to employees on an annual basis that is subject to taxation. In 2025, the ratio between the annual total remuneration of the highest-paid individual and the median annual total remuneration of employees, excluding the highest-paid individual, amounted to 8.7.

The gender pay gap, which reflects the difference in average remuneration between women and men, amounted to –6.7% in 2025, indicating that women earned higher salaries on average than men. The indicator is calculated based on a comparison of the average gross hourly earnings of female and male employees, with the average gross hourly earnings calculated as a weighted average. A negative value of the indicator means that the average gross hourly earnings of women exceed those of men.

Both indicators present different aspects of the remuneration structure and complement each other in understanding the Company's remuneration system. The remuneration ratio reflects the internal distribution of remuneration within the Company, while the gender pay gap highlights differences in average remuneration between women and men.

[24] **The sub-topic was not identified as material within the double materiality assessment (DMA).**
[25] **The sub-topic was not identified as material within the double materiality assessment (DMA).**



### [S1–17] Incidents, complaints and severe human rights impacts

The Company remains committed to respecting human rights, promoting diversity, and ensuring a working environment free from discrimination. As in 2024, the Company had no reported or processed incidents of discrimination, complaints, or identified severe human rights impacts in 2025, as shown in the table below.

To support such an environment, clear grievance mechanisms are in place, including anonymous channels that allow employees to raise concerns without fear of retaliation. Reports are handled in accordance with internal procedures, Slovenian legislation, and international standards.

In line with sustainability reporting principles, the Company monitors and reports on any complaints and incidents related to human rights in a transparent and responsible manner. The following disclosure has been prepared in accordance with Application Requirement AR 13 of ESRS S1-17, which requires the disclosure of actual or potential severe negative human rights impacts, including their scale and the Company's response. Table 97 thus forms part of the disclosures relating to risk management and the identification and management of severe human rights impacts within its own workforce, through which the Company ensures transparency and fulfils its due diligence obligations in this area.

**Table 99: Incidents, complaints, and severe human rights impacts in 2024 and 2025**

| Indicator | Unit | | Value | |
|---|---|---|---|---|
| | | | 2024 | 2025 |
| Incidents of discrimination, including harassment | Number | 0 | 0 | |
| Complaints filed through employee grievance channels | Number | 0 | 0 | |
| Fines, penalties and compensation due to incidents and complaints | EUR | 0 | 0 | |
| Confirmed severe incidents of human rights violations related to own workforce | Number | 0 | 0 | |
| Fines, penalties and compensation related to confirmed severe incidents of human rights violations | EUR | 0 | 0 | |
| Confirmed serious incidents of human rights violations related to the value chain (upstream and downstream) | Number | 0 | 0 | |
| Confirmed severe incidents of human rights violations related to consumers and/or end-users | Number | 0 | 0 | |

# [S3] Affected communities

As of the balance sheet date, the company does not exceed an average of 750 employees and, in accordance with the provisions of Appendix C to ESRS 1, opts for a phased introduction of reporting for disclosures related to ESRS S3 – Affected Communities. Despite this option, a materiality assessment of the topic was conducted again in 2025, and we provide disclosures for all material matters.

## [S3-SBM3] Material impacts, risks and opportunities and their interaction with strategy and business model

We define affected communities as the local population in the areas where the Company directly operates and conducts its activities (the municipalities of Celje, Štore, Šentjur, and Mozirje). The materiality assessment was conducted in accordance with ESRS 2 IRO-1, considering both actual and potential impacts. These impacts, risks, and opportunities are inherently linked to the Company's business model and strategy (ESRS 2 SBM-3), as they influence business performance, our ability to execute strategic projects, and the securing of a social licence to operate for future development.

Based on publicly available data and due diligence, we have not identified any material impacts, risks, or opportunities within the value chain at this stage; however, we will continue to closely monitor, analyse, and integrate this area as needs and opportunities arise.

Securing community acceptance and support is critical to our operational and development strategy, particularly regarding the necessary adjustments to spatial planning documents. A key strategic risk concerns the availability of space for the disposal of red gypsum—a byproduct of titanium dioxide production. The ongoing project to backfill our waste disposal facilities directly impacts communities in the immediate vicinity (Za Travnik and Bukovžlak); consequently, maintaining the support of these stakeholders is essential to mitigating the risk of failing to deliver our long-term strategy.

Legacy environmental burdens at the Bukovžlak site result in the leaching of contaminants, posing a potential risk to local food production. The Company is actively implementing remediation measures; however, these represent a significant ongoing cost, with the potential for escalation based on new findings from site investigations and the remediation process itself. Remediating these legacy issues is an integral component of our commitment to responsible environmental stewardship and is embedded within our long-term strategy, significantly influencing our social licence to operate.

Our dam structures, which retain liquid and solid waste, are earth-filled and consequently subject to potential movement and, in extreme cases, breach. Recent periods of heavy rainfall have accelerated these geological processes, increasing the risk of landslides. The integrity of these dams is inextricably linked to our production processes and waste management. Our strategy prioritises the systematic reduction of environmental risks, with specific allocations for investments in dam stability. Climate-related impacts directly necessitate the ongoing adaptation of our technical and infrastructural measures to mitigate the risk of business disruption and prevent harm to the local community in the event of an infrastructure failure.

Technological processes within our operations carry the inherent risk of industrial accidents. Such events could damage material resources, threaten business continuity, and negatively impact affected communities. Our business model integrates robust preventive measures, including full compliance with SEVESO and IED directives, alongside proactive stakeholder engagement, which underpins our strategic decision-making regarding capital investment and risk management.

**A core pillar of our long-term strategy is the partnership with the educational sector to cultivate industry-relevant skills and foster a culture of sustainability.** Our business model includes targeted investments in human capital and the promotion of a positive corporate image. These partnerships are instrumental in securing a pipeline of qualified personnel and strengthening our reputation among youth and the wider public. For 17 years, we have hosted an annual competition for primary and secondary schools, focusing on industry-related topics and sustainable practices. We further facilitate this engagement through school excursions, mentorship programmes, and structured work placements.

Through established channels, we provide affected communities with transparency regarding our operations and foster open, mutual dialogue.

Social responsibility is woven into the fabric of our strategy. Our commitment to community support via donations and sponsorships is pivotal to maintaining long-term social acceptance. These initiatives are not merely contributions to local quality of life; they are strategically vital for strengthening stakeholder relations and pre-empting resistance to future development projects. By supporting local sports, cultural, and other community activities, we promote an active, healthy, and sustainable lifestyle within the local environment and build strong business connections with our stakeholders.  Our focus remains on:

- Improving the physical and mental well-being of residents, particularly children, through enhanced sporting opportunities;
- Preserving and developing cultural heritage to strengthen local identity and community cohesion;
- Ensuring local accessibility and safety, with a focus on vulnerable groups, as well as developing knowledge and skills that promote sustainable development and long-term community progress.

## [IRO-1] Description of processes to identify and assess material impacts, risks and opportunities related to S3

Based on our assessment of material impacts, risks, and opportunities (DMA), we have identified several material aspects related to affected communities, which are presented in Table 100.

**Table 100: Impacts, risks, and opportunities (IRO) in the S3 area**

| Material impacts, risks and/or opportunities | Category | Location/Value chain | | | Time horizon | | |
|---|---|---|---|---|---|---|---|
| | | Own operations | Downstream value chain | Upstream value chain | Short-term | Medium-term | Long-term |
| Company's social impact on the quality of life in the local community | Negative impact | x | | | | | x |
| Inability to remove red gypsum due to lack of local community consent for spatial planning acts, potentially causing serious business disruptions | Risk | x | | | | x | |
| Increased costs due to remediation of legacy environmental burdens (preventing potential negative impact on food due to contaminant spread) | Risk | x | | | | x | |
| Heavy rainfall, such as intense downpours, flooding, and landslides, may cause serious business disruptions. Such weather conditions increase the risk of damage and threaten the stability of the Bukovžlak and Za Travnik dams. | Risk | x | | | | | x |
| Event – industrial accidents (potential negative impact on the environment and human health due to released emissions and social impact in case of subsequent operational limitations) | Risk | x | | | | | x |
| Impact on the local community (air and water emissions, dust, waste) | Negative impact | x | | | | | x |
| Participation in the educational system (competitions, internships, field trips, thesis/dissertation support, scholarships) | Positive impact | x | | | | | x |
| Established dialogue channels with affected communities (advisory panel, grievance resolution, Open Day) | Positive impact | x | | | x | | |
| Support for local sports, cultural, and other community activities | Positive impact | x | | | | | x |

## [S3-1] Policies related to affected communities

**Table 101: Overview of policies for managing significant impacts, risks, and opportunities related to affected communities**

| Policy, commitment or code title | Summary of key content (Objectives, IROs) | Accountability | Alignment with external standards & initiatives | Stakeholder engagement & consideration of interests | Accessibility |
|---|---|---|---|---|---|
| Policy on establishing means for reporting concerns, grievances, and needs of affected communities | The policy defines:<br>· principles in addressing community concerns, complaints, and needs<br>· reporting channels<br>· handling procedure<br>· possibility of appealing the handling<br>· procedures for monitoring and reporting | Management Board | ESRS S3-2, ESRS 2-GOV 3, Principle 31 of the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Responsible Business Conduct | The policy takes into account the interests of affected communities IRO 1,2,3,4,6 in the table above | Cinkarna Celje Intranet |
| Act on the establishment and operation of the advisory panel for the City Municipality of Celje, Municipality of Štore, and Municipality of Šentjur; and Act on the establishment and operation of the advisory panel for the Municipality of Mozirje | The policy defines:<br>· purpose and objectives<br>· responsibilities<br>· composition of the advisory panel<br>· mode of operation of the advisory panel | Management Board | ESRS S3-2 ESRS 2-GOV 3, Principle 31 of the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Responsible Business Conduct and GRI 413 guidelines. | The policy takes into account the interests of affected communities IRO 1, 2, 3, 6 in the table above | Cinkarna Celje Intranet |
| Sponsorship and donation policy | The policy defines:<br>· Company's objectives in the field of sponsorships and donations<br>· measuring the performance of the sponsorship and donation management process<br>· planning of funds intended for sponsorships and donations<br>· procedure for distributing sponsorship and donation funds<br>· selection criteria<br>· demonstrating the fulfilment of obligations | Uprava | ESRS S3 (S3-4 in S3-5), ISO 26000, GRI 413, smernice OECD | Politika upošteva interese prizadetih skupnosti IRO 1,5,7 v zgornji tabeli | Intranet Cinkarna Celje |

In 2025, the Company adopted a Human Rights Policy, formalising its commitment to respecting internationally recognised human rights across all business segments, including impacts on affected communities. The Human Rights Policy is presented in detail in section S1 – Own workforce.
To implement these commitments, we ensure community engagement and effective remedial actions in case of negative impacts, as confirmed by the results of responses to public queries and grievances.

The Company has adopted the Policy on establishing means for reporting concerns, grievances, and needs of affected communities, aimed at defining clear and accessible channels. The goal is to ensure transparency, accountability, and effective resolution of issues raised by local residents and other stakeholders.

**To establish permanent dialogue, the Company formed an advisory panel in 2025, which serves as a platform for information and collaboration regarding processes that impact local communities.** The mode of operation is detailed in the Rules on the formation and operation of the advisory panel and the integration of information into co-decision-making.

The advisory panel is expected to meet twice a year to review our development and investment plans and address the needs and initiatives of representatives of affected communities. For specific cases, plans will also be presented to the municipal council. In 2025, the operation of the advisory panel at the Celje site began in the autumn with an introductory meeting. The main purpose is to enable regular dialogue with key stakeholders from the City of Celje and the municipalities of Štore, Šentjur, and Mozirje, with the goal of fostering coexistence between industry and local communities, mutual understanding, and creating added value through viable solutions for improving the quality of life. At the first regular session, members were informed about the Company's activities, plans, and sustainable development strategy. Cinkarna Celje, d. d., transparently presented all sustainability measures, environmental impact reduction, investments in the local environment, and support for youth, sports, and socially responsible projects. Special emphasis was placed on past activities related to cooperation and communication with local communities.

Regarding the disposal of non-hazardous waste from titanium dioxide production (red gypsum, serving as a filler material), we are implementing a long-term drainage plan for the Za Travnik reservoir. To inform about the progress of works and measured emissions, a Commission for the supervision of works in the Za Travnik landfill area has been established, consisting of community members and company representatives, which has been active for 17 years.

Understanding that residents desire more detailed information, we organised Open Days at the Celje and Mozirje sites in 2025.

By sponsoring agreed activities, the Company demonstrates its social responsibility and supports projects contributing to sustainable development and improved quality of life. Simultaneously, this allows for the expansion of business connections, strengthening stakeholder relations, and positioning the Company as a reliable and socially responsible partner. Through its support, the Company significantly impacts the involvement of youth in sports activities, the gathering of residents in various associations, and the implementation of cultural activities and projects for improving safety and infrastructure. This activity is described in the Sponsorship and Donation Policy.

In case of identified negative impacts on communities, the Company implements remedial actions, including rehabilitation and strategy adjustments. These measures are developed in cooperation with the affected communities.

Our policies are aligned with international UN and ILO guidelines, which we consider in preventing impacts, engaging with communities, and implementing remedial actions.

## [S3-2] Processes for engaging with affected communities about impacts

The Company actively engages affected communities in impact management through several channels: a mechanism for reporting concerns, grievances, and needs; annual meetings of the Commission for the supervision of works at the Za Travnik landfill; and periodic consultations with local community representatives (mayors and local community heads). Since 2025, the advisory panel has played an enhanced role in integrating community perspectives into our decision-making processes and shaping the Company's sustainability policies.

**[S3-3] Processes to remediate negative impacts and channels for affected communities to raise concerns**

The Company is committed to a timely response and the implementation of remedial actions should it identify involvement in material negative impacts on affected communities. The process for ensuring remedial action includes:

1. Notification and recording of the impact:
   - Negative impacts may be detected by the Company through monitoring, internal audits, or grievances received from affected communities;
   - Our grievance mechanism facilitates reporting and recording within the Public Inquiries and Grievances Register.
2. Investigation and impact assessment:
   - The Safety, Health, and Environment Department, in collaboration with relevant operational departments, verifies the validity of the grievance or detected impact;
   - In cases of significant impact, external experts are engaged for the assessment (e.g., Faculty of Civil and Geodetic Engineering, University of Ljubljana for dam stability).
3. Determination and implementation of remedial action:
   - The action taken depends on the nature of the impact and may include, for example, additional rehabilitation work on degraded areas, optimisation of treatment plants, additional protective measures (e.g., strengthening dam safety), or corrective actions to prevent recurrence.
4. Monitoring the effectiveness of the action:
   - Following the implementation of an action, the Company verifies its effectiveness and adjusts further activities accordingly.

The Company ensures that all remedial actions are carried out transparently, in dialogue with the affected communities, and in accordance with our internal policies and international human rights guidelines.

To ensure formal means for reporting concerns, grievances, and needs, we have established dedicated online channels, including a telephone number, the email address info@cinkarna.si, and a specific environmental impact reporting address, varstvo.okolje@cinkarna.si.

The Company ensures the availability and accessibility of communication channels with affected communities by maintaining a variety of platforms:

- Online inquiry and grievance portal,
- Advisory panel,
- Focus groups, surveys, and individual interviews,
- Commission for the supervision of works in the Za Travnik landfill area,
- Cooperation with experts and independent institutions to assess the effectiveness of implemented measures (e.g., dam safety impact),
- Periodic review of trends and analyses based on acquired data.

Regardless of the reporting channel, grievances concerning negative impacts are forwarded to the Safety, Health, and Environment Department. The responsible officer records the grievance in the Public Inquiries and Grievances Register (available on the intranet) and verifies whether the reported impact is linked to our operations.

- If the grievance relates to an announced extraordinary event in our production, the complainant receives an explanation of the causes and implemented measures, and the record is updated accordingly.
- If no such data exists, further verification is initiated with the person responsible for the process potentially linked to the impact.

The Management Board is informed of the grievance and becomes involved in the resolution process as necessary. Once verification and action are complete, the information is provided to the Safety, Health, and Environment Department, which notifies the complainant and closes the entry in the register. In 2025, we recorded 24 grievances; all were addressed through verification and subsequent action.

In 2024, the Company conducted a survey to assess the awareness of affected communities regarding our grievance procedures and their level of trust in these mechanisms. The results showed that 74% of respondents partially or fully agree that they know how to contact the Company. Nearly 70% of respondents trust the Company to regularly address and resolve their comments and suggestions. 74% of respondents understand the information released to the public via the media and social networks, and the same percentage agrees that our publicly available contact details are sufficient for communication. Furthermore, 68% of respondents partially or fully agree that the Company operates in an exemplary manner in the local environment and organises public events for the community.

Policies on protection against retaliation are in place for individuals who use these channels to express concerns or needs. Detailed information is available in [G1-1] Business Conduct Policies and Corporate Culture.

**[S3-4] Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions**

Based on the results of focus groups and individual interviews, we have identified that affected communities expect measures to improve quality of life that go beyond environmental impact reduction. Residents have expressed a need for contributions to local employment and investments in sports, promoting healthy and active leisure for all ages. There is also a strong desire for support in infrastructure development, such as the construction of bike paths and the paving of local roads, which will facilitate green mobility while reducing dust and traffic noise. Furthermore, communities expect our continued support in ensuring higher safety standards, thereby strengthening local resilience in the event of industrial accidents. In 2025, the Company allocated EUR 723,151 for co-financing such initiatives. We are committed to continuing this support for selected projects over the medium and long term.

**We also continue to engage with the educational system; in 2024/25, we participated in the process for the 17th time by hosting a competition for primary and secondary schools.** Our contribution also includes facilitating student work placements and industrial visits.

We have identified the improved cooperation with affected communities through the planned introduction and implementation of advisory panel sessions as an important positive contribution.

We assess the effectiveness of our measures and initiatives as adequate, which is confirmed by:

- Findings from meetings of the Commission for the supervision of works in the Za Travnik landfill area,
- Resolution of grievances recorded in the Public Inquiries and Grievances Register,
- Letters of appreciation from schools with which we cooperate.

At the Bukovžlak and Za Travnik locations, we are implementing rehabilitation and safety measures aimed at rehabilitating degraded surfaces and ensuring dam stability.

These measures include several types of actions:

- Regular maintenance of high earth-fill dams to ensure their structural integrity;
- Backfilling of the Za Travnik reservoir, which eliminates the risk of a flood wave in the event of a dam breach and enables the future restoration of the devastated area for beneficial use;
- Preparation of a conceptual backfilling plan for the Bukovžlak reservoirs, which would similarly eliminate the risk of a flood wave in the event of a dam breach and facilitate the future restoration of the devastated area for beneficial use;
- Rehabilitation measures for the Bukovžlak Non-Hazardous Waste Disposal Site.

At Za Travnik, filling the reservoir ensures the stability and safety of the dam structure, with an implementation period of 5 to 24 years, depending on the agreed backfilling method. Following a landslide caused by heavy rainfall in August 2023, we conducted emergency temporary stabilisation and have since prepared project documentation for comprehensive rehabilitation. As a necessary preliminary phase in 2025, we relocated the electric cable for the gypsum filtration facility and issued a tender for the permanent landslide rehabilitation, which is scheduled for 2026.

We have also presented the local community with a conceptual proposal for a similar rehabilitation solution for Bukovžlak, involving backfilling over a projected period of 24 years.

In 2025, we carried out preparatory works for the construction of a cut-off wall at the Bukovžlak non-hazardous waste landfill, with completion scheduled for 2026. This will be followed by the installation of a sealing cover and the construction of a diversion embankment. In the event of damage to the Bukovžlak high earth-fill dam, this embankment would divert mudflows away from the settlement, thereby preventing major material damage and human injury. The rehabilitation process is set to be completed by 2029.

The Company's chemical processes carry inherent risks of industrial accidents with potential impacts on local communities. To mitigate these risks, we implement preventive equipment maintenance, periodic fire risk assessments, and job classification based on risk evaluations. In the field of environmental protection, we have adopted European standards and ensured strict adherence to the IED and SEVESO directives. We conduct regular internal audits to proactively identify and address potential deficiencies. Fire safety is maintained through a permanent fire brigade, practical drills, and comprehensive training for both employees and external contractors. Furthermore, we have appointed a permanent occupational safety coordinator and introduced enhanced instructions for fire prevention and accident mitigation.

The effectiveness of these measures is reviewed annually through monitoring, technical observation, and expert reviews of reports conducted by the Faculty of Civil and Geodetic Engineering at the University of Ljubljana.

We regularly perform all prescribed monitoring of water and air emissions; further details are available in section ESRS E2.

The Company maintains continuous oversight of all potential violations and incidents. We uphold our responsibility by taking immediate action in the event of regulatory breaches and ensuring the remediation of any impacts on the environment and local communities. Should any violations be identified, we act in strict accordance with our commitments to respect the rights of affected communities.

The Company provides the necessary resources to manage material impacts across three key areas:

- Financial (see table below): All measures are financed through current operations, with no reliance on external funding. For legacy burdens, we have developed specific rehabilitation projects based on field survey findings, financially evaluated them, and established the appropriate environmental provisions;
- Personnel: Responsibility for managing material environmental impacts lies primarily with the Safety, Health, and Environment Department. Social aspects are overseen by the Management Board, with the support of the Human Resources Department and the Public Relations Officer. Furthermore, we engage external experts to provide specialised communication and technical support;
- Technical: These resources include continuous monitoring systems and established communication platforms.

## [S3-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

**Table 102: Overview of objectives, measures, key activities, and resources**

| Strategic goal | Measure | Metrics | Period | Number of activities – target for the period | Baseline year | Number of activities - baseline year | Number of activities 2025 | Number of activities - target | Target value for the period in EUR/year | Value baseline year (EUR) | Value 2025 (EUR) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Prevent industrial accidents with an impact on affected communities | Implementation of activities to reduce the risk of industrial accidents | Number of activities | From 2025 to 2030 | one practical exercise/ year<br>4 tactical exercises/ per year | 2024 | 1 practical exercise (NNP)/ 4 tactical exercises (PGE CC) + 1 tactical exercise in Mozirje | 1 practical exercise (Civil protection - earthquake 2025)/ 3 tactical exercises (volunteer fire service of CC) + 1 tactical exercise in Mozirje | | 4.000 | 0.00 | 0.00<br>(Costs of the regional practical exercise covered by the civil protection of the Republic of Slovenia |
| Maintain dam stability at the highest safety standard | Reducing the risk of collapse of high embankment barriers by implementing necessary maintenance works, prescribed supervision, and gradual backfilling | Number of completed sets (regular maintenance, backfilling, remediation of legacy burdens) | From 2025 to 2030 | 3/year | 2024 | 3 activities<br>(regular maintenance works, dry backfilling, as well as works on the remediation of legacy burdens were carried out - installation of drainage ribs on VNP ZTR and emergency remediation of the landslide toe) | 3 activities<br>(regular maintenance works, dry backfilling, as well as works on the remediation of legacy burdens were carried out - remediation of the electrical cable on the landslide route), preparation of documentation for the comprehensive remediation of the landslide and the reinforcement embankment on VNP ZTR. | | 670,000 – maintenance works<br>490,000 – backfilling<br><br>3,672,713 (environmental provision for the remediation of legacy burdens at Za Travnik and Bukovžlak) | EUR 291,713.48<br>Maintenance works<br><br>EUR 473,769.63 - dry backfilling<br><br>EUR 228,561.63 for ZTR and BUK combined | EUR 448,531.72<br>Maintenance works<br><br>EUR 520,709.64<br>- dry backfilling<br><br>EUR 89,827.12 for ZTR and BUK combined |
| Minimise the potential impact of legacy burdens on food | Redirection of groundwater flows towards the pumping station | Cut-off wall construction | From 2025 to 2026 | 1 | 2024 | 1 activity - a tender for the selection of a contractor took place | 1 activity - preparatory works for the cut-off wall were carried out | | 1,760,599 (environmental provision for the cut-off wall at the non-hazardous waste landfill) | 0.00 | 291,510.04 |
| Increase the involvement of local residents in decision-making processes and improve transparency | Advisory panel meetings | Number of meetings | From 2025 to 2030 | Twice a year for the 4 municipalities where the Company operates | 2024 | 0 | 2 | | 2,000 | 0.00 | 607.50 |
| Raising awareness among young people about sustainable practices and the importance of industry | Participation in the educational programme | Number of participations | From 2025 to 2030 | More than 100 participations annually | 2024 | 82 | 94 | | 40,000 | 41,808.00 | 63,178.00 |
| Strengthen the Company's contribution to a better quality of life in the local community | Sponsorships and donations | Amount of invested funds | From 2025 to 2030 | Selected projects for the current year | 2024 | Selected projects for the current year | Selected projects for the current year | | 600,000 to 1,000,000 (depending on the Company's business performance) | 726,849.10 | 723,151.73 |

The Company considered the expectations of affected communities in the target-setting process based on information gathered through focus groups and individual interviews with various decision-makers, including details on the nature and extent of our direct engagement with affected communities. We also incorporated views received through the established public inquiry and grievance mechanism and via the Commission for the supervision of works in the Za Travnik reservoir backfilling area. With the formation of the advisory panel in 2025 and other forms of engagement—such as participation in municipal council sessions, Open Days, and collaboration with the Teharje Local Community Commission—we provide local residents with insight into our operations and projects while fostering two-way communication. Consequently, they are kept informed of our plans, and we are updated on their initiatives and expectations.

In 2025, in accordance with the Rules on the formation and operation of the advisory panel, and following the appointment of its members, we held one meeting in Celje and a separate session in Mozirje. At these meetings, we briefed members on the Company's activities, presented the formats and results of our cooperation with local communities, and exchanged views, initiatives, and proposals.

Affected communities are thus involved in an ongoing dialogue and the submission of initiatives regarding the Company's material impacts, activities, and projects. However, during the reporting period, they were not yet formally integrated into a structured process for identifying improvements based on the performance assessment of implemented measures. The Company is currently exploring further opportunities to upgrade participatory mechanisms, aiming to strengthen the inclusion of affected communities in this phase of the impact, risk, and opportunity management process as well.

# [G1] Business conduct

Disclosure requirements regarding the role of administrative, management, and supervisory bodies in relation to business conduct, along with the expertise of the Management Board and Supervisory Board members, are detailed in section ESRS 2 – General disclosures GOV-1.

## [IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities

**Table 103: IRO in the area of G1**

| Material impacts, risks and/or opportunities | Category | Location/Value chain | | | Time horizon | | |
|---|---|---|---|---|---|---|---|
| | | Own operations | Downstream value chain | Upstream value chain | Short-term | Medium-term | Long-term |
| Whistleblower protection and established mechanisms in accordance with the Reporting Persons Protection Act (ZZPri) | Actual positive impact | x | | | | | x |
| Supplier relationship management, including payment practices | Actual positive impact | | | x | | | x |
| Number of reported and investigated cases of anti-corruption and ethical practices | Actual positive impact | x | | | | | x |

Business conduct is central to our business model, which is founded upon responsible management, regulatory compliance, and ethical operations. Since a significant portion of our operations relies on our own workforce and workers across the value chain, our commitment to transparent, fair, and legal practices is fundamental.

The Company identifies material positive impacts in this area in accordance with the ESRS 2 IRO-1 standard and is dedicated to the continuous improvement of its management mechanisms. In recent years, the Company has comprehensively updated its internal regulatory framework and established systemic mechanisms to ensure consistent business conduct and alignment with best practices in corporate governance.

Adherence to relevant legislation and international guidelines for ethical business conduct remains a top priority—not only to mitigate the direct legal and financial consequences of non-compliance but also to foster a stable, competent, and trustworthy workforce in the long term.

Promoting a responsible corporate culture that protects employees and other stakeholders from potential human rights violations, prevents corruption, and ensures whistleblower protection is an integral part of our business strategy. Although the Company does not perceive systemic risks in this area, we take a proactive approach to managing and controlling these issues, thereby strengthening our social responsibility and maintaining a trustworthy business environment.

In this framework, the Company has implemented secure internal channels for reporting violations in accordance with the Reporting Persons Protection Act (ZZPri). This enables employees and other stakeholders to submit reports safely, with guaranteed anonymity, whistleblower protection, and impartial case handling.

As an influential market participant, the Company is committed to responsible and transparent payment practices, which represent an essential component of our business conduct standards. We strive for fair and timely financial transactions with our suppliers and business partners, ensuring that our policies remain guided by the principles of integrity, transparency, and regulatory compliance.

The identification of material governance risks draws upon expert insights from our Legal Department, its in-depth knowledge of the organisation, and ongoing analysis of internal documents, policies, and guidelines. In line with best practices, we focus on comprehensive and regular assessments of business conduct risks, considering both internal and external factors.

During the reporting period, the Company appointed an Integrity and Compliance Officer. While a formal integrity training programme is still in development, the Officer's initial focus is to establish the necessary foundations and a structured training framework for future implementation.

Through these measures, the Company ensures a high level of operational compliance, proactively manages governance-related risks, and strengthens its long-term reputation and market stability.

In the context of addressing corruption and bribery risks, the Company identifies functions and roles associated with procurement procedures, supplier selection and management, and other comparable decision-making processes as the most exposed. We address these areas through robust control mechanisms (such as the four-eyes principle) and established policies, including the Code of Ethical Conduct and Work and the Ethical Code for Procurement Officers.

## [G1-1] Business conduct policies and corporate culture

The Company has adopted a series of policies that promote a culture of business integrity and strengthen stakeholder trust. These policies are underpinned by the Code of Ethical Conduct, which defines compliance with legislation and high ethical standards.

The Company is committed to responsible management, including effective mechanisms for the protection of reporting persons and the handling of reports in accordance with internal procedures and the Reporting Persons Protection Act (ZZPri). We accept reports through all channels and handle them impartially.

Through dialogue with employees, the Supervisory Board, business partners, and the community, we effectively manage risks and support sustainable growth. Our policies and code provide a clear framework for transparent, ethical, and compliant operations.

The Company has established several policies and internal acts that regulate business conduct and support a corporate culture of integrity, transparency, and compliance, as described in the table below.

These policies also address material impacts, risks, and opportunities related to business conduct, as identified in the materiality assessment. Key documents include:

- Code of ethical conduct and work (adopted in 2021): Defines fundamental principles of integrity and legal operations for all employees. The Code supports positive impacts within own operations, especially regarding the prevention of unethical practices and ensuring professional behaviour. It serves as a guide for daily decision-making, with long-term effects on corporate culture;
- Rules on the establishment of an internal reporting channel under the ZZPri (adopted in 2023): Establishes mechanisms for the protection of reporting persons and enables the safe reporting of irregularities. This rule directly addresses positive impacts within own operations regarding protection, with short- and long-term effects on transparency and trust;
- Code of ethics for procurement officers (adopted in 2023, updated in 2024): Defines expected conduct in managing supplier relations, including principles of honesty, responsible purchasing, and compliance with payment deadlines. It addresses impacts in the downstream value chain, particularly in the field of managing supplier relations and adhering to payment practices, with identified impacts primarily in the medium-term period;
- Code of sustainable business practices for business partners of Cinkarna Celje, d. d., (2024, version 2): Expresses expectations and requirements towards business partners and their value chains (from the perspective of material indirect business relations of Cinkarna Celje, d. d.).

The aforementioned policies are integral to a broader framework of risk management and ethical conduct, contributing to the gradual integration of sustainability into the business culture and decision-making processes.

The Code of ethical conduct and work of Cinkarna Celje, d. d., defines procedures for preventing, detecting, and addressing cases of corruption and bribery. All employees and management are committed to high ethical standards and legislative compliance, demonstrating full transparency and professional integrity in their conduct. An essential part of preventing corruption is avoiding and reporting potential conflicts of interest, as these can affect the impartiality of decision-making. Special attention is also paid to the protection of trade secrets and confidential information, the unauthorised disclosure of which is strictly prohibited.

The Company emphasises the importance of fair business and competitiveness in a legal and ethical manner, without manipulation or exploitation of stakeholders. If employees detect violations of the Code, they can report them anonymously via email, in writing, or through designated mailboxes. All received reports are reviewed by the Business Ethics Committee, which conducts investigations and ensures that findings are handled in accordance with internal rules. Alleged violators are granted the right to defend themselves, while confirmed violations are sanctioned in accordance with applicable legislation and internal acts. The Company strictly prohibits any retaliation against whistleblowers, thereby ensuring their protection. Additionally, it adheres to internal rules and legislation for the prevention of money laundering and other illegal practices.

The Company does not directly refer to UNCAC in its policies addressing anti-corruption and bribery, but it does follow its principles.

The Company has a standardised and transparent process for internal reporting of violations, in accordance with the Reporting Persons Protection Act (ZZPri). Procedures are conducted by a confidential counsellor, who is separate from the Company's management structure, ensuring impartiality and protection of the reporting person's identity. Reports are possible through several secure channels, either anonymously or by disclosing identity. The confidential counsellor also has a deputy, ensuring quick responsiveness and reducing potential complications due to conflicts of interest.

The confidential counsellor handles all reports in accordance with internal procedures and notifies the reporting person of findings and implemented measures once the process is concluded. In case of identified violations, the confidential counsellor proposes appropriate measures for eliminating irregularities to the management, while the reporting person's personal data remains confidential. If a report involves a suspicion of a criminal offence prosecuted ex officio, the confidential counsellor notifies the competent authorities and files a criminal complaint if necessary, forwarding personal data only upon a substantiated request from the prosecutor's office. The reporting person is informed of the outcome and implemented measures; in the case of a longer process, they receive a status update after three months.

**Table 104: Key policies, standards and other documents governing business conduc**

| Policy, commitment or code title | Summary of key content (Objectives, IROs) | Accountability | Alignment with external standards & initiatives | Stakeholder engagement & consideration of interests | Accessibility |
|---|---|---|---|---|---|
| **Code of ethics for procurement officers** | Demonstration of integrity, ethical conduct, and trustworthiness, free from conflicts of interest. | Director of Procurement and Logistics | Code of Ethics of the Purchasing Association of Slovenia | Reflects a balanced approach fostering effective collaboration with all stakeholders and promoting long-term, sustainable, and ethical procurement practices. | Cinkarna Celje, d. d., Intranet |
| **Code of sustainable business practices for business partners** | Ensuring compliance with all applicable regulations and meeting the requirements defined in the Code | Management Board, Director of Procurement and Logistics, sales and procurement staff | Health and safety at work<br>Respect for human rights<br>Ethical conduct, Environment<br>Compliance of materials and goods | Ensuring responsible and transparent practices throughout the value chain. | Cinkarna Celje, d. d., Intranet |
| **Procurement policy** | Commitment to meeting the highest procurement standards and commitments to ensure ethical, sustainable, cost-effective, and regulated procurement of raw materials and services | Management Board, Director of Procurement and Logistics, employees | Code of Ethics of the Purchasing Association of Slovenia | Stakeholder collaboration in implementing and achieving optimal value, balance, accountability, and compliance within the procurement process. | Cinkarna Celje, d. d., Intranet |
| ***Code of ethical conduct and work (G1-1, 10a)** | | | | | |
| **Rules on the establishment of an internal reporting channel under the ZZPri (G1-1, 10c)** | Ensuring the protection of whistleblowers and the establishment of reporting channels | Head of Legal Department | **Reporting Persons Protection Act (ZZPri),** which sets out obligations regarding the establishment of secure channels for reporting irregularities, protection of the identity of reporting persons and protection against retaliation. | When drafting the Rules on the Establishment of an Internal Reporting Channel under the Reporting Persons Protection Act (ZZPri), the Company took into account the interests of key stakeholders, especially employees, and regulatory authorities. | Cinkarna Celje, d. d., Intranet |
| **Quality assurance, environmental, safety and health, and sustainable development policy** | Ensuring quality, achieving key strategic objectives of the Company, compliance with the principles of sustainable development, achieving satisfaction of employees, owners and business partners | Head of Safety, Health and Environment Department | **ISO 9001** (Quality management system)<br>**ISO 14001** (Environmental management system)<br>**ISO 45001** (Occupational health and safety management system) | When creating the Quality Assurance, Environmental Management, Health and Safety and Sustainable Development Policy, the Company took into account the interests of key stakeholders, including employees, business partners, local communities and regulatory authorities. | Cinkarna Celje d. d., Intranet |

***See section: S1 – 1 Policies related to own workforce.**

## [G1-2] Management of relationships with suppliers

The Company is committed to complying with laws, regulations, and rules, as well as implementing fair corporate governance practices and maintaining integrity across all business processes. Procurement processes are conducted in accordance with adopted internal documents—such as instructions, codes of conduct, and supplier management guidelines—with the primary objectives of ensuring a high level of integrity, a level playing field, fair payment practices, and the adherence to sustainability principles by all participants in the procurement process. Internal documents define clear roles for managing supply risks and collaborating with suppliers to find the best supply solutions, ensure high quality, and develop mutual partnerships. Although the Company does not have a specific policy for preventing late payments to SMEs, it nevertheless adheres to high standards and respects payment practices, as evidenced by the receipt of the Platinum Credit Excellence Award.

The Company has established formalised policies and procedures for managing supplier relationships, including those with small and medium-sized enterprises (SMEs). These policies are based on the principles of lawful, fair, and responsible business conduct, promoting long-term, stable, and transparent business relationships within the supply chain.

Supplier relationship management includes clearly defined responsibilities, internal control mechanisms, and regular monitoring of the compliance of business practices with the Company's internal rules and applicable legislation. The monitoring of key indicators—such as average payment terms for SMEs, the proportion of overdue liabilities, and compliance with internal targets for 100% settlement of liabilities upon maturity—enables the timely identification of any discrepancies. When these occur, appropriate corrective measures are implemented, including adjustments to invoice approval procedures, additional oversight of specific supplier groups, or enhanced communication aimed at the swift resolution of outstanding matters.

While a specific policy for preventing late payments to SMEs is not in place, monitoring mechanisms and a high degree of compliance with payment practices have proven to ensure the timely fulfilment of obligations. The reliability and professional conduct of our operations are further confirmed by the attainment of the Platinum Credit Excellence Award.

The Company expects its suppliers and business partners to respect our values and commitments, ethical standards, the Code of ethics, and the Code of sustainable business practices for business partners.

By correctly managing the upstream value chain and respecting workers within it, the Company can achieve greater efficiency, quality, and market competitiveness, while contributing to more sustainable operations. The objectives of the quality management policy regarding the environment, health and safety, sustainable development, and the commitments set out in the Code of sustainable business practices for business partners are key elements contributing to sustainability within our Company's value chain. By adopting this Code, we set clear guidelines and expectations for our business partners throughout the entire value chain. They commit to upholding the same standards of quality, sustainability, and social responsibility that we advocate ourselves.

Our products and raw materials are part of global supply chains. The supply chain includes suppliers of raw materials (primary and secondary), packaging, equipment, spare parts, technical materials, services, and energy.

Suppliers and their activities vary by business unit. Suppliers are divided into six key groups:

- Suppliers of titanium-bearing ores,
- Suppliers of other raw materials,
- Suppliers of packaging materials,
- Suppliers of equipment, spare parts, and technical materials,
- Service providers,
- Energy suppliers.

**Supplier management is based on the principles of responsible business conduct and promotes long-term, stable, and transparent business relationships within the supply chain.**

In 2025, more than 77% of the annual turnover was generated with suppliers and partners who had either established and implemented their own sustainability codes or were signatories to the Company's Code of sustainable business practices for business partners. Together with our suppliers and partners, we formed and implemented sustainability and social responsibility commitments. We maintained established communication and awareness channels with the upstream value chain through regular business visits, the provision of required data, supplier assessments, due diligence, and the review of accessible publications and reports, among others.

The Company identified no material actual or potential negative environmental or social impacts within the supply chain through its communication channels and due diligence of the upstream value chain. Although potential risks of child labour were noted regarding suppliers from third countries, such as those in Africa, the Company verified that no such issues existed through its due diligence processes.

## [G1-3] Prevention and detection of corruption or bribery

Employees are expected to ensure that the Company's interests take precedence over personal or third-party interests in all professional activities and business decisions. Our competitiveness is predicated on enhanced productivity, rejecting unethical or unlawful practices in favour of the highest standards of integrity. These principles are formalised in the Code of Ethical Conduct and Work and underpinned by a robust whistleblowing mechanism for reporting misconduct.

The Company maintains a standardised framework for the prevention, detection, and investigation of allegations or instances of corruption and bribery. Employees may report suspected misconduct on either a disclosed or anonymous basis via dedicated on-site drop boxes or the secure email address razkritja@cinkarna.si. The Ethics Committee is tasked with reviewing submitted reports, initiating appropriate action, or referring cases to the relevant departments for resolution. This Committee comprises a member of the Management Board alongside two senior executives—typically the Head of Human Resources and the Head of Legal Affairs. The Ethics Committee reports directly to the Management Board, which subsequently updates the Supervisory Board as part of its regular reporting cycle. These procedures are detailed in full within the Code of Ethical Conduct and Work.

Currently, the Company does not deliver specific training programmes focused on the prevention and detection of corruption or bribery.

## [G1-4] Confirmed incidents of corruption or bribery

In 2025, a Compliance and Integrity Officer was appointed in the company.

During the reporting period, the Company recorded one report related to a breach of the Code of Ethical Conduct and Work. The Ethics Committee investigated the matter and concluded that the allegation was unsubstantiated.

The Company implements preventive measures to counter corruption and unethical behaviour, comprising the enforcement of the Code of Ethical Conduct and Work, the operation of a whistleblowing system, and the review of reports by the Ethics Committee.

In the reporting period, the Company recorded no other reports of corruption or bribery, nor were there any convictions or fines for breaches of anti-corruption and anti-bribery legislation, or other related enforcement measures.

The Company tracks an indicator for the number of reported and confirmed cases of corruption or bribery during the reporting period. This indicator encompasses all reports submitted through established internal whistleblowing channels, as well as cases identified via internal controls or audit procedures. Only cases confirmed through the formal review process are included in the final count.

This indicator covers events within the Company's own operations as part of its comprehensive reporting. The Ethics Committee reports its activities and findings to the Management Board and the Supervisory Board. Based on these reports, the Management Board monitors the effectiveness of preventive measures and introduces further improvements to the compliance management system as necessary.

The specified indicators have not been subject to external validation.

## [G1-6] Payment practices

The Company's payment practices are integral to its responsible business conduct and the management of supplier relationships.

The Company adheres to internal Operating Procedures (OPs), standards, and guidelines regarding payment practices and terms. Our standard payment terms are categorised by the type of material or service into direct and indirect suppliers. Standard terms for direct suppliers range from 45 to 90 days, while terms for indirect suppliers range from 30 to 60 days. Notably, 98.6% of payments (calculated as the proportion of on-time payments to total liabilities, excluding advances) were executed in accordance with these or other contractually agreed terms.

On average, payments to suppliers are settled upon their due date, with an average payment period exceeding 45 days, applicable to more than 62% of total annual expenditure (or total invoices received). The remaining payments may be subject to extended terms due to specific contractual agreements with certain suppliers.

In calculating the G1-6 metric, the Company includes all received invoices, both due and not yet due. The numerator consists of all non-overdue invoices, while the denominator comprises all invoices, with advances and disputed items excluded from the methodology. This approach ensures consistency and transparency in the calculation, enabling full comparability of the G1-6 metric with ESRS standards.

The Company does not differentiate its payment practices based on supplier size, thereby ensuring fair treatment of SMEs (small and medium-sized enterprises) and other economic entities outside the European Union. This policy supports the financial stability and business continuity of all partners, including SMEs and non-EU entities. Furthermore, payment practices do not vary by geographic region or country (Slovenia, EU, non-EU). The Company conducts 52% of its purchasing with Slovenian suppliers, 74% with EU suppliers, and 26% with suppliers from outside the EU. Compared to 2024, payment practices have remained substantially unchanged.

To ensure the efficient management of accounts payable, the Company has established structured guidelines and internal control processes. These processes define every stage of invoice handling, including receipt, review, approval, and payment in accordance with the agreed payment terms. Suppliers are encouraged to submit invoices electronically to streamline the process and mitigate potential payment delays. In the event of discrepancies, suppliers are notified immediately to ensure swift resolution. Payments are processed via direct debit. During the reporting period, the Company was not involved in any legal proceedings related to late payments.


# 06
# Accounting report

# Financial statements

## Statement of financial position of the Company

| | Notes | 31/12/2025 | In EUR 31/12/2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current (long-term) assets | | | |
| Intangible assets | 1 | **2,142,639** | 2,408,779 |
| Tangible fixed assets | 2 | **116,232,009** | 111,699,615 |
| Financial assets at fair value through other comprehensive income | 3 | **1,709,631** | 1,287,325 |
| Other non-current assets | 4 | **115,376** | 105,470 |
| Deferred tax assets | 5 | **1,192,860** | 1,462,488 |
| **Total non-current (long-term) assets** | | **121,392,516** | **116,963,678** |
| **Current assets** | | | |
| Inventories | 6 | **54,460,671** | 58,969,428 |
| Financial receivables | 7 | **38,456,959** | 47,214,859 |
| Trade receivables | 8 | **26,096,057** | 30,243,586 |
| Income tax receivable | | **1,283,140** | 0 |
| Cash and cash equivalents | 9 | **19,122,785** | 17,731,407 |
| Other current assets | 10 | **424,474** | 230,760 |
| **Total current assets** | | **139,844,086** | **154,390,040** |
| **Total assets** | | **261,236,601** | **271,353,718** |

| | Notes | 31/12/2025 | In EUR 31/12/2024 |
|---|---|---|---|
| **CAPITAL AND LIABILITIES** | | | |
| **Owners' capital** | 11 | | |
| Called-up capital | | **20,229,770** | 20,229,770 |
| Capital reserves | | **44,284,976** | 44,284,976 |
| Profit reserves | | **125,036,192** | 125,078,814 |
| Fair value reserve | | **-1,354,842** | -1,650,342 |
| Retained earnings | | **28,558,990** | 23,093,258 |
| **Total capital** | | **216,755,086** | **211,036,476** |
| **Non-current liabilities** | | | |
| Provisions for employee benefits | 12 | **3,819,086** | 3,748,722 |
| Other provisions | 13 | **12,746,394** | 14,302,270 |
| Non-current deferred income | 14 | **861,858** | 873,579 |
| **Total non-current liabilities** | | **17,427,338** | **18,924,572** |
| **Current liabilities** | | | |
| Financial liabilities | 15 | **60,832** | 29,915 |
| Trade payables | 16 | **24,885,606** | 36,124,537 |
| Income tax payable | | **0** | 4,019,469 |
| Liabilities under contracts with customers | 17 | **0** | 0 |
| Other current liabilities | 18 | **2,107,739** | 1,218,750 |
| **Total current liabilities** | | **27,054,177** | **41,392,670** |
| **Total liabilities** | | **44,481,515** | **60,317,242** |
| **Total capital and liabilities** | | **261,236,601** | **271,353,718** |

**The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.**

# Income statement for the period from 1 January to 31 December

In EUR

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **Revenue from contracts with customers** | 20 | **198,801,281** | **200,285,413** |
| Change in value of inventories of products and work in progress | | **5,012,815** | -2,142,794 |
| Capitalised own products and own services | 2 | **4,167,299** | 3,372,409 |
| Cost of goods and materials sold | 22 | **-225,635** | -100,483 |
| Cost of materials | 22 | **-115,913,675** | -110,211,321 |
| Cost of services | 22 | **-18,765,200** | -17,233,265 |
| Labour costs | 22 | **-35,623,561** | -33,774,717 |
| Depreciation | 22 | **-13,871,225** | -12,900,809 |
| Other operating income | 21 | **2,039,797** | 2,620,709 |
| Other operating expenses | 22 | **-3,327,431** | -3,250,896 |
| Impairments and write-offs of trade receivables | | **-67,759** | 0 |
| **Operating profit or loss** | | **22,226,705** | **26,664,244** |
| Financial income | 23 | **1,355,916** | 1,986,327 |
| Financial expenses | 23 | **-266,140** | -123,439 |
| **Financial result** | | **1,089,776** | **1,862,888** |
| **Pre-tax profit/loss** | | **23,316,482** | **28,527,133** |
| Current income tax | | **-3,670,216** | **-5,403,661** |
| Deferred income tax | | **-176,720** | **-36,222** |
| **Income tax** | 24 | **3,846,936** | **5,439,882** |
| **Net profit for the year** | | **19,469,546** | **23,087,250** |
| Basic and diluted net earnings per share | | **2.41** | **2.86** |

**The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.**

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

In EUR

| | 2025 | 2024 |
|---|---|---|
| **Net profit** | **19,469,546** | **23,087,25** |
| **Other comprehensive income for the year** | | |
| **Other comprehensive income for the year that will not be recognised in the income statement in the future** | | |
| Change in fair value through other comprehensive income | **422,306** | -271,207 |
| Impact of deferred taxes | **-92,908** | 59,665 |
| **Total net other comprehensive income for the year that will not be recognised in the income statement in the future** | **329,398** | -211,542 |
| Other comprehensive income for the year that will be recognised in the income statement in the future | | |
| Revaluation of post-employment benefits | **-33,899** | -196,314 |
| **Total net other comprehensive income for the year that will be recognised in the income statement in the future** | **-33,899** | **-196,314** |
| **Total other comprehensive income for the year (after tax)** | **295,499** | **-477,856** |
| **Total comprehensive income for the year** | **19,765,045** | **22,679,394** |

**The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.**

# Statement of changes in equity and determination of distributable profit

In EUR

| 2025 | Called-up capital | Capital. reserves | Profit reserves | | | | Fair value reserves | Retained earnings | | Total capital |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Statutory reserves | Reserves for own shares | Own shares | Other profit reserves | | Profit or loss carried forward | Net profit for the period | |
| **Opening balance of the period** | **20,229,770** | **44,284,976** | **16,931,435** | **5,646,149** | **-5,646,149** | **108,147,379** | **-1,650,342** | **6,007** | **23,087,251** | **211,036,476** |
| **Changes in equity - transactions with owners** | | | | **0** | **-42,622** | | | **14,003,813** | | **13,961,191** |
| Share buyback | | | | | -42,622 | | | | | -42,622 |
| Cancellation of treasury shares | | | | | | | | | | |
| Payment of dividends | | | | | | | | 14,003,813 | | 14,003,813 |
| **Total comprehensive income for the period** | | | | | | | **295,499** | **0** | **19,469,546** | **19,765,045** |
| Entry of net profit or loss for the period | | | | | | | | | 19,469,546 | 19,469,546 |
| Other components of comprehensive income for the period | | | | | | | 295,499 | | | 295,499 |
| **B3. Changes in equity** | | | | **42,622** | | **-42,622** | | **23,087,251** | **-23,087,251** | **0** |
| Allocation of the residual part of net profit for the period to other components of capital | | | | | | | | | | 0 |
| Allocation of part of reported net income to other components of capital as decided by management and supervisory bodies | | | | | | | | 23,087,251 | -23,087,251 | |
| Creation of reserves for treasury shares | | | | 42,622 | | -42,622 | | | | 0 |
| **Closing balance of the period** | **20,229,770** | **44,284,976** | **16,931,435** | **5,688,771** | **-5,688,771** | **108,104,757** | **-1,354,843** | **9,089,445** | **19,469,546** | **216,755,086** |
| **DISTRIBUTABLE PROFIT** | | | | | | | | **9,089,445** | **19,469,546** | **28,558,990** |

In EUR

| 2024 | Called-up capital | Capital. reserves | Profit reserves | | | | Fair value reserves | Retained earnings | | Total capital |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Statutory reserves | Reserves for own shares | Own shares | Other profit reserves | | Profit or loss carried forward | Net profit for the period | |
| **Opening balance of the period** | **20,229,770** | **44,284,976** | **16,931,435** | **4,814,764** | **-4,814,764** | **102,652,061** | **-1,242,486** | **32,047,999** | **6,326,704** | **221,230,458** |
| **Changes in equity - transactions with owners** | | | | | **-831,386** | | | **32,041,992** | | **31,210,607** |
| Share buyback | | | | | -831,386 | | | | | **-831,386** |
| Cancellation of treasury shares | | | | | | | | | | |
| Payment of dividends | | | | | | | | 32,041,992 | | 32,041,942 |
| **Total comprehensive income for the period** | | | | | | | **-407,856** | **0** | **23,087,250** | **22,679,395** |
| Entry of net profit or loss for the period | | | | | | | | | 23,087,250 | 23,087,250 |
| Other components of comprehensive income for the period | | | | | | | -407,856 | 0 | | -407,856 |
| **B3. Changes in equity** | | | | **831,386** | | **5,495,319** | | **0** | **-6,326,704** | **0** |
| Allocation of the residual part of net profit for the period to other components of capital | | | | | | | | | | |
| Allocation of part of reported net income to other components of capital as decided by management and supervisory bodies | | | | | | 6,326,704 | | 0 | -6,326,704 | 0 |
| Creation of reserves for treasury shares | | | | 831,386 | | -831,386 | | | | 0 |
| **Closing balance of the period** | **20,229,770** | **44,284,976** | **16,931,435** | **5,646,149** | **-5,646,149** | **108,147,379** | **-1,650,342** | **6,007** | **23,087,251** | **211,036,476** |
| **DISTRIBUTABLE PROFIT** | | | | | | | | **6,007** | **23,087,251** | **23,093,258** |

**The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.**

# Cash flow statement

In EUR

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Net profit or loss before tax** | **23,316,482** | **28,527,133** |
| **Adjustments for:** | **14,369,043** | **16,055,704** |
| Amortisation and depreciation + | **13,871,225** | 12,900,809 |
| Profit/loss on sale of fixed assets | **15,876** | 15,038 |
| Impairment/write-down (reversal of impairment) of assets | **1,240,091** | 701,149 |
| Net decrease/increase in allowance for receivables | **67,759** | 0 |
| Net financial income/expenditure | **-1,089,776** | 1,862,888 |
| Long-term provisioning | **263,868** | 575,8190 |
| **Cash flow from operating activities before change in net current assets (working capital)** | **-12,878,271** | **11,566,125** |
| Change in trade receivables | **4,079,770** | 1,301,422 |
| Change in other non-current and current assets | **-193,714** | -21,732 |
| Change in inventories | **4,244,010** | -5,127,948 |
| Change in trade payables | **-15,182,867** | 16,806,887 |
| Change in provisions | **-1,749,382** | -25,729 |
| Change in deferred income | **-11,721** | 106,165 |
| Change in other current liabilities | **888,989** | 23,076 |
| Change in liabilities under contracts with customers | **0** | -11,351 |
| Income tax paid | **-4,953,356** | -1,484,665 |
| **Net cash flow from operating activities** | **24,807,254** | **56,148,961** |

| | | |
|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| **Investment income** | **10,129,692** | **1,746,816** |
| Income from interest earned | **1,311,450** | 1,725,767 |
| Income from interest earned on dividends | **44,466** | 6,011 |
| Income from disposal of tangible fixed assets | **15,876** | 15,038 |
| Income from disposal of current financial assets | **8,757,900** | 0 |
| **Expenditure on investments** | **-19,525,397** | **-22,900,906** |
| Expenditure on acquisition of intangible assets | **-251,914** | -1,772,185 |
| Expenditure on acquisition of tangible fixed assets | **-19,273,483** | -12,529,978 |
| Expenditure for acquisition of financial receivables | **0** | -8,598,742 |
| **Net cash flow from investing activities** | **-9,395,705** | **-21,154,090** |
| | | |
| **Cash flows from financing activities** | | |
| **Income from financing activities** | **30,917** | **0** |
| Proceeds from increase in financial liabilities | **30,917** | 0 |
| **Expenditure on financing activities** | **-14,051,088** | **-32,951,269** |
| Expenditure on repayment of financial liabilities | **0** | -73,777 |
| Expenditure on interest paid | **-4,653** | -4,114 |
| Payments for the purchase of treasury shares | **-42,622** | -831,386 |
| Expenditure on repayment of dividends and other profit shares | **-14,003,813** | -32,041,992 |
| **Net cash flow from financing activities** | **-14,020,171** | **-32,951,269** |
| | | |
| **Closing balance of cash and cash equivalents** | **19,122,785** | **17,731,407** |
| **Net increase/decrease in cash and cash equivalents** | **1,391,378** | **2,043,602** |
| **Opening balance of cash and cash equivalents (01/01)** | **17,731,407** | **15,687,805** |

**The notes to the financial statements are an integral part of the financial statements and should be read in conjunction with them.**

**Due to rounding, differences of +/- EUR 1 may occur.**

# Notes to the financial statements

## I. Introductory notes to the financial statements

Cinkarna, kemična industrija Celje, d. d. is organised as a joint stock company, with its registered office at Celje, Kidričeva 26, and is entered in the Court Register of the Court of Celje under number 1-402-00. The Company's main activity is manufacture of chemicals (SKD 20.120), specifically the production of titanium dioxide.

The financial part of the Annual Report is prepared for Cinkarna Celje, d. d., and comprises the financial statements with notes of Cinkarna Celje, d. d. By the decision of the 25th General Meeting of Shareholders of Cinkarna Celje, d. d., the Company switched from Slovenian Accounting Standards to International Financial Reporting Standards on 15 June 2021. As a result, all the Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements of Cinkarna Celje, d. d., are presented in euros, without decimals. They form an integral part of the Annual Report 2025, which is published on the Ljubljana Stock Exchange's electronic information system SEOnet and on the website of Cinkarna Celje, d. d. (https://www.cinkarna.si/si/info-center/objave).

## II. Introductory notes on reporting standards

Following the transfer of its shares to the Prime Market on 4 February 2021, Cinkarna Celje, d. d., prepared its financial statements as at 31 December 2025 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

## A. DECLARATION OF COMPLIANCE WITH IFRS

The Company's financial statements as at 31 December 2025 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. For prior years, including the year ended 31 December 2021, the Company prepared its financial statements in accordance with Slovenian Accounting Standards. The Company first prepared a full set of financial statements in accordance with IFRS, together with the accompanying notes issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted by the European Union, and in compliance with the provisions of the Companies Act (ZGD), for the financial year ended 31 December 2021, with the date of transition to IFRS being 1 January 2020.

The Management Board approved the financial statements for the financial year 2025 at its regular meeting on 19 March 2026.

The Company prepares its financial statements on the going concern basis. The accounting policies applied are consistent with those used in previous years.

**Initial application of new amendments to existing standards issued by the IASB and adopted by the EU, effective in the current reporting period**
The accounting policies applied by the Company in the preparation of its financial statements are consistent with those used in the preparation of the financial statements for the previous financial year. The exception is revised standards and interpretations adopted by the company on 1 January 2025, which are described below:

### A) Changes in accounting policies and disclosures

**Standards and amendments effective and adopted by the EU**

The accounting policies applied by Cinkarna Celje, d. d., are consistent with those of the previous financial year, except for the following amendments to IFRS adopted by the Company as of 1 January 2025, which are not material to Cinkarna Celje, d. d.

- **IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**

The amendments are effective for annual periods beginning on or after 1 January 2025. The newly adopted IFRS did not have a material impact on the accounting policies of Cinkarna Celje, d. d.

### B) Issued standards not yet effective and not early adopted

**B.1) Standards and amendments not yet effective but endorsed by the European Union**

- **IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments (amendments)**

In May 2024, the International Accounting Standards Board (IASB) issued amendments relating to the classification and measurement of financial instruments, amending IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted for amendments related to the classification of financial assets and the related disclosures, with the option to apply other amendments at a later date. The amendments clarify that a financial liability is derecognised on the "settlement date" when the obligation is discharged, cancelled, expires or otherwise meets the criteria for derecognition. They introduce an accounting policy option for derecognition of liabilities settled through electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance for assessing the contractual cash flow characteristics of financial assets with environmental, social and governance (ESG) features or other similar contingent characteristics. In addition, they clarify the treatment of assets that cannot, by contract, be settled using any other assets and of contractually linked instruments, and require additional disclosures under IFRS 7 for financial assets and liabilities with references to contingent events (including ESG-related features) and for equity instruments classified at fair value through other comprehensive income.

The management of Cinkarna Celje, d. d., has assessed that these amendments will not have a material impact on the financial statements at this stage.

- **IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity (Amendments)**

In December 2024, the International Accounting Standards Board (IASB) issued targeted amendments to better reflect contracts referencing nature-dependent electricity. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The amendments clarify the application of the "own use" requirements, permit hedge accounting where contracts within the scope of the amendments are used as hedging instruments, and introduce new disclosure requirements enabling investors to understand the impact of such contracts on an entity's financial performance and cash flows. The clarifications regarding "own use" are to be applied retrospectively, while the guidance permitting hedge accounting is to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The management of Cinkarna Celje, d. d., will assess in the future whether these amendments will have a material impact.

- **Annual Improvements to IFRS – Volume 11**

The IASB's annual improvements process addresses necessary but non-urgent clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity is required to apply these amendments for annual reporting periods beginning on or after 1 January 2026. Annual Improvements to IFRS Accounting Standards – Volume 11 include amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. The purpose of these amendments is to clarify wording, correct minor unintended consequences, address oversights or resolve conflicts between requirements in the standards.

The management of Cinkarna Celje, d. d., has assessed that these amendments will not have a material impact.

**B.2) Standards/amendments not yet effective and not yet endorsed by the European Union**

- **IFRS 18 – Presentation and Disclosure in Financial Statements**

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 – Presentation of Financial Statements. The standard is effective for annual periods beginning on or after 1 January 2027; earlier application is permitted.

The management of Cinkarna Celje, d. d., has assessed that this standard will not have a material impact.

- **IFRS 19 – Subsidiaries without Public Accountability: Disclosures (including amendments)**

In May 2024, the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, and in August 2025 amendments to this standard. IFRS 19 (including amendments) is effective for annual periods beginning on or after 1 January 2027; earlier application is permitted.

The management of Cinkarna Celje, d. d., has assessed that this standard will not have a material impact.

- **IAS 21 – The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (amendments)**

November 2025, the IASB issued amendments clarifying translation into a hyperinflationary presentation currency, supplementing IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendments are

effective for annual periods beginning on or after 1 January 2027; earlier application is permitted.

The management has assessed that there will be no material impact on the financial statements of Cinkarna Celje, d. d.

- **Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In December 2015, the International Accounting Standards Board (IASB) indefinitely deferred the effective date of these amendments until the completion of its research project on the equity method.

- **IFRS 18 – Presentation and Disclosure in Financial Statements**

IFRS 18 introduces new requirements for presentation in the statement of profit or loss. It requires entities to classify all income and expenses in the statement of profit or loss into one of five categories: operating, investing, financing, income tax and discontinued operations. These categories are complemented by requirements to present subtotals and totals for "operating profit", "profit before financing and income tax" and "profit". The standard also requires disclosure of management-defined performance measures and introduces new requirements for aggregation and disaggregation of financial information based on the defined "roles" of the primary financial statements and the notes. In addition, other accounting standards are amended as a consequence. IFRS 18 is effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The European Union has not yet endorsed the standard.

Cinkarna Celje, d. d., is currently analysing the impact of IFRS 18 and expects that the adoption of the new standard will not have a material impact on the financial statements in the period of initial application, except for certain immaterial reclassifications between operating and other profit categories.

- **IFRS 19 – Subsidiaries without Public Accountability: Disclosures (including amendments)**

IFRS 19 permits subsidiaries without public accountability to apply reduced disclosure requirements if their parent (ultimate or intermediate) prepares publicly available consolidated financial statements in accordance with IFRS. These subsidiaries must still apply the recognition, measurement and presentation requirements of other IFRS Accounting Standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 are not required to apply the disclosure requirements of other IFRS Accounting Standards. The 2025 amendments further reduce disclosures for new standards that were fully included when IFRS 19 was first issued. The European Union has not yet endorsed the standard.

The management has assessed that there will be no material impact on the financial statements of Cinkarna Celje, d. d., as the Company has no subsidiaries.

- **IAS 21 – The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (amendments)**

The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency using the closing rate. If an entity has a functional currency of a non-hyperinflationary economy but uses a hyperinflationary presentation currency, all amounts of financial position and performance (assets, liabilities, equity, income and expenses), as well as comparatives, must be translated using the closing rate at the date of the most recent statement of financial position. An entity with both functional and presentation currency in a hyperinflationary economy must restate comparatives of foreign operations that have a non-hyperinflationary functional currency using a general price index.

The amendments also introduce certain additional disclosure requirements. The European Union has not yet endorsed the standard.

The management of Cinkarna Celje, d. d., will analyse the requirements of this newly issued standard in future reporting periods and assess its impact.

- **Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address a recognised inconsistency between the requirements of IFRS 10 and those of IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when the transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when the transaction involves assets that do not constitute a business, even if those assets are held in a subsidiary. In December 2015, the IASB deferred the effective date of these amendments indefinitely until the completion of its research project on the equity method. The European Union has not yet endorsed the standard.

The management has assessed that there will be no material impact on the financial statements of Cinkarna Celje, d. d., as the Company has no subsidiaries.

## C. GOING CONCERN ASSUMPTION

In preparing the financial statements for the financial year 2025 of Cinkarna Celje, d. d., the Management Board applied the going concern assumption based on its knowledge, information and activities that enable the Company to continue its operations in the future in a manner that will allow it to generate cash flows to meet its obligations and provide an adequate return to investors.

## D. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis, except for derivatives, financial instruments at fair value through profit or loss, and financial instruments at fair value through other comprehensive income, which are measured at fair value.

## E. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements and notes are presented in euros, without cents. Financial information presented in the annual report in euros is rounded. Due to rounding, differences of +/- EUR 1 may occur.

## F. USE OF ESTIMATES AND ASSESSMENTS

In preparing the financial statements, the management is required to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates include determining the useful lives and residual values of property, plant and equipment and intangible assets, the recoverable amount of property, plant and equipment, the fair value of financial assets at fair value through other comprehensive income, allowances for inventories and receivables, estimates of contract liabilities, the assessment of the recoverability of deferred tax assets, assumptions relevant for actuarial calculations related to employee benefits, and assumptions used in calculating provisions for environmental purposes and litigation claims by legal and natural persons.

Significant assessments include those related to government grants, specifically the assessment of reasonable assurance regarding compliance with future conditions for receiving and retaining such grants. In 2023, grants were specifically related to subsidies for mitigating the energy crisis under the ZPGOPEK Act, where the key judgement related to meeting future conditions. In 2025, no such grants were received.

The key estimates and accounting judgements adopted by the management of Cinkarna Celje, d. d., in preparing the annual financial statements for 2025 in relation to the expected effects of climate change and the energy transition are described below.

With regard to the effects of climate-related impacts, the Company considers climate change to be an implicit factor in the methodologies and models used to perform estimates in the valuation and/or measurement of certain accounting items. In addition, the Company has considered the impact of climate change in the significant judgements made by management. In this context, the main items included in the financial statements as at 31 December 2025 that are affected by the use of management estimates and judgements relate to the assessment of impairment of non-financial assets and to assets and liabilities associated with the energy transition. References to the estimates and judgements applied by the management in relation to climate change (taking into account their significance within financial reporting) are as follows:

- emphasis on assessing expected cash flows from specific assets (Note III. H Impairment of non-financial assets);
- focus on the effects of the Paris Agreement and their impact on estimating the useful lives of the relevant assets (Note Determination of useful lives of assets, Note III. C.).

The useful lives of property, plant and equipment are regularly reviewed in light of the transition to fully electric vehicles and sustainable green investments (solar power plants, battery storage systems, etc.). No adjustment to the useful lives of the Company's assets in use was required.

Significant judgements include those related to environmental provisions and judgements regarding the impact of climate change, namely:

- the impact of climate change on the useful life and usability of intangible assets,
- the impact of climate change on the useful life and usability of property, plant and equipment,
- the impact of climate change in relation to the recognition and measurement of provisions and potential future liabilities,
- the impact of climate change in relation to indicators of impairment and the cash flows used in assessing impairment of non-current assets

Estimates and the underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if they affect only that period, or in the period of revision and future periods if the revision affects both current and future periods. Information on significant estimation uncertainties and critical judgements made by the Management Board of Cinkarna Celje, d. d., in the process of applying accounting policies and which have the most significant effect on the amounts recognised in the financial statements are described in the chapter Impact of Climate Change on the Financial Statements.

**Key accounting estimates**

- **In Note 2 – Impairment testing of non-financial assets**

At least once a year, the Company assesses whether there are any indicators of impairment of the cash-generating unit, whereby the recoverable amount of non-financial assets is determined based on the present value of future cash flows. This is based both on an estimate of the expected cash flows from the cash-generating unit and on the determination of an appropriate discount rate.

- **In Note 20 – Revenue from contracts with customers**

Revenue from contracts with customers is recognised based on the provisions of individual sales contracts with customers, specifically upon the transfer of control of goods and services to the customer, in an amount that reflects the consideration to which Cinkarna Celje, d. d., expects to be entitled in exchange for those goods or services. Revenue from contracts with customers is reduced by volume rebates (approved quantity discounts), where the Company carefully verifies whether the contractually agreed quantities have been taken. If the agreed quantities are met, the Company grants the customer a discount on the quantities taken. The percentage of the discount is agreed in the contract with each individual customer. In assessing the granting of discounts, the payment criterion is also considered. If overdue receivables from a customer entitled to a volume rebate are not settled, the discount is not granted and is only estimated.

- **Impairment testing of trade receivables in Note 8 – Trade receivables**

When preparing the financial statements (quarterly and annual), the Company forms an allowance for the impairment of receivables for which it is assumed that they will not be settled in full or at all. The basis for calculating the allowance is a uniform methodology applicable to the Company, which is based on the probability or assessment of a customer default. The methodology includes the following quantitative and qualitative criteria: analysis of the customer's historical payment discipline, analysis of the customer's financial statements – credit report, qualitative assessments of the customer prepared by sales staff, and the insurance of receivables through the approval of a credit limit with an insurance company. Based on the above-mentioned criteria, the value of the allowance for receivables is calculated for each individual customer.

- **In Note 3 – Fair value measurement of financial assets at fair value through other comprehensive income**

Fair value is applied to financial assets measured at fair value through other comprehensive income and to financial assets measured at fair value through profit or loss. All other items in the financial statements are presented at cost or amortised cost. The fair value of assets is reviewed annually, based on available market data or comparable industry data in which the Company holds investments.

- **In Note 13 – Assessment of other provisions formed**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event that can be reliably estimated, and if it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent liabilities are not recognised in the financial statements because their actual existence will be confirmed only by the occurrence or non-occurrence of events in the unpredictable future, which are beyond the Company's control. The Management Board regularly assesses whether an outflow of resources embodying economic benefits is probable for the settlement of a contingent liability. If it becomes probable, the contingent liability is reclassified such that a provision is recognised in the financial statements at the moment the level of probability changes. Based on the legal or other basis for recognition, the Management Board critically assesses whether a present obligation arising from past events, which could result in future outflows for the Company, is supported by external legal experts and also by activities necessary for remediation based on current knowledge, measurements performed, the estimated cost, the estimated timeline for the execution of these activities, and the discount rate; in making this assessment, written opinions of external specialists in the relevant field are utilised. The assessment relates primarily to environmental provisions.

- **In Note 12 – Provisions for post-employment and other long-term employee benefits**

Under the commitments for defined post-employment and other benefits, the present values of severance pay upon retirement and long-service awards (jubilee benefits) are recorded. They are recognised based on an actuarial calculation prepared by a certified actuary and approved by the Management Board. The actuarial calculation is based on assumptions and estimates valid at the time the calculation is prepared and may differ from the actual assumptions in the future due to subsequent changes. This primarily relates to the determination of the discount rate, employee turnover estimates, mortality estimates, and wage growth estimates. Due to the complexity of the actuarial calculation and the long-term nature of the items, defined benefit obligations are sensitive to changes in these estimates.

- **In Note 17 – Current liabilities from contracts with customersi**

When preparing the annual financial statements, Cinkarna Celje d.d. accrues contractual discounts in cases where customers acquire the right to a discount on sales achieved in the current year only in the following year, i.e., when the contractually agreed conditions for obtaining the discount are met. The basis for estimating the amount of these discounts are the facts known at the time of preparing the annual financial statements, past business experience with individual customers, and other relevant facts.

- **Assessment of the recoverability of deferred tax assets in Note 5 – Deferred tax assets and liabilities**

The Company recognises deferred tax assets arising from: provisions for long-service awards and severance pay upon retirement, impairment of financial investments, impairment of receivables, unused tax credits, and tax losses. As at the reporting date, the Company reviews the carrying amounts of deferred tax assets and liabilities. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available over a five-year period against which the deferred tax asset can be utilised. The deferred tax asset is reduced by the amount for which it is no longer probable that the related tax benefit will be realised.

- **Critical assessment of macroeconomic conditions (inflation and deterioration of economic conditions)**

Due to the deterioration of the macroeconomic environment caused by inflation, conditions in the procurement and sales markets, and the situation surrounding the war in Ukraine, the Company reviews its key accounting policies and estimates in areas where these conditions could have a negative impact. This specifically relates to the impairment of assets – receivables due to the deterioration of payment discipline, environmental and other provisions, fair value measurements, leases, labour costs, and the recoverability of deferred tax assets.

- **Critical assessment regarding US tariffs**

The Company reviewed its exposure to US customs tariffs and performed a critical assessment of the potential impact on its operations. Based on available information and an analysis of supply chains, pricing, and sales margins, the management has concluded that the tariffs did not have a material impact on the financial statements during the period. No facts indicate a need for the formation of provisions or impairments. The Company will continue to monitor potential risks associated with future changes to tariffs.

## III. Significant accounting policies

For the reporting period presented in the enclosed financial statements, the Company applies accounting policies in accordance with IFRS. The Company did not change the accounting policies published in the Annual Report for the financial year 2024. The accounting policies and calculation methods applied are consistent with those used in the most recent annual financial statements.

In selecting accounting policies, deciding on their application, and preparing the financial statements, management considered the following three requirements: financial statements are understandable if they can be easily understood by users; information is relevant if it assists users in making economic decisions; and information is material if its omission or misstatement could influence the users' economic decisions. The financial statements include comparative information.

## A. FOREIGN CURRENCY TRANSLATION

For transactions originally denominated in a foreign currency, either the commercial bank exchange rate or the European Central Bank mid-rate (reference rate) is used for translation during the year. Assets and liabilities denominated in foreign currencies are translated at the European Central Bank's reference exchange rate at the reporting date. Foreign exchange gains or losses are the differences between the amortised cost in the functional currency at the beginning of the period, adjusted for the amortised cost of payments during the period, and the amortised cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency at the exchange rate on the date when the fair value was determined. Non-monetary items denominated in foreign currency and measured at historical cost are translated into the functional currency at the exchange rate on the date of the transaction. Exchange differences are recognised in the statement of profit or loss.

## B. INTANGIBLE ASSETS

Development costs incurred by the Company are recognised as an intangible asset. An intangible asset is derecognised and removed from the balance sheet and statement of financial position on disposal or when no further economic benefits are expected from its use and subsequent disposal.

Other intangible assets have finite useful lives and are carried at cost less accumulated amortisation and accumulated impairment losses. Cost also includes borrowing costs until the intangible asset is created.

Subsequent expenditure relating to intangible fixed assets is capitalised to the extent that it increases the future economic benefits of the asset to which it relates.

The Company applies the straight-line method. Amortisation rates are determined by reference to the expected useful lives. Amortisation is charged on a straight-line basis until the amortised cost base is fully recovered and begins to be amortised when the intangible asset with the finite useful life is available for use. The estimated useful lives for the current and comparative periods are:

- computer software: 2 to 10 years,
- technical and project documentation: 8 to 40 years,
- easements: 20 years and more.

The amortisation and depreciation rates in 2025 remain unchanged from the previous year.

## C. TANGIBLE FIXED ASSETS

The Company's tangible fixed assets comprise land, buildings, manufacturing equipment, other property, plant and equipment, small inventories, property, plant and equipment under construction or in the course of construction, and advances for the acquisition of property, plant and equipment.

The Company uses the cost model. Cost includes costs directly attributable to the acquisition of an individual tangible fixed asset (import and non-refundable purchase duties and costs directly attributable to its qualification for its intended use, in particular import and installation costs). Under the cost model, tangible fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses. The cost includes borrowing costs related to the acquisition of the tangible fixed asset until it is ready for use.

The cost of a tangible fixed asset constructed or manufactured in the Company consists of the costs directly attributable to its construction or manufacture (costs of materials, labour, services of external contractors and services of the Company's business units) and those general construction or manufacturing costs that are directly attributable to its qualification for its intended use.

The cost of a tangible fixed asset is allocated to its components if their value is significant, they have different useful lives that are significant in relation to the total cost of the tangible fixed asset, and they are accounted for as individual assets.

Subsequent expenditure relating to a tangible fixed asset increases its cost if it is its replacement and it is probable that its future economic benefits will be greater than those originally estimated. Subsequent expenditure on a fully depreciated tangible fixed asset is recognised as a new asset with a new useful life.

We capitalise own products and own services when they enhance the future benefits of an asset or increase its useful life. These are goods and services that are created or rendered and then recorded at cost as tangible fixed assets or intangible assets. At the same time, these effects of capitalising own goods and services are recorded in other operating income.
The Company applies the straight-line method. Amortisation rates are determined according to the expected useful lives. Amortisation is charged on a straight-line basis until the asset is fully recovered from the asset, which forms the basis for depreciation, and commences on the first day of the month after it is available for use. Land and fixed assets of artistic and cultural interest are not depreciated.

The estimated useful lives for the current and comparative period are:

- buildings: 5 to 71 years,
- production equipment: 2 to 30 years,
- other equipment: 2 to 5 years.

The amortisation and depreciation rates in 2025 remain unchanged from the previous year.

In estimating the useful lives of assets, the Company takes into account expected physical wear and tear, technical obsolescence, economic obsolescence and expected legal and other restrictions on use. The Company also reviews the useful lives of major assets in the event that circumstances change and require a change in the useful life and therefore a revaluation of depreciation expense.

### Leases

The Company assesses whether a contract is a lease or contains a lease at the time the contract is entered into. A contract is a lease or contains a lease if it transfers the right to control the use of an identified asset for a fixed period in exchange for consideration. The Company determines the term of a lease as the period during which the lease cannot be terminated, together with (a) the periods for which the option to extend the lease is exercisable if it is reasonably certain that the option will be exercised and (b) the periods for which the option to terminate the lease is exercisable if it is reasonably certain that the option will not be exercised.

### The Company as lessee

The Company as lessee has no leases.

### The Company as lessor

Lease agreements in relation to which there is no significant transfer of the risks and rewards associated with ownership are classified as operating leases. Rental income is recognised on a straight-line basis over the entire lease term and is recognised as income in the statement of profit or loss. Initial direct costs are incremental costs that are directly attributable to negotiating and arranging a lease; they increase the carrying amount of the leased asset and are recognised over the entire lease term on the same basis as rental income. Contingent rents are recognised as income in the period in which they are earned.

## D. OTHER NON-CURRENT ASSETS

Under other non-current assets, the Company presents or recognises emission allowances received free of charge from the state. The Company records the receipt and use of emission allowances as follows:

- Emission rights allocated by the state (the Ministry of the Environment and Spatial Planning and the Slovenian Environment Agency) from 2013 onwards are presented in the statement of financial position at a value of one euro per emission allowance;
- Income from the sale of allocated emission rights is presented under other operating income in the statement of profit or loss;
- Purchases of emission rights on the market are recognised as non-current assets at cost if they relate to actual emissions that will occur in future periods;
- Current operating liabilities are recognised as expenses when the estimated level of actual emissions exceeds the number of emission rights held by the Company that have been either allocated or purchased to cover actual emissions;
- If the market value of purchased emission allowances at year-end is lower than their carrying amount, the allowances are impaired;
- At the balance sheet date, the Company first uses all allowances received from the state and, for any shortfall, uses allowances purchased on the market at the average price.

## E. FINANCIAL INSTRUMENTS

Financial instruments include non-derivative financial assets and non-derivative financial liabilities and derivative financial instruments. Financial instruments are carried at fair value and amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

On initial recognition, the Company classifies financial assets as subsequently measured at amortised cost, fair value through comprehensive income and fair value through profit or loss. The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Company's business model for managing them. Except for trade receivables that do not have a significant financial component or for which the Company has applied a practical expedient, the Company measures the financial asset on initial recognition at fair value, which, in the case of a financial asset not at fair value through profit or loss, is the fair value plus transaction costs.

Trade receivables that do not have a significant financial component or for which the Company has applied a practical expedient are measured at transaction price determined in accordance with IFRS 15 (see accounting policies in the section Revenue from contracts with customers).

**Non-derivative financial assets**

Financial assets are classified into one of the following groups on initial recognition:
- financial assets measured at amortised cost,
- financial assets at fair value through other comprehensive income,
- financial assets at fair value through profit or loss; or
- cash.

Non-derivative financial assets include cash and cash equivalents, receivables, loans and investments. The Company recognises receivables and loans and deposits at the date they are incurred. It recognises other assets when the transaction is entered into or when it becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when the rights to the contractual cash flows from the financial asset are transferred in a transaction that transfers all the risks and rewards of ownership of the financial asset.
Impairment of financial assets is described in more detail in note H below.

***Financial assets at fair value through other comprehensive income***

Financial assets measured at fair value through other comprehensive income that have the characteristics of debt instruments are those financial assets that the Company holds in order to collect contractual cash flows representing solely payments of principal and interest on the outstanding principal. For debt instruments recognised at fair value through other comprehensive income, interest income, foreign exchange differences, and impairment losses or reversals are recognised in the statement of profit or loss and measured in the same way as for financial assets measured at amortised cost. All other changes in fair value are recognised in other comprehensive income. Upon derecognition, the cumulative change in fair value recognised in other comprehensive income is reclassified to the statement of profit or loss. Financial assets measured at fair value through other comprehensive income that have the characteristics of equity instruments are those financial assets that meet the definition of equity in accordance with IAS 32 – Financial Instruments and for which the Company makes an irrevocable election to classify them as equity instruments at fair value through other comprehensive income, and which are not held for trading purposes. The classification is determined on an instrument-by-instrument basis. Gains and losses arising from these financial assets are never reclassified to the statement of profit or loss.

Dividends from equity instruments are recognised as finance income in the statement of profit or loss when the right to payment is established.

***Financial assets at amortised cost***

Financial assets measured at amortised cost include those financial assets that the Company holds in order to collect contractual cash flows representing solely payments of principal and interest on the outstanding principal. The Company classifies loans, trade receivables and other receivables as financial assets at amortised cost. Depending on their maturity, they are classified as current (maturing within 12 months after the reporting date) or non-current financial assets (maturing more than 12 months after the reporting date). Loans and receivables are initially recognised at fair value, increased by directly attributable transaction costs. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less expected credit losses. Gains and losses are recognised in profit or loss upon derecognition, modification or impairment. Insurance of trade receivables is not treated as a separate financial instrument but as an integral part of receivables. Insurance policies are concluded periodically (annually) and relate to specific receivables and/or business partners. The concluded insurance policy is flexible, allowing business partners to be added to or excluded from coverage during the term of the policy. The insurance policies relate exclusively to the insurance of trade receivables.

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated at fair value through profit or loss, or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivative financial instruments, including separated embedded derivatives, are classified as financial assets held for trading, except where they are designated as effective hedging instruments. Financial assets that generate cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are presented in the statement of financial position at fair value, with net changes in fair value recognised in the statement of profit or loss.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, balances on current and foreign currency accounts, bank deposits with a maturity of three months or less, and similar investments intended to ensure liquidity. Cash is initially recognised at the amount arising from the relevant supporting documentation on the basis of which control over the associated rights is established.

**Non-derivative financial liabilities**

The Company's non-derivative financial liabilities comprise trade, financial, and other payables. The Company initially recognises these liabilities on the transaction date when it becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when the contractual obligations are discharged, cancelled, or expire. Non-derivative liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost. Based on their maturity, they are classified as current liabilities (maturity up to 12 months after the date of the statement of financial position) or non-current liabilities (maturity exceeding 12 months after the date of the statement of financial position).

**Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value. Transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and any changes therein are recognised in profit or loss. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If the transaction price differs from the fair value at the measurement date, the difference for market-based assets is recognised in profit or loss, or it is deferred and subsequently released to profit or loss in accordance with the relevant policy. Financial investments or financial liabilities measured at fair value through profit or loss are remeasured to fair value at least once a year upon the preparation of the annual financial statements. Gains or losses arising from changes in fair value are recognised in the statement of profit or loss.

The Company purchases strategic raw materials in US dollars and also carries out sales to dollar-denominated markets, the value of which is significantly lower than that of the purchases. Due to the purchasing and selling being conducted in different currencies, mismatches arise between purchase and selling prices, alongside a constantly fluctuating Euro/Dollar exchange rate; the Company manages this through forward contracts to maintain the appropriate Euro/Dollar ratio and to mitigate currency risks.

## F. ASSETS (DISPOSAL GROUPS)

Assets or disposal groups comprising assets and liabilities whose carrying amount is expected to be recovered principally through a sale, and for which the sale is highly probable, are classified as assets and liabilities held for sale. Impairment losses on initial classification as held for sale, as well as subsequent losses or gains on remeasurement, are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment losses previously recognised. When intangible assets and property, plant and equipment are classified as held for sale, depreciation and amortisation cease. Upon disposal, the Company derecognises the asset (or disposal group), and the effect of disposal, reduced by costs directly attributable to the sale, is recognised in other operating income or expenses.

## G. INVENTORIES

The Company's inventories are measured at the lower of cost and net realisable value. Cost includes the purchase price, import duties, and direct acquisition costs. The purchase price is reduced by any discounts received. Direct acquisition costs comprise transport costs, loading, reloading and unloading costs, cargo monitoring costs, and other costs directly attributable to the acquired merchandise, materials, or services. Purchase price discounts include both those stated on the invoice and those obtained subsequently that relate to a specific purchase.
The Company maintains inventories of raw materials and consumables, auxiliary materials, packaging, and trading goods at purchase prices including all incidental acquisition costs. When reporting inventories and material consumption, the Company uses standard prices with variances. Consumption of basic raw materials is recorded using the FIFO method, while the consumption of other material and goods inventories is recorded using the weighted average cost method. Non-moving inventories of raw materials and con-

sumables are revalued due to impairment by writing down their value according to the following criteria:

- third year: 25%,
- fourth year: 50%,
- fifth year: 100%.

Inventories of work in progress, semi-finished products, and finished products are valued at production cost, which includes direct material costs, wages, and production services, depreciation, and a portion of general manufacturing overheads of production cost centres, encompassing costs of material, maintenance, insurance, and a portion of other service costs. When reporting inventories of work in progress and finished products, the Company uses standard prices (production value) with variances. The transfer of costs from inventories is performed using the weighted average cost method.

Non-moving inventories of work in progress and finished products are revalued due to impairment by writing down their value according to the following criteria:

- third year: 25%,
- fourth year: 50%,
- fifth year: 100%.

## H. IMPAIRMENT OF ASSETS

***Financial assets***

In accordance with IFRS 9, the Company applies the expected credit loss (ECL) model, which recognises not only incurred losses but also losses expected to arise in the future. The Company assesses evidence of impairment of financial instruments. If, at the reporting date, the credit risk of a financial instrument has not increased significantly since initial recognition, the impairment assessment is based on 12-month expected credit losses associated with the probability of default of the financial instrument within the next 12 months.

For financial assets such as trade receivables that do not contain a significant financing component, a simplified approach is applied, under which the loss allowance is calculated at an amount equal to lifetime expected credit losses. The Company forms groups of receivables based on whether they are secured or unsecured, their maturity, similar risk characteristics, and historical recovery rates in previous years, which are adjusted for management's assessment of whether actual losses due to current economic conditions may be higher or lower than those suggested by historical trends.

If credit risk has increased significantly since initial recognition but the assets do not yet show objective evidence of impairment, the impairment assessment is based on the probability of default over the lifetime of the financial asset. Expected credit losses represent the difference between the contractual cash flows due and all cash flows the Company expects to receive. For financial assets showing objective signs of impairment at the reporting date, a full loss allowance for expected credit losses is formed based on a resolution of the Management Board. The Company recognises a write-off of a financial asset when it has no reasonable expectation of recovering the contractual cash flows. Objective evidence of impairment of financial assets may include: default or breach of contract by the debtor; indications that the debtor will enter bankruptcy or is in proceedings under the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act (ZFPPIPP).

Receivables that are assumed will not be settled, or will not be settled in full, are considered doubtful; if legal proceedings are initiated in respect of such receivables, they are considered disputed. The Company records a loss allowance for these receivables against operating expenses. The formation of the loss allowance for trade and other operating receivables is based on an individual assessment of their riskiness, considering historical payment dynamics, past payment delays, the credit rating of the business partner, and the status of the business partner in insolvency proceedings.
Investments in equity securities or shares of other companies, for which an irrevocable election was made at initial recognition that they are not held for trading, are recorded as financial assets measured at fair value through other comprehensive income. The fair value of listed securities is measured at the market price at the reporting date. Gains or losses arising from changes in fair value are recognised in other comprehensive income and presented directly in equity as a fair value reserve for financial instruments in the net amount. Amounts presented in other comprehensive income may not be subsequently reclassified to profit or loss. Accumulated gains or losses are transferred within equity.

***Non-financial assets***

At each reporting date, the Company reviews the carrying amount of its significant non-financial assets to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When allocating an impairment loss to the individual assets of a CGU, the carrying amount of an individual asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable), or zero. An impairment loss of an asset or a cash-generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss. At the end of each reporting period, the Company assesses impairment losses recognised in prior periods to determine whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior years.

## I. DETERMINATION OF FAIR VALUE

In accordance with the Company's accounting policies, the determination of fair value is required for both non-financial and financial assets and liabilities, either for the measurement of individual assets or for additional fair value disclosures. Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction.

The methods for determining the fair value of individual groups of assets for measurement or reporting purposes are described below.

***Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income***

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is determined based on comparable market data of companies in the electrical industry.

***Loans and receivables***

The fair value of loans and receivables is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk associated with these financial assets.

***Non-derivative financial liabilities***

For reporting purposes, fair value is calculated based on the present value of future principal and interest payments, discounted at the market rate of interest at the end of the reporting period.

## J. EQUITY

The Company's total equity comprises: called-up capital, capital reserves, revenue reserves, fair value reserves, retained earnings or accumulated losses from previous years, and the temporarily undistributed net profit or accumulated loss for the financial year.

**Called-up capital** represents the share capital nominally defined in the Company's Articles of Association and consists of ordinary shares.

**Treasury shares:** Upon the repurchase of treasury shares, which are presented as part of share capital, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a change in equity. Repurchased shares are presented as treasury shares and deducted from equity. Upon the sale or subsequent reissue of treasury shares, the amount received is recognised as an increase in equity, and any resulting surplus or deficit from the transaction is transferred to capital reserves or retained earnings.

**Capital reserves** represent capital reserves formed during the privatisation process and general equity revaluation adjustments which, in accordance with the then-applicable Slovenian Accounting Standards (SAS), included the revaluation of share capital prior to 2002. Due to the transition to the revised SAS (2006), the Company's general equity revaluation adjustment was transferred to capital reserves on 1 January 2006.

**Revenue reserves** are a specifically allocated portion of net profit from previous years, primarily for the settlement of potential future losses. They comprise: legal reserves, reserves for treasury shares, treasury shares (as a deduction), statutory reserves, and other revenue reserves.

**Retained earnings** from previous years represent the remaining portion of net profit that has not been distributed to owners as dividends or other shares, nor has it been specifically allocated to reserves.

**Fair value reserves** relate to changes in the fair value of equity investments in other companies measured at fair value through equity. Fair value reserves also include remeasurements of post-employment benefits (actuarial gains/losses) arising from changes in the present value of the severance pay obligation upon retirement.

**Dividends:** Until dividends are approved by the General Meeting of Shareholders, proposed dividends are treated as retained earnings; therefore, dividends are recognised in the financial statements in the period in which the resolution of the General Meeting to pay dividends was adopted.

## K. CURRENT EMPLOYEE BENEFITS

Short-term employee benefit obligations are measured on an undiscounted basis and are recognised as an expense as the related service is provided.

## L. NON-CURRENT EMPLOYEE BENEFITS

***Provisions for post-employment and other long-term employee benefit***

In accordance with statutory requirements, the collective agreement, and internal regulations, the Company is obliged to pay jubilee benefits (long-service awards) and severance pay upon retirement, for which provisions are recognised. No other pension obligations exist. The provisions are measured at the present value of estimated future payments for severance pay and jubilee benefits, discounted at the reporting date. The calculation includes severance pay costs upon retirement and the costs of all expected jubilee benefits until retirement. Service costs and interest costs are recognised in the statement of profit or loss, while remeasurements of post-employment benefits, specifically unrealised actuarial gains or losses, are recognised in other comprehensive income.

## M. OTHER PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. The Company recognises provisions when the relevant conditions are met, charging them against the appropriate costs or expenses.

Environmental provisions are formed based on the best estimate of costs and other necessary activities, derived from assessments by external independent environmental experts, relating to the operation of landfills and facilities owned by the Company to cover long-term obligations. The Management Board assesses whether a legal, contractual, or constructive obligation exists to form or release a provision. Provisions are discounted at a risk-free rate, based on the estimated timeline for the execution of works, which is determined with the assistance of external experts' assessments considering land structure, required activities, and statutory provisions. In 2023, a re-assessment of provisions was conducted, during which the execution of necessary works, the timeline, and the value of the works were re-evaluated; this evaluation accounted for inflation and, based on the timeline, the provisions were appropriately discounted using a discount factor based on government bond yields. This was performed based on an assessment by external experts and an annual management review. Costs were adjusted in line with the price increases of materials and services required for the necessary remediation. In 2025, similar to 2024, a further re-assessment of all provisions was conducted with the help of external experts, who assessed new necessary works (landslide remediation, grout curtain). The value of the works accounted for the rising costs of planned activities (inflation), and based on the planned remediation timeline, the provisions were appropriately discounted using a discount factor based on government bond yields.

## N. GOVERNMENT GRANTS

Income from government grants is recognised in the financial statements of Cinkarna Celje, d. d., when they are received and when there is reasonable assurance that the Company will comply with the conditions attached to them. Government grants related to the epidemic in Slovenia are presented by the Company under current operating income. Other government and other grants received to cover costs are recognised systematically as income over the periods in which the related expenses, which the grants are intended to compensate, are incurred. Government grants related to assets are recognised in the statement of profit or loss systematically under other operating income over the useful life of the individual asset.

Income from government grants (energy crisis mitigation) is initially recognised when there is reasonable assurance that Cinkarna Celje, d. d., will receive the income and will comply with the conditions associated with its receipt and retention. Income from government grants is systematically recognised in the statement of profit or loss under other operating income.

Government grants received for the acquisition of property, plant and equipment or for covering specific costs are temporarily recorded as deferred income and are transferred to operating income in line with the depreciation of the acquired property, plant and equipment or as the costs for which they are intended to cover are incurred.

## O. OTHER CURRENT ASSETS AND OTHER LIABILITIES

Under other current assets, the Company records short-term deferred costs or expenses. In accordance with the established methodology for the accrual of annual obligations, deferred costs for holiday allowance, paid insurance premiums, and other short-term costs are recorded during the year. As at the reporting date, the Company presents prepaid costs for the purchase of raw materials and costs relating to the future financial period. The Company also records VAT on advances received under other current assets.

Under other current liabilities, the Company records short-term accrued expenses and short-term deferred income. In accordance with the established methodology for the accrual of annual obligations, planned operating liabilities are accrued during the year. Short-term deferred income comprises income from the sale of products and services accrued during the year. Furthermore, the Company records the accrued liability for unused annual leave and VAT on advances paid under other current liabilities.

## P. REVENUE

***Contract revenue***

Revenue in accordance with IFRS 15 is recognised when an increase in economic benefits during the accounting period is related to an increase in the value of an asset or a decrease in a liability, and the increase can be measured reliably. Revenue is recognised when it is reasonably expected to result in inflows, provided these have not already been realised upon inception.

Revenue from contracts with customers results from the sale of chemical, metallurgical, and other manufactured products and materials, where the satisfaction of a performance obligation occurs at the point in time when the goods are dispatched or collected by the customer. For revenue from contracts with customers where the result of the sale is a service, the satisfaction of the performance obligation occurs at the point in time when the service is performed. Sales revenue consists of revenue arising from contracts with customers for the sale of goods or services. Sales revenue reflects the transfer (delivery) of contractually agreed goods or services to customers in the amount of the expected consideration to which the Company expects to be entitled in exchange for those goods or services. Amounts collected on behalf of third parties, such as value-added tax and other duties charged upon sale, do not constitute part of sales revenue. Similarly, amounts collected on behalf of a principal do not constitute part of sales revenue (sales revenue consists only of the portion of consideration attributable to the agent for the provided agency service). A good or service is transferred when the customer obtains (or is obtaining) control over it. A customer obtains control of a good or service when they acquire the right to direct the use of, and obtain substantially all of the remaining benefits from, the good or service. Such control also includes the ability to prevent others from directing the use of, and obtaining the benefits from, the good or service. Benefits from goods or services are potential cash flows (receipts or savings on expenditure) that can be obtained directly or indirectly in various ways. The Company transfers control of a good or service and thereby satisfies a performance obligation, either at a point in time or over time. Upon entering into a contract with a customer, the Company must identify all performance obligations contained in the contract. An obligation to transfer a good or service to a customer is identified as a distinct (separate) performance obligation if:

- it can be identified separately from other contractual obligations to transfer goods or services in the context of the contract, in accordance with IFRS criteria;
- the customer can benefit from the contractually agreed good or service either on its own or together with other resources that are readily available to the customer. For example, the fact that the Company regularly sells a good or service separately would indicate that the customer can benefit from the good or service on its own or in conjunction with other readily available resources.

Sales revenue is recognised in an amount that reflects the transaction price allocated to a distinct performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for the transfer of goods or services to a customer, excluding amounts collected on behalf of third parties.

Control of goods and services depends on the provisions of the sales contract; the transfer occurs at the point in time when the customer collects the goods or when the service is performed. The standard payment term ranges from 30 to 90 days.

***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer but not yet invoiced to the customer. Under contract assets, the Company records unbilled revenue for goods and services supplied to customers.

***Contract liabilities***

A contract liability is the obligation to transfer goods or services to the customer in exchange for consideration received from the customer. The Company records contract liabilities from contracts with customers relating to approved volume discounts. Contract liabilities are recognised as revenue when the Company satisfies its performance obligation under the contract.

***Other sales revenue and other operating income***

Revenue and other operating income are recognised when the service has been performed and the customer has obtained control over the goods or service in accordance with IFRS 15.

Other operating income arises upon the disposal of intangible assets and property, plant and equipment as the excess of their sales value over their carrying amount, and upon the occurrence of other unusual items. They are recorded in the actual amounts incurred.

***Financial income***

Finance income comprises interest income on investments, dividend income, gains on the disposal of available-for-sale financial assets, foreign exchange gains, and gains on hedging instruments, which are recognised in the statement of profit or loss. Interest income is recognised as it accrues using the effective interest method. Dividend income is recognised in the statement of profit or loss when the Company's right to receive payment is established.

## Q. EXPENSES

Expenses are recognised if a decrease in economic benefits during the reporting period is related to a decrease in an asset or an increase in a liability, and the decrease can be measured reliably.

**Operating expenses** are recognised when materials are consumed or services are provided, and are recorded in the period to which they relate. In the standard valuation of inventories of finished products and work in progress at production cost, operating expenses comprise production costs no longer held in these inventories, as well as purchasing costs, selling costs, and general activity costs (overheads) accrued during the reporting period. The transfer of costs from inventories of finished products and work in progress to the cost of goods sold, and the transfer of the purchase value of merchandise and materials sold, are carried out using the standard (estimated) cost method, taking into account the proportional part of any variances.

Operating expenses are equal to the costs accrued during the reporting period, increased by costs held in opening inventories of finished products and work in progress, and decreased by costs held in closing inventories of finished products and work in progress, valued at production costs.

Operating expenses are increased by the cost of merchandise and materials sold. Costs of services primarily relate to costs incurred in connection with the maintenance of assets, transport services, sales intermediary services, advertising and sponsorship costs, research costs, and costs of professional/intellectual services. Operating expenses – impairments arise in connection with property, plant and equipment, intangible assets, and current assets due to their impairment. Other expenses consist of unusual items, which are recorded in the actual amounts incurred.

**Finance costs** comprise interest expenses on borrowings, foreign exchange losses, and losses due to the impairment of financial assets, all of which are recognised in the statement of profit or loss. Borrowing costs are recognised in the statement of profit or loss using the effective interest method.

## R. TAXATION (corporate income tax)

Corporate income tax for the financial year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity. Taxable profit differs from the net profit reported in the statement of profit or loss as it excludes items of income or expense that are taxable or deductible in other years, as well as items that are never taxable or deductible.

Current tax is the tax expected to be paid on the taxable profit for the financial year using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised using the balance sheet liability method, accounting for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recorded at the amount expected to be paid upon reversal of the temporary differences, based on laws enacted or substantively enacted at the reporting date.

A deferred tax liability is fully recognised using the balance sheet liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements of the Company. Deferred tax is determined using tax rates (and laws) that are expected to apply when the deferred tax liability is settled. Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of financial investments. The amount of deferred tax is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities using tax rates effective at the reporting date. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax asset can be utilised. Deferred tax assets are reduced by the amount for which it is no longer probable that the related tax benefit will be realised.

## S. SEGMENT REPORTING

The Company discloses information by segment. A business segment is a distinguishable component of the Company engaged in providing specific products or services (product segment) or in providing products or services within a particular geographical economic environment (geographical segment); these segments are subject to risks and rewards that are different from those of other segments. Segment information is presented by the Company's geographical and product segments. The Company's segment reporting is based on geographical segments, which are also supported by the Company's management approach and internal reporting system.

The Company's geographical segments are: Slovenia, the European Union, and third countries, which also include the markets of the former Yugoslavia.

The Company's product segments are business units that produce key products: Titanium Dioxide, Zinc Processing, Coatings, Masterbatches and Printing Inks, Agriculture Programme, Polymers, and others.

Profit or loss by product segment is presented as the difference between operating income and expenses, taking into account income and costs that can be directly attributed to an individual segment, while excluding those items of income and expense that cannot be reasonably allocated to product segments. Smaller product segments are aggregated into a single category – a business unit – because they are immaterial, and detailed disclosures could also cause significant commercial harm to the Company.

## T. EARNINGS PER SHARE

Cinkarna Celje, d. d., presents basic earnings per share, calculated by dividing the profit or loss attributable to ordinary shareholders by the number of ordinary shares during the financial year. Diluted earnings per share is equal to basic earnings per share because all shares of Cinkarna Celje, d. d., belong to the same class of ordinary registered no-par value shares.

## U. FINANCIAL RISK MANAGEMENT IN THE USE OF FINANCIAL INSTRUMENTS

Cinkarna Celje, d. d., uses various instruments to manage financial risks when using financial instruments to manage credit, liquidity, market, currency and operational risks, which are presented in more detail in Note VI Financial instruments and financial risks.

## IV. REPORTING BY SEGMENT

Cinkarna Celje, d. d., reports revenue from contracts with customers by geographically defined segments and sales programmes. Revenue from contracts with customers is reported by geographical location of customers and sales programmes. The Company monitors the following segments in the preparation and presentation of the income statement and revenue from contracts with customers:

- Titanium dioxide, comprising sales of titanium dioxide pigment together with other sales of the $TiO_2$ business unit including sales of CEGIPS and sulphuric acid;
- Zinc processing, comprising all sales of metallurgical products;
- Paints, varnishes, masters and printing inks;
- Agro programme, comprising all sales of copper fungicides and Humovit;
- Polymers, covering all polymer sales of the business unit;
- Other, comprising sales of service activities and other unallocated items.

Sales by business segment

In EUR

| | 2025 | 2024 |
|---|---|---|
| Titanium dioxide | **168,872,162** | 168,728,022 |
| *- of which $TiO_2$ pigment* | ***165,284,697*** | *165,044,453* |
| Varnishes, masters | **14,663,429** | 16,140,315 |
| Agro programme | **10,117,320** | 11,150,638 |
| Polymers | **4,590,585** | 3,379,268 |
| Other | **557,786** | 887,171 |
| **TOTAL** | **198,801,281** | **200,285,413** |

Sales by business segment

In EUR

| | 2025 | 2024 |
|---|---|---|
| Slovenia | **13,822,459** | 13,684,845 |
| European Union | **163,927,291** | 162,234,825 |
| Third countries | **16,427,125** | 19,080,092 |
| Third countries – dollar market | **4,624,406** | 5,285,650 |
| **TOTAL** | **198,801,281** | **200,285,413** |

Profit or loss by product segment

The Company also monitors segment results by sales programmes, which are reviewed on a regular basis and serve as a basis for decisions regarding the future operations of each individual programme. The Company monitors operating profit or loss for each segment. Conversely, finance income and expenses, income tax, deferred tax assets, and net profit or loss are monitored at the level of the Company as a whole; likewise, the statement of financial position is also monitored exclusively at the Company level.

In EUR

| | Titanium dioxide | | Varnishes and masters | | Agro programme | | Polymers | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 |
| Contract revenue | 168,728,022 | **168,872,161** | 16,140,315 | **14,663,429** | 11,150,638 | **10,117,320** | 3,379,268 | **4,590,585** | 887,170 | **557,786** | **200,285,413** | **198,801,281** |
| Other operating income | 1,100,495 | **1,108,053** | 794,331 | **86,102** | 55,775 | **40,450** | 325,978 | **423,983** | 3,716,539 | **4,548,508** | **5,993,118** | **6,207,096** |
| Change in value of inventories | -1,800,756 | **4,360,961** | -482,832 | **330,516** | 522,144 | **321,338** | 0 | **0** | -381,350 | **0** | **-2,142,794** | **5,012,815** |
| Operating expenses | -143,635,715 | **-154,273,458** | -15,050,725 | **-14,312,196** | -11,525,534 | **-10,105,349** | -2,768,843 | **-3,766,137** | -4,490,676 | **-5,337,348** | **-177,471,493** | **-187,794,487** |
| – of which depreciation | -9,243,069 | **-10,004,289** | -416,190 | **-376,900** | -266,481 | **-283,711** | -192,803 | **-223,856** | -2,782,266 | **-2,982,469** | **-12,900,809** | **-13,871,225** |
| **Operating result** | **24,392,046** | **20,067,717** | **1,401,089** | **767,851** | **203,023** | **373,759** | **936,403** | **1,248,431** | **-268,317** | **-231,054** | **26,664,244** | **22,226,705** |
| Interest income | | | | | | | | | | | **1,726,438** | **1,311,450** |
| Other financial income | | | | | | | | | | | **140,564** | **44,466** |
| Interest expense | | | | | | | | | | | **4,114** | **4,653** |
| Other financial expenses | | | | | | | | | | | **0** | **261,486** |
| **Financial result** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **1,862,888** | **1,089,776** |
| Deferred taxes | | | | | | | | | | | **-36,221** | **-176,720** |
| Income tax | | | | | | | | | | | **-5,403,661** | **-3,670,216** |
| **Net profit** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **23,087,250** | **19,469,546** |

## V. NOTES

### 1 Intangible assets

In EUR

| Group of intangible assets for 2025 | Cost | | Accumulated amortisation | | Carrying amount | |
|---|---|---|---|---|---|---|
| | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 |
| Property rights | **6,385,442** | 5,690,758 | **5,096,410** | 4,630,391 | **1,289,032** | 1,060,367 |
| Assets under acquisition | **853,607** | 1,348,412 | **0** | 0 | **853,607** | 1,348,412 |
| **TOTAL** | **7,239,049** | **7,039,170** | **5,096,410** | **4,630,391** | **2,142,639** | **2,408,779** |

In EUR

| Group of intangible assets for 2024 | Cost | | Accumulated amortisation | | Carrying amount | |
|---|---|---|---|---|---|---|
| | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 |
| Property rights | 5,690,758 | 6,161,514 | 4,630,391 | 5,093,263 | 1,060,367 | 1,068,251 |
| Assets under acquisition | 1,348,412 | 516,856 | 0 | 0 | 1,348,412 | 516,856 |
| **TOTAL** | **7,039,170** | **6,678,369** | **4,630,391** | **5,093,263** | **2,408,779** | **1,585,108** |

The useful lives of intangible assets are finite. The Company has reviewed their carrying amounts and determined that they do not exceed their recoverable amounts. In 2025, the Company invested in long-term property rights arising from investments in software and project documentation. Decreases in intangible assets relate to the amortisation charged and the write-off of other intangible assets.

As at 31 December 2025, 38.7% of all intangible assets in use were fully amortised (compared to 41.7% as at 31 December 2024). This proportion is calculated based on the cost of the intangible assets.

As at 31 December 2025 and 31 December 2024, no intangible assets were pledged as security for liabilities. Furthermore, the Company has no commitments under existing contracts for the acquisition of long-term intangible assets.

Changes in intangible assets

In EUR

| 2025 | Property rights | Assets under acquisition | TOTAL |
|---|---|---|---|
| **COST** | | | |
| Balance as at 31 Dec 2024 | 5,690,758 | 1,348,412 | **7,039,170** |
| Additions | | 251,914 | **251,914** |
| Transfers from assets under development / acquisition | 746,719 | -746,719 | **0** |
| Disposals | 52,035 | 0 | **52,035** |
| **Balance as at 31 Dec 2025** | 6,385,442 | 853,607 | **7,239,049** |
| **ACCUMULATED AMORTISATION** | | | |
| Balance as at 31 Dec 2024 | 4,630,391 | 0 | **4,630,391** |
| Amortisation for the year | 518,054 | 0 | **518,054** |
| Disposals | 52,035 | 0 | **52,035** |
| Balance as at 31 Dec 2025 | 5,096,410 | 0 | **5,096,410** |
| **CARRYING AMOUNT** | | | |
| **Balance as at 31 Dec 2024** | **1,060,367** | **1,348,412** | **2,408,779** |
| **Balance as at 31 Dec 2025** | **1,289,032** | **853,607** | **2,142,639** |

In EUR

| 2024 | Property rights | Assets under acquisition | TOTAL |
|---|---|---|---|
| **COST** | | | |
| Balance as at 31 Dec 2023 | 6,161,514 | 516,856 | **6,678,370** |
| Additions | 0 | 1,172,185 | **1,172,185** |
| Transfers from assets under development / acquisition | 340,629 | -340,629 | **0** |
| Disposals | 811,385 | 0 | **811,385** |
| Balance as at 31 Dec 2024 | 5,690,758 | 1,348,412 | **7,039,170** |
| **ACCUMULATED AMORTISATION** | | | |
| Balance as at 31 Dec 2023 | 5,093,263 | 0 | **5,093,263** |
| Amortisation for the year | 348,512 | 0 | **348,512** |
| Disposals | 811,385 | 0 | **811,385** |
| Balance as at 31 Dec 2024 | 4,630,391 | 0 | **4,630,391** |
| **CARRYING AMOUNT** | | | |
| **Balance as at 31 Dec 2023** | **1,068,251** | **516,856** | **1,585,106** |
| **Balance as at 31 Dec 2024** | **1,060,367** | **1,348,412** | **2,408,779** |

A portion of long-term property rights relates to easements with a finite useful life, which are presented under land.

## 2 Property, plant and equipment

In EUR

| Property, plant and equipment (PPE) group for 2025 | Cost | | Accumulated depreciation | | Carrying amount | |
|---|---|---|---|---|---|---|
| | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 |
| Land | **10,895,071** | 10,895,071 | **1,415,779** | 1,343,438 | **9,479,292** | 9,551,633 |
| Buildings | **134,404,145** | 131,641,160 | **95,934,717** | 92,794,543 | **38,469,429** | 38,846,617 |
| Plant and equipment | **257,738,049** | 245,772,392 | **201,118,775** | 192,899,722 | **56,619,274** | 52,872,669 |
| Assets under acquisition | **10,378,714** | 8,731,586 | **0** | 0 | **10,378,714** | 8,731,586 |
| Advances | **1,285,300** | 1,697,110 | **0** | 0 | **1,285,300** | 1,697,110 |
| **TOTAL** | **414,701,280** | **398,737,319** | **298,469,271** | **287,037,703** | **116,232,009** | **111,699,615** |

In EUR

| Property, plant and equipment (PPE) group for 2024 | Cost | | Accumulated depreciation | | Carrying amount | |
|---|---|---|---|---|---|---|
| | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 |
| Land | 10,895,071 | 10,803,263 | 1,343,438 | 1,271,096 | 9,551,633 | 9,532,167 |
| Buildings | 131,641,160 | 130,042,752 | 92,794,543 | 90,433,245 | 38,846,617 | 39,609,507 |
| Plant and equipment | 245,772,392 | 239,932,766 | 192,899,722 | 188,822,401 | 52,872,669 | 51,110,365 |
| Assets under acquisition | 8,731,586 | 9,603,529 | 0 | 0 | 8,731,586 | 9,603,529 |
| Advances | 1,697,110 | 0 | 0 | 0 | 1,697,110 | 0 |
| **TOTAL** | **398,737,319** | **390,382,311** | **287,037,703** | **280,526,742** | **111,699,615** | **109,855,569** |

The Company has no assets under finance leases; furthermore, as at 31 December 2025 and 31 December 2024, the Company had no assets pledged as security for any guarantees.

Changes in property, plant and equipment

In EUR

| 2025 | Land | Buildings | Production and other equipment | Total | Assets under acquisition | Advances | TOTAL |
|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | |
| Balance as at 31 Dec 2024 | 10,895,072 | 131,641,160 | 245,772,392 | 388,308,623 | 8,731,586 | 1,697,110 | **398,737,319** |
| Additions | 0 | 0 | 0 | 0 | 19,273,483 | 1,583,102 | **20,856,585** |
| Transfer from assets under acquisition | 0 | 2,762,986 | 14,089,152 | 16,852,138 | -17,626,355 | -1,994,912 | **-2,769,129** |
| Disposals | 0 | 0 | 2,123,495 | 2,123,495 | 0 | 0 | **2,123,495** |
| Balance as at 31 Dec 2025 | 10,895,072 | 134,404,145 | 257,738,049 | 403,037,266 | 10,378,714 | 1,285,300 | **414,701,280** |
| **ACCUMULATED AMORTISATION** | | | | | | | |
| Balance as at 31 Dec 2024 | 1,343,439 | 92,794,543 | 192,899,722 | 287,037,704 | 0 | 0 | **287,037,704** |
| Depreciation | 72,342 | 3,140,174 | 9,793,487 | 13,006,003 | 0 | 0 | **13,006,003** |
| Disposals | 0 | 0 | 1,573,676 | 1,573,676 | 0 | 0 | **1,573,676** |
| Impairments+/- | 0 | 0 | 759 | 759 | 0 | 0 | **759** |
| Balance as at 31 Dec 2025 | 1,415,781 | 95,934,716 | 201,118,775 | 298,469,272 | 0 | 0 | **298,469,272** |
| **CARRYING AMOUNT** | | | | | | | |
| **Balance as at 31 Dec 2024** | **9,551,633** | **38,846,617** | **52,872,670** | **101,270,920** | **8,731,586** | **1,697,110** | **111,699,615** |
| **Balance as at 31 Dec 2025** | **9,479,291** | **38,469,428** | **56,619,274** | **104,567,993** | **10,378,714** | **1,285,300** | **116,232,009** |

As at 31 December 2025, the Company reviewed the carrying amounts of property, plant and equipment and determined that their carrying amount does not exceed their recoverable amount. In accordance with IAS 36, the Company performed an impairment test of non-current assets in 2023 and, for this purpose, obtained a valuation of the assets from a certified business appraiser. As at 31 December 2025 and 31 December 2024, no valuations were performed as the Company identified no indicators of impairment.

In 2025, the Company reported an increase in property, plant and equipment, resulting from the difference between the value of invested assets and the depreciation charged. In 2025, the Company invested EUR 19,273,483 in production modernization and replacement equipment (compared to EUR 14,302,164 in 2024), primarily in the titanium dioxide division. The most significant investments included: the installation of a filter press for gel dewatering (EUR 3,884,836), steam system optimization and an increase in $H_2SO_4$ production capacity (EUR 3,280,760), replacement of electrostatic precipitator 27.04 B (EUR 1,079,107) and electrostatic precipitator 27.04 A (EUR 812,516), replacement of pigment dewatering press 39.33 (EUR 385,784), modernization of the warehouse and the lime and calcite suspension preparation unit (EUR 370,367), construction of a new pipe bridge in the 'black end' (EUR 250,742), sulphuric acid overhaul, and similar investments along with replacement equipment for the ongoing operation of the production process. A total of EUR 6,715,328 was allocated in 2025 to sustainability and energy transformation, including investments in e-vehicles (passenger electric cars and electric forklifts), which represent sustainable investments related to climate change and the Company's sustainable operations. As part of these investments, we are replacing old lighting with more energy-efficient alternatives to achieve power savings, we have prepared the groundwork for the first phase of installing battery storage systems, and we replaced 28 electric motors with more energy-efficient models.

As at 31 December 2025, the Company reports EUR 10,378,714 in assets under construction, relating primarily to the maintenance and modernisation of titanium dioxide production. The key projects include: the installation of a filter press for gel dewatering (EUR 3,776,506), the replacement of electrostatic precipitator 27.04 B (EUR 1,436,678), the replacement of electrostatic precipitator 27.04 A (EUR 1,170,085), the replacement of a liquid sulphur filter (EUR 315,011), the construction of a new pipe bridge in the 'black end' (EUR 280,792), and others.

In EUR

| 2024 | Land | Buildings | Production and other equipment | Total | Assets under acquisition | Advances | TOTAL |
|---|---|---|---|---|---|---|---|
| **COST** | | | | | | | |
| Balance as at 31 Dec 2023 | 10,803,263 | 130,042,752 | 239,932,767 | 380,778,782 | 9,603,529 | 0 | **390,382,311** |
| Additions | | | | 0 | 13,038,169 | 2,289,606 | **15,327,775** |
| Transfer from assets under acquisition | 91,808 | 1,637,730 | 12,180,574 | 13,910,112 | -13,910,112 | -592,496 | **-592,497** |
| Disposals | 0 | 39,322 | 6,340,948 | 6,380,271 | 0 | 0 | **6,380,271** |
| Balance as at 31 Dec 2024 | 10,895,072 | 131,641,160 | 245,772,392 | 388,308,623 | 8,731,586 | 1,697,110 | **398,737,319** |
| **ACCUMULATED AMORTISATION** | | | | | | | |
| Balance as at 31 Dec 2023 | 1,271,097 | 90,433,245 | 188,822,401 | 280,526,743 | 0 | 0 | **280,526,743** |
| Depreciation | 72,342 | 2,400,620 | 9,206,458 | 11,679,420 | 0 | 0 | **11,679,420** |
| Disposals | 0 | 39,322 | 5,068,915 | 5,108,238 | 0 | 0 | **5,108,238** |
| Impairments+/- | 0 | 0 | 60,222 | 60,222 | 0 | 0 | **60,222** |
| Balance as at 31 Dec 2024 | 1,343,439 | 92,794,543 | 192,899,722 | 287,037,704 | 0 | 0 | **287,037,704** |
| **CARRYING AMOUNT** | | | | | | | |
| **Balance as at 31 Dec 2023** | **9,532,167** | **39,609,507** | **51,110,365** | **100,252,039** | **9,603,529** | **0** | **109,855,569** |
| **Balance as at 31 Dec 2024** | **9,551,633** | **38,846,617** | **52,872,670** | **101,270,920** | **8,731,586** | **1,697,110** | **111,699,615** |

Property, plant and equipment also includes an increase in the cost of assets amounting to EUR 3,645,715 (compared to EUR 2,913,556 in 2024) arising from capitalised own work and services, where the Company capitalises its own maintenance services and materials used for maintenance. Within this scope, the realisation of capitalised own work required materials, labour, the purchase of other assets, and directly related overheads; these are recorded in detail against individual existing fixed assets that were either repaired or refurbished during the year and during overhauls in 2025 (an extensive overhaul of the sulphuric acid plant was carried out in 2025). Key investments in 2025 performed by the in-house maintenance team included: the installation of a steam turbine for electricity generation (EUR 910,866), the replacement of electrostatic precipitators (EUR 432,634), the installation of a filter press for gel dewatering (EUR 237,747), the replacement of a worn-out plate heat exchanger PH 4, POS. 02.12 B (EUR 236,434), as well as the refurbishment of a calcination furnace and other equipment within the sulphuric acid plant overhaul and other investments. Other works were performed to ensure the seamless operation of production and the remediation of individual existing assets, as well as overhauls of the sulphuric acid and $TiO_2$ plants; these interventions increased either the efficiency or the useful life of these assets, which are essential for the ongoing production process of the core product.

Land also includes recorded easements amounting to EUR 44,995 (compared to EUR 117,337 in 2024). Easements with finite useful lives of 20 years or more relate to the laying and maintenance of pipelines, cables, and water mains, as well as for the requirements of works transitioning from wet to dry gypsum filling. There was no increase in the cost of land in 2025; the decrease in land values relates to the amortisation of easements charged for the 2025 financial year in the amount of EUR 72,342.

No borrowing costs were capitalised as part of property, plant and equipment in 2025. As at 31 December 2025, 47.5% of all property, plant and equipment in use was fully depreciated (compared to 49.3% as at 31 December 2024). This proportion is calculated based on the cost of property, plant and equipment, excluding land. As at 31 December 2025, the Company had EUR 2,916,705 (31 December 2024: EUR 3,342,594) in outstanding liabilities for the purchase of property, plant and equipment. As at 31 December 2025, the Company had entered into commitments for the purchase of fixed assets amounting to EUR 6,209,274, which have not yet been recognised in the 2025 financial statements.

## 3 Financial assets at fair value through other comprehensive income (FVOCI)

The Company records its investments in the shares of Elektro Celje and Elektro Maribor as financial assets at fair value through other comprehensive income, with the objective of generating cash flows from received dividends and the sale of securities. Both equity securities are listed on the SI ENTER multilateral trading facility (MTF) (https://sienter.si), which is operated by the Ljubljana Stock Exchange. Based on the listing of both equity securities as at 31 December 2025, it can be established that both securities have a known market price; however, this price is not considered indicative for the assessment of the fair value of these investments, as the shares record very low trading volumes.

The Company verified the fair value of the assets and measured the financial assets through other comprehensive income at fair value based on the yields of the shares of the electricity companies in which the Company holds its primary investments, while also taking into account the P/B (price-to-book) ratios of the electricity industry sector. Financial assets increased by EUR 422,307 due to fair value revaluation (through the reversal of a value adjustment), which was credited to fair value reserves (as at 31 December 2024, financial assets decreased (were impaired) by EUR 271,207 due to fair value revaluation charged against fair value reserves). In 2025, the Company received dividends from these investments in the amount of EUR 44,466 (compared to EUR 6,001 in dividends received in 2024).

In EUR

| Non-current financial investment group for 2025 | Cost | | Allowance for impairment | | Fair value | |
|---|---|---|---|---|---|---|
| | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 |
| Other investments | **2,077,692** | 2,077,692 | **368,061** | 790,367 | **1,709,631** | 1,287,325 |
| **TOTAL** | **2,077,692** | **2,077,692** | **368,061** | **790,367** | **1,709,631** | **1,287,325** |

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

Movements in non-current financial investments

Fair value equals cost less revaluation.

In EUR

| 2025 | Other financial investments |
|---|---|
| **COST** | |
| Balance as at 31 Dec. 2024 | 2,077,692 |
| Changes during the year | 0 |
| Balance as at 31 Dec. 2025 | **2,077,692** |
| **REVALUATION** | |
| Balance as at 31 Dec. 2024 | 790,368 |
| Reduction during the year | -422,306 |
| Balance as at 31 Dec. 2025 | **368,061** |
| **FAIR VALUE** | |
| **Balance as at 31 Dec. 2024** | **1,287,325** |
| **Balance as at 31 Dec. 2025** | **1,709,631** |

In EUR

| 2024 | Other financial investments |
|---|---|
| **COST** | |
| Balance as at 31 Dec. 2023 | 2,077,692 |
| Changes during the year | 0 |
| Balance as at 31 Dec. 2024 | **2,077,692** |
| **REVALUATION** | |
| Balance as at 31 Dec. 2023 | 519,161 |
| Reduction during the year | 271,207 |
| Balance as at 31 Dec. 2024 | **790,368** |
| **FAIR VALUE** | |
| **Balance as at 31 Dec. 2023** | **1,558,532** |
| **Balance as at 31 Dec. 2024** | **1,287,325** |

## 4 Other non-current assets

In EUR

| Other non-current assets group for 2025 | Cost | | Revaluation | | Carrying amount | |
|---|---|---|---|---|---|---|
| | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 |
| Emission allowances | **115,376** | 105,470 | **0** | 0 | **115,376** | 105,470 |
| **TOTAL** | **115,376** | **105,470** | **0** | **0** | **115,376** | **105,470** |

In EUR

| Other non-current assets group for 2024 | Cost | | Revaluation | | Carrying amount | |
|---|---|---|---|---|---|---|
| | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 |
| Emission allowances | 105,470 | 84,444 | 0 | 0 | 105,470 | 84,444 |
| **TOTAL** | **105,470** | **84,444** | **0** | **0** | **105,470** | **84,444** |

Other assets comprise emission allowances, security deposits, and other non-current assets. Emission allowances obtained from the state free of charge are classified under other intangible assets and are valued at EUR 1. In 2025, the Company acquired 36,788 allowances (compared to 40,397 allowances in 2024); all allowances were obtained from the state free of charge in accordance with the Environment Protection Act (ZVO-1). At the beginning of 2025, the Company surrendered 26,882 allowances to the Slovenian Environment Agency (ARSO), of which 23,273 were for $CO_2$ emissions in 2024, and returned 3,609 allowances due to adjustments in the quantity of allowances allocated for 2024. The Company did not sell any surplus allowances in 2025.

The Company holds a remaining balance of 115,376 allowances. As at 31 December 2025, the market (fair) value per allowance was EUR 83.79 (31 December 2024: EUR 65.10) (source: https://belektron.eu/en/news), representing a total value of EUR 9,667,355 (31 December 2024: EUR 6,866,097). In April 2026, the Company will surrender a portion of these allowances (24,397) for 2025 $CO_2$ emissions to the Ministry of the Environment, Climate and Energy. The remaining allowances represent a surplus (Cinkarna Celje, d. d., is a net recipient of emission allowances).

## 5 Deferred tax assets and liabilities

In EUR

| Description | Assets 31 Dec. 2025 | Assets 31 Dec. 2024 | Liabilities 2025 | Liabilities 2024 |
|---|---|---|---|---|
| **Opening balance** | **1,536,620** | **1,572,841** | **74,132** | **133,797** |
| Increase during the year | **29,025** | 68,796 | **92,908** | 0 |
| Decrease during the year | **205,745** | 105,017 | **0** | 59,665 |
| **Closing balance** | **1,359,900** | 1,536,620 | **167,040** | 74,132 |
| Offsetting | **-167,040** | -74,132 | **-167,040** | -74,132 |
| **Net closing balance** | **1,192,860** | **1,462,488** | **0** | **0** |

The decrease in deferred tax assets in 2025 relates to the utilisation of provisions for: jubilee benefits and severance pay, as well as environmental and other provisions in the amount of EUR 205,309 (in 2024, the decrease amounted to EUR 102,501) and EUR 436 relating to the settlement/write-off of formed allowances for receivables (in 2024, the decrease was EUR 2,516). The increase in deferred tax assets relates to half of the provisions formed for environmental purposes in the amount of EUR 29,025 (compared to EUR 63,293 in 2024). No deferred tax assets were formed for jubilee benefits and severance pay upon retirement in 2025, as their formation in 2025, similar to 2024, is fully tax-deductible. The statutory corporate income tax rate as at 31 December 2025 is 22%. As at 31 December 2025, the Company increased its deferred tax liabilities arising from the revaluation of financial investments or their presentation at fair value by EUR 92,908; consequently, as at 31 December 2025, deferred tax liabilities of EUR 167,040 are reported (as at 31 December 2024, deferred tax liabilities amounted to EUR 74,132). The Company reviewed the recoverability of deferred taxes based on projected taxable profits for the period in line with the Company's five-year strategy for 2024–2028.

Changes in the balance of deferred tax assets had a negative impact on the statement of profit or loss in the amount of EUR 176,720 (in 2024, a negative impact of EUR 36,222). The balance of deferred tax assets as at 31 December is as follows:

In EUR

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Environmental provisions | **1,189,849** | 1,328,433 |
| Provisions for post-employment and other long-term employee benefits | **160,490** | 198,190 |
| Deferred tax assets | **9,560** | 9,996 |
| **Total** | **1,359,899** | **1,536,619** |
| Deferred tax liabilities from financial assets measured at fair value through other comprehensive income | **-167,040** | -74,132 |
| **Total deferred tax assets** | **1,192,860** | **1,462,488** |

## 6 Inventories

In EUR

| Inventory group | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Raw materials and consumables | **30,520,042** | 40,009,286 |
| Work in progress | **3,273,409** | 3,407,765 |
| Finished products | **20,501,406** | 15,354,235 |
| Merchandise | **38,850** | 66,785 |
| Advances paid | **126,963** | 131,357 |
| **TOTAL** | **54,460,671** | **58,969,428** |

The net realisable value of inventories is not lower than their carrying amount. In the 2025 financial year, an additional write-down of raw materials and merchandise inventories was made in the amount of EUR 264,757 (compared to EUR 14,771 in 2024) due to revaluation to net realisable value, obsolescence, and the unsuitability for use of raw materials and spare parts. There were no material inventory discrepancies identified in 2025 or the previous year.

No value adjustments due to obsolescence or the unusability of work in progress and finished products were recorded in 2025 (2024: EUR 8); the adjustment for non-moving inventories in 2025 amounted to EUR 25,408 (2024: EUR 22,182). The value of finished products and work in progress increased by 26% compared to 2024, resulting from lower sales and an increase in the production volume of titanium dioxide pigment in the final quarter of 2025. Inventories are not pledged as collateral. The net realisable value of inventories as at 31 December 2025 is determined by their selling price less costs to sell and exceeds their carrying amount.

## 7 Current financial assets

In EUR

| Current financial assets group for 2025 | Investment value | | Allowance for impairment | | Net investments | |
|---|---|---|---|---|---|---|
| | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 |
| Current financial assets – treasury bills | **38,444,342** | 47,150,115 | **0** | 0 | **38,444,342** | 47,150,115 |
| Fair value of derivative financial instruments | **12,617** | 64,744 | **0** | 0 | **12,617** | 64,744 |
| **TOTAL** | **38,456,959** | **47,214,859** | **0** | **0** | **38,456,959** | **47,214,859** |

As part of its surplus liquidity management, the Company invests funds in European and other government short-term securities – treasury bills – with a maturity of up to one year. All instruments are highly liquid and are traded on active markets. The selection of individual issuers is based on the expected yield (interest rate), the country's credit rating, and current conditions in the European government securities market. In managing the portfolio, the Company follows the principles of low credit risk and short-term maturity.

As at the balance sheet date, their carrying amount was EUR 38,444,342 (as at 31 December 2024: EUR 47,150,115). Treasury bills are classified as financial assets held to maturity for the purpose of liquidity management and are categorised as current financial assets, where the cash flows represent solely payments of principal and interest (SPPI).

The treasury bills carry low credit risk, are issued by countries with high credit ratings, and are classified under Level 1 of the fair value hierarchy as there are publicly available quotes. Due to their short-term maturity, their carrying amount reasonably approximates their fair value. The Company assesses that the treasury bills do not represent significant interest rate or credit risks and that there is no objective evidence of impairment. The bills mature within a period of up to 12 months and are part of the Company's liquidity management strategy.

## 8 Current trade receivables

In EUR

| Current trade receivables group | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Trade receivables | **22,966,858** | 27,100,674 |
| Other receivables | **3,129,199** | 3,142,911 |
| **TOTAL** | **26,096,057** | **30,243,586** |

Current trade receivables

In EUR

| Receivables group 2025 | Gross value | | Allowance for impairment | | Net receivables | |
|---|---|---|---|---|---|---|
| | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 | 31/12/2025 | 31/12/2024 |
| Domestic customers | **2,265,057** | 2,157,838 | **273,321** | 273,233 | **1,991,737** | 1,884,604 |
| Foreign customers | **21,350,041** | 25,408,800 | **429,247** | 363,719 | **20,920,794** | 25,045,081 |
| Indirect exporters | **54,327** | 170,989 | **0** | 0 | **54,327** | 170,989 |
| **Total** | **23,669,425** | **27,737,626** | **702,568** | **636,952** | **22,966,858** | **27,100,674** |

As of 1 June 2021, the Company's trade receivables are insured with an external institution and are not pledged as security for liabilities. Uninsured receivables as at 31 December 2025 amounted to EUR 1,056,902 (this relates to a temporary and very short-term excess of the agreed insurance limit with certain customers) and EUR 836,098 as at 31 December 2024.

Detailed disclosures relating to credit risk are provided in Note VIII Financial instruments and financial risks.

In EUR

| Receivables group 2024 | Gross value | | Allowance for impairment | | Net receivables | |
|---|---|---|---|---|---|---|
| | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 |
| Domestic customers | 2,157,838 | 2,841,398 | 273,233 | 266,985 | 1,884,604 | 2,574,413 |
| Foreign customers | 25,408,800 | 25,012,549 | 363,719 | 394,858 | 25,045,081 | 24,617,691 |
| Indirect exporters | 170,989 | 242,410 | 0 | 0 | 170,989 | 242,410 |
| Receivables for the account of third parties | 0 | 2,681 | 0 | 0 | 0 | 2,681 |
| **TOTAL** | **27,737,626** | **28,099,037** | **636,952** | **661,843** | **27,100,674** | **27,437,194** |

Other operating receivables

In EUR

| Other receivables group | 31/12/2025 | 31/12/2024 |
|---|---|---|
| VAT receivables | **2,750,530** | 2,697,649 |
| Receivables from state institutions | **113,280** | 2,990 |
| Receivables from employees | **5,215** | 6,297 |
| Other receivables | **260,174** | 435,975 |
| **TOTAL** | **3,129,199** | **3,142,911** |

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

## 9 Cash and cash equivalents

In EUR

| Asset group | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Cash on hand | **30** | 30 |
| Cash at bank | **11,785,855** | 9,218,478 |
| Short-term deposits | **7,000,000** | 8,040,374 |
| Foreign currency cash at bank | **336,900** | 472,524 |
| **TOTAL** | **19,122,785** | **17,731,407** |

Cash is deposited with domestic banks and earns a fixed annual interest rate.

## 10 Other current assets

In EUR

| description | 31/12 2025 | 31/12 2024 |
|---|---|---|
| Prepaid expenses | **220,527** | 179,975 |
| VAT on advances received | **2,200** | 2,100 |
| Other | **201,747** | 48,686 |
| **TOTAL** | **424,474** | **230,760** |

## 11 Equity

In EUR

| Equity items | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Called-up capital | **20,229,770** | 20,229,770 |
| Capital reserves | **44,284,976** | 44,284,976 |
| Legaly reserves | **16,931,435** | 16,931,435 |
| Reserves for treasury shares | **5,688,771** | 5,646,149 |
| Treasury shares | **-5,688,771** | -5,646,149 |
| Other revenue reserves | **108,104,757** | 108,147,379 |
| Fair value reserves | **-1,354,842** | -1,650,342 |
| Retained earnings | **28,558,990** | 23,093,258 |
| **TOTAL EQUITY** | **216,755,086** | **211,036,476** |

The Company's **share capital** consists of 8,079,770 freely transferable no-par value shares of the same class. All no-par value shares carry the same nominal value and are fully paid up. As at the balance sheet date of 31 December 2025, the value of called-up capital amounted to EUR 20,229,770.

**Capital reserves** may be used under the conditions and for the purposes prescribed by law and amounted to EUR 44,284,976 as at 31 December 2025. They were formed by special decree during the ownership transformation process of Cinkarna Celje, d. d., and remained unchanged in 2025 compared to 2024.

**Legal reserves** amounted to EUR 16,931,435 as at 31 December 2025 and remained unchanged during 2025.

**Treasury shares**
Based on the resolution of the 28th Annual General Meeting of Shareholders of Cinkarna Celje, d. d., held on 19 June 2024, the Management Board was granted authorisation to acquire treasury shares. The total proportion of all treasury shares may not exceed 10% of the Company's share capital. The authorisation to acquire treasury shares is valid for 12 months starting from 18 June 2024 inclusive. Cinkarna Celje, d. d., may acquire treasury shares through transactions concluded on organised and unorganised securities markets, provided that the purchase price of the shares is not lower than EUR 14 per share and not higher than EUR 29 per share.

As at 31 December 2025, the Company holds 299,874 treasury shares (3.7% of all shares). Based on the resolution of the 28th Annual General Meeting of Shareholders of Cinkarna Celje, d. d., held on 19 June 2024, the Company acquired 1,490 treasury shares in 2025 with a value of EUR 42,622.

| | Number of treasury shares | Average price per share (in EUR) | Value of treasury shares |
|---|---|---|---|
| **Balance as at 31 Dec. 2024** | **298,384** | | **5,646,149** |
| Purchases in 2025 | 1,490 | 28.61 | 42,622 |
| **Balance as at 31 Dec. 2025** | **299,874** | | **5,688,771** |

Treasury share purchases represent purchases recorded in 2025; in 2024, the Company acquired 33,734 treasury shares valued at EUR 831,386. Detailed treasury share purchases in 2025 by day are presented in the table below.

| Date | Number of treasury shares | Average price per share (in EUR) | Value of treasury shares |
|---|---|---|---|
| (in EUR) | 20 | 28,90 | 578 |
| 4 March 2025 | 20 | 28.90 | 578 |
| 7 April 2025 | 410 | 27.97 | 11,468 |
| 8 April 2025 | 480 | 28.90 | 13,872 |
| **9 April 2025** | **580** | **28,80** | **16,704** |
| **Total purchases in 2025** | **1.490** | **28.61** | **42,622** |

**Reserves for treasury shares** as at 31 December 2025 amount to 5,688,771 and have increased by EUR 42,622 since the final day of the previous year due to the purchase of treasury shares.

**Other revenue reserves** decreased by EUR 42,622 in 2025 due to the purchase of treasury shares and amounted to EUR 108,104,757 as at 31 December 2025.

**Fair value reserve**

The fair value reserve includes the costs of remeasurements of post-employment benefits (actuarial gains/losses) arising from changes in the present value of the severance pay obligation upon retirement and changes in the fair value of financial assets.

In EUR

| 2025 | 31/12/2024 | Increase | 31/12/2025 |
|---|---|---|---|
| Change in reserves from fair value measurement of financial investments | 338,239 | 422,307 | **760,546** |
| Deferred tax adjustment on surplus | -74,131 | -92,908 | **-167,039** |
| Unrealised actuarial gains/losses | -1,914,449 | -33,899 | **-1,948,349** |
| **TOTAL** | **-1,650,342** | **295,500** | **-1,354,842** |

The fair value reserve comprises the cumulative change in the fair value of financial assets and post-employment benefits. Compared to 2024, the fair value reserve increased by EUR 33,899 due to the remeasurement of post-employment benefits, decreased by EUR 422,307 due to changes in the fair value of financial assets, and increased by deferred tax liabilities of EUR 92,908; at the end of 2025, it amounted to -EUR 1,354,842.

In EUR

| 2024 | 31/12/2023 | Increase | Decrease | 31/12/2024 |
|---|---|---|---|---|
| Change in reserves from fair value measurement of financial investments | 609,446 | 0 | 271,207 | 338,239 |
| Deferred tax adjustment on surplus | -133,797 | 0 | -59,665 | -74,131 |
| Unrealised actuarial gains/losses | -1,718,135 | -196,314 | 0 | -1,914,449 |
| **TOTAL** | **-1,242,486** | **-196,314** | **211,541** | **-1,650,342** |

**Retained Earnings**

Retained earnings from previous years, which amounted to EUR 23,093,258 at the end of 2024, increased in 2025 by the net profit for the current year of EUR 19,469,546 and decreased by EUR 14,003,813, which is equal to the amount of dividends paid at the end of June 2025, in accordance with the resolution of the 29th Annual General Meeting of Shareholders of Cinkarna Celje, d. d., dated 21 May 2025. Following all adjustments, retained earnings as at 31 December 2025 amount to EUR 28,558,990.

The Company has restrictions on the distribution of profit for the 2023 financial year because it received subsidies in that year under the Act on Aid to the Economy to Mitigate the Consequences of the Energy Crisis (ZPGOPEK). In accordance with ZPGOPEK requirements, the entire net profit for the 2023 financial year of EUR 12,653,407 was transferred to other revenue reserves. These reserves are permanent in nature, as the law prohibits the distribution of this profit to shareholders at any time in the future.

**Dividend per share**

In 2025, a gross dividend of **EUR 1.80 per share** was paid. The gross dividend in 2024 is the sum of two dividends paid during that year, namely EUR 0.9 gross per share (based on the 28th Annual General Meeting) and EUR 3.2 gross per share (based on the Extraordinary General Meeting).

**Basic and diluted earnings per share**

In EUR

| Items | 31/12/2025 | 31/12/2024 |
|---|---|---|
| (a) Net profit for the financial year | **19,469,546** | 23,087,250 |
| (b) Number of shares | **8,079,770** | 8,079,770 |
| (c) Basic earnings per share (a/b) | **2.41** | 2.86 |
| (d) Diluted earnings per share (a/b) | **2.41** | 2.86 |

**Determination of distributable profit**

In EUR

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Compulsory appropriation of profit | | |
| Net profit | **19,469,546** | 23,087,250 |
| Profit after compulsory appropriation | **19,469,546** | **23,087,250** |
| **Remaining profit** | **19,469,546** | **23,087,250** |
| Retained earnings (brought forward) | **9,089,444** | 6,007 |
| **Distributable profit** | **28,558,990** | **23,093,258** |

## 12 Provisions for employee benefits

The Company reports provisions for long-service awards and severance pay upon retirement, formed in accordance with the provisions of the amended **IAS 19**. The actuarial calculation was performed using the book reserve method by an external certified actuary. The following assumptions were applied: wage growth within the Company of 2.5% (2024: 3.0%), a discount rate of 3.89% per annum (2024: 3.52%), retirement conditions, Slovenian population mortality tables for 2007, and employee turnover within the Company in 2025 (the assumptions used in 2025 are consistent with those in 2024).

In EUR

| Post-employment employee benefits 2025 | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Provisions for severance pay | **2,990,259** | 2,947,434 |
| Provisions for long-service awards | **828,827** | 801,288 |
| **TOTAL** | **3,819,086** | **3,748,722** |

In EUR

| Post-employment benefits 2025 | 31/12/2024 | Additions | Utilisation | 31/12/2025 |
|---|---|---|---|---|
| Provisions for severance pay | 2,947,434 | 258,690 | 215,865 | **2,990,259** |
| Provisions for long-service awards | 801,288 | 154,400 | 126,861 | **828,827** |
| **TOTAL** | **3,748,722** | **413,090** | **342,727** | **3,819,086** |

In EUR

| Post-employment employee benefits | 2025 | 2024 |
|---|---|---|
| **Balance as at 1 Jan.** | **3,748,722** | **3,843,523** |
| Current service costs | **214,857** | 220,060 |
| Interest costs | **121,820** | 119,324 |
| Utilisation of provisions for payments | **-254,235** | -549,817 |
| Employee departure (reversal) | **-88,492** | -152,670 |
| Actuarial loss/gain | **76,413** | 268,303 |
| **Balance as at 31 Dec.** | **3,819,086** | **3,748,722** |

In EUR

| Post-employment benefits 2024 | 31/12/2023 | Additions | Utilisation | 31/12/2024 |
|---|---|---|---|---|
| Provisions for severance pay | 3,101,653 | 429,872 | 584,091 | 2,947,434 |
| Provisions for long-service awards | 741,870 | 177,815 | 118,397 | 801,288 |
| **TOTAL** | **3,843,523** | **607,687** | **702,487** | **3,748,722** |

### Sensitivity analysis

In EUR

| Sensitivity analysis 31 Dec. 2025 | Discount rate | | Wage growth | |
|---|---|---|---|---|
| Change in | percentage points | | percentage points | |
| Change (+/-) | +0.5 | –0.5 | +0.5 | –0.5 |
| **Impact on the balance of obligations** | **-130,026** | **140,386** | **141,405** | **-132,134** |

In EUR

| Sensitivity analysis 31 Dec. 2024 | Discount rate | | Wage growth | |
|---|---|---|---|---|
| Change in | percentage points | | percentage points | |
| Change (+/-) | +0.5 | –0.5 | +0.5 | –0.5 |
| **Impact on the balance of obligations** | **-135,703** | **146,577** | **146,759** | **-137,137** |

## 13 Other provisions

Other provisions as at 31 December 2025 represent environmental provisions.

Movements in provisions

In EUR

| Provisions 2025 | 31/12/2024 | Additions | Utilisation | Reversala | 31/12/2025 |
|---|---|---|---|---|---|
| Environmental provisions | 14,302,270 | 263,868 | 1,819,744 | 0 | 12,746,394 |
| **TOTAL** | **14,302,270** | **263,868** | **1,819,744** | **0** | **12,746,394** |

In EUR

| Provisions 2024 | 31/12/2023 | Additions | Utilisation | Reversala | 31/12/2024 |
|---|---|---|---|---|---|
| Environmental provisions | 14,233,199 | 575,819 | 506,748 | 0 | 14,302,270 |
| **TOTAL** | **14,233,199** | **575,819** | **506,748** | **0** | **14,302,270** |

Environmental provisions

Regarding environmental provisions, the primary focus was on verifying whether a legal or constructive obligation exists due to past events, alongside an assessment of potentially changed circumstances in the current year that could impact the accounting estimate. As at 31 December 2025, non-current provisions were re-evaluated with the assistance of external experts, taking into account general inflation, additional works, and specific circumstances and events in 2025 that necessitated their addition or release. All necessary remediation activities were reviewed, supported by various spot measurements of the terrain and the definition of appropriate activities, which were valued with the help of external specialists in the field of geology. Taking into account inflation (based on consumer price growth and IMAD estimates for the 2026–2030 period), as well as the best estimate of the timeline for the execution of activities which served as the basis for discounting, the provisions were discounted to their present value using an average discount factor of 2.04%. This factor is based on the yield on 10-year Slovenian government bonds with maturities between 2026 and 2030. According to expert estimates, remediation works for landslide reinforcement and other activities will be carried out in 2026, while the remediation of the ONOB (Bukovžlak Non-hazardous Waste Landfill) is scheduled for the years 2026 to 2029.

The following sections detail the reasons for the reversal and additional formation of provisions, as well as the reasons for maintaining provisions where it is more likely than not that future outflows of resources will occur.

I. Provision for Ecological Investments in Titanium Dioxide Production (change in neutralisate disposal method) was originally formed in June 1994 during the ownership transformation process. The revalued amount as at 31 December 2006 was EUR 8.7 million, representing 47% of the invested assets. Annually, the value of the provision is reduced by the same percentage as the depreciation charged on the invested assets. The balance of the provisioned funds at the end of 2025 amounted to EUR 1,670,668, while at the end of 2024, the value was EUR 1,966,691.

II. For the remediation of the high earth-fill dam at the Za Travnik waste disposal facility (NZOO ZT), provisions were originally recognised in 2011. The amount at that time was determined based on a cost estimate for the remediation of the dam at the Bukovžlak non-hazardous waste landfill (ONOB). Following the recognition of the provision, we carried out several urgent measures over the past years (drainage of hinterland waters on the eastern flank – Phase I, construction of a reinforcement embankment on the second berm of the dam), and in subsequent years, we primarily expanded and renovated the piezometer network for technical observation and drilled several research boreholes. Based on the results from the observation boreholes, we established a better condition of the dam body than was estimated when the provision was formed; therefore, in 2018, based on the designer's estimate, we reduced the scope of the provisions to EUR 450,000. In the following years, we implemented the necessary measures. Thus, at the end of 2021, the value of unspent funds amounted to EUR 373,300. Research conducted in 2022 and regular technical observation indicated two necessary additional measures: the arrangement of drainage on the eastern side of the dam and reinforcement with drainage on the western side of the dams. Based on a rough cost estimate of the required works, we therefore increased the provision by EUR 579,782. Consequently, the balance of the provision as at 31 December 2022 was EUR 888,133. In 2023, during heavy rainfall at the beginning of August, a landslide occurred directly below the dam body. At the end of 2023, we formed an additional provision based on the funds required for landslide remediation and taking into account discount factors relative to the anticipated deadline for the execution of all planned remediation works at NZOO ZT. The total amount of provisioned funds as at 31 December 2023 thus amounted to EUR 1,637,234. In 2024, due to complications in administrative procedures for relocating an electric cable running across the landslide area, we did not carry out the planned landslide remediation intervention, but merely a measure involving the installation of additional drainage ribs on the eastern part of the dam body. In the absence of the planned remediation works, the landslide area expanded in 2024. Due to the elimination of additional consequences of the landslide (Report "Proposal for supplementing drainage and replacing existing drainage on the western flank of the Za Travnik dam from profile Pr4 to PO1" by the Faculty of Civil Engineering and Geodesy), the inflation adjustment, and the discount factor, the estimated cost of works amounted to EUR 513,254. Taking into account the remediation procedures already implemented in 2024 (EUR 213,040), we increased the provision by EUR 300,215. Considering the above, the balance of the provision as at 31 December 2024 was EUR 1,937,448. In 2025, we carried out remediation works in the amount of EUR 75,759, and due to inflation adjustment and discounting to present value, we increased the provision by EUR 13,227, bringing the balance of the provision as at 31 December 2025 to EUR 1,874,917. To provide a better understanding of the reasons for the periodic re-assessment of non-current provisions, we provide the following additional explanations. The fact is that the dams at Za Travnik and Bukovžlak are constructed as earth-fill dams, composed of various materials that partially represent legacy burdens. They hold back and contain millions of tonnes of material; therefore, physical removal is not possible. The dams are exposed to natural phenomena (precipitation, drying, underground water flows, etc.) and constantly tend toward entropy. As a prudent and legally bound steward, we perform regular technical observation and all mandatory monitoring on them. We respond to findings with measures that experts deem necessary to prevent the materialisation of the risk of harmful emissions or damage. Cinkarna has established a permanent project group which, in addition to its employees, includes experts from the Chair of Geotechnics (KGT) at the Faculty of Civil Engineering and Geodesy of the University of Ljubljana and the engineering firm Hidrosvet d.o.o. The project group meets regularly to review the progress of agreed work and any newly emerging circumstances. The expert findings serve as the basis for assessing the adequacy of the provisions formed.

III. For the remediation of the Bukovžlak non-hazardous waste landfill (ONOB), a non-current provision of EUR 5 million was originally recognised in 2011 based on a rough estimate. During the project design phase in 2017, a need for an additional recognition of EUR 1 million became apparent. At that time, the required specialised execution technique and the materials to be used were already known. At the end of 2019, the balance following partial utilisation amounted to EUR 4.5 million. Research on the impact of pollution caused by legacy burdens (conducted by CDM Smith and the Chair of Geotechnics – KGT) demonstrated the need to construct a grout curtain on the north-eastern side of the ONOB dam body and to reconstruct the C1 drainage under the high earth-fill dam at Bukovžlak. For this purpose, an additional provision of EUR 2,682,592 was recognised in 2021. In 2023, the Company requested the designer to revise the estimate as at 31 December 2022, which covered necessary additions and price increases for the facility under construction, designer supervision, geodetic monitoring, necessary measurements, and quality control of the materials used. Simultaneously, the designer estimated the deadlines for the completion of all works, and an adjustment for projected inflation was accounted for accordingly. A similar process was followed for 2024 and repeated in 2025. For remediation purposes, funds amounting to EUR 1,433,893 were utilised in 2025 (compared to only EUR 7,079 in 2024); during this period, preparatory works for the construction of the grout curtain were carried out and construction of the guide wall commenced. Furthermore, the entire eastern branch of the C1 drainage and its connection to the shafts (J20 and J4) were completed. The provision was increased by EUR 250,641 (2024: EUR 55,813), primarily due to the requirements for inflation adjustments and discount factors relative to the timeline of the remediation procedures. Including the C1 drainage and grout curtain projects, the amount of funds still required for the ONOB remediation at the end of 2025 was EUR 7,403,014 (end of 2024: EUR 8,586,266). The execution of the C1 drainage and the grout curtain will mainly be carried out in 2026, while the project for the reconstruction of the closed ONOB landfill is scheduled for the period between 2026 and 2029.

IV. Rezultati rednega tehničnega opazovanja visoke nasute pregrade Bukovžlak so kazali trend slabšanja varnosti na vzhodnem boku pregrade. Tako kot že v opisanem primeru v II. točki se zemeljska pregrada odziva na vplive naravnih pojavov. Da se varnostno stanje ne bi kritično poslabšalo, je projektant leta 2017 predvidel vzporedna posega – sanacijo vzhodnega boka in pripravo nasipa v ojezeritvi za začetek nižanja ravni vode. Ocenjeni stroški so znašali 3.032.000 EUR. Za ta znesek smo na dan 31. 12. 2017 oblikovali dolgoročno rezervacijo. Spremljanje stanja na pregradnem telesu je v letu 2021 pokazalo na pojav šibke točke na Z delu. Predvidena rešitev je zajemala odvod precejnih vod iz tega dela pregrade in izvedbo ojačitvenega nasipa, za kar smo oblikovali dodatno rezervacijo v višini 800.000 EUR. Na osnovi nadaljnjega dela in strokovne presoje stanja smo v letu 2022 predvideli drugačen način nižanja nivoja ojezeritve in sicer z nižanjem prelivnega objekta, kar je cenejša in lažja rešitev kot gradnja nasipa. To dejstvo je projektant upošteval pri reviziji ocene po stanju na dan 31. 12. 2023. V oceni na dan 31. 12. 2023 je projektant zajel tudi ugotovitev strokovnjakov FGG Ljubljana (Strokovno mnenje o stanju zahodnega boka pregrade Bukovžlak s predlogom sanacije«, UL FGG KGT, Poročilo E-13-23, junij 2023), ki pravi, da posebni ukrepi za odvod precejnih voda z zahodnega boka pregrade Bukovžlak niso potrebni v prvotno zamišljeni obliki. Namesto tega je bil skrajno zahodni jašek (JC1) na predvideni drenaži C1 sprojektiran kot peskolov, kar bo omogočilo lažje čiščenje sistema drenaž. Temu ustrezno smo lahko sprostili za ta poseg predvidena sredstva (800.000 EUR). Revizija na dan 31. 12. 2023 je zajela tudi potrebne dopolnitve za projektantski nadzor, geodetsko spremljavo, meritve in kontrolo kvalitete vgrajenih materialov. Hkrati je projektant ocenil roke za zaključek vseh del in temu ustrezno upošteval tudi korekcijo zaradi predvidene inflacije. Konec leta 2024 se projektantska ocena potrebnih del ni spremenila, prav tako ne konec leta 2025. Izvedli smo le preračun z upoštevano inflacijo in diskontnim faktorjem, kar skupaj s koriščenji v višini 14.068 EUR na dan 31. 12. 2025 daje višino rezervacije 1.797.796 EUR (na dan 31. 12. 2024 je bilo stanje 1.811.865 EUR).

The Management Board has received sufficient information regarding the changed circumstances and the uncertainties associated with the assumptions applied. While certain uncertainties remain that could lead to future adjustments of the recognised amounts – as these are in all cases based on estimates – experts in the relevant field were engaged in the assessment process. Based on these expert analyses and opinions, the provisions formed are considered adequate; however, they may be subject to change in the future due to soil composition, the potential failure or degradation of materials, or the emergence of different obligations. At present, there is no identified need to adjust the level of provisions recognised as at 31 December 2025, for which it is estimated that the probability of future outflows exceeds 50%

In EUR

| Environmental provisions 2025 | Balance as at 31 Dec. 2024 | Annual plan for utilisation 2025 | Additions 2025 | Utilisation 2025 | Balance as at 31 Dec. 2025 |
|---|---|---|---|---|---|
| Provisions for Za Travnik landfill | 1,937,448 | 922,000 | 13,227 | 75,759 | 1,874,917 |
| Provisions for Bukovžlak (ONOB) landfill | 8,586,266 | 1,410,000 | 250,641 | 1,433,893 | 7,403,014 |
| Provision for Bukovžlak high earth-fill dam | 1,811,864 | 133,000 | 0 | 14,068 | 1,797,796 |
| Provision for $TiO_2$ production environmental investment | 1,966,691 | 0 | 0 | 296,024 | 1,670,667 |
| **TOTAL** | **14,302,270** | **2,465,000** | **263,868** | **1,819,744** | **12,746,394** |

Given that the provisions under points II–IV were revised and re-evaluated at the end of 2024 and as at the end of 2025 by external experts—considering the execution timeline, rising prices of specific services and materials, and newly emerging circumstances such as the landslide caused by heavy August rainfall—the Management Board assesses that the level of provisions is appropriately recognised.

The utilisation of provisions in 2025 consists of contractor costs for work performed amounting to EUR 1,523,400 and accrued depreciation of EUR 320, which are charged directly against the recognized provisions (points II, III, and IV of the environmental provisions), as well as accrued depreciation of invested assets in the amount of EUR 296,024 (point I of the environmental provisions). Similar to 2024, there were no reversals of provisions in 2025. The additional additions (formation) of EUR 263,868 (taking into account projected inflation and the discount factor) relate to the re-assessment of the provision status based on documentation from the external contractor, Hidrosvet. External contractors estimate that works will be completed within 3 to 4 years. While the timeline of work is predetermined, the actual execution may change due to unforeseen events or factors.

In EUR

| Environmental provisions 2024 | Balance as at 31 Dec. 2023 | Annual plan for utilisation 2024 | Additions 2024 | Utilisation 2024 | Balance as at 31 Dec. 2024 |
|---|---|---|---|---|---|
| Provisions for Za Travnik landfill | 1,637,234 | 1,400,000 | 513,254 | 213,040 | 1,937,448 |
| Provisions for Bukovžlak (ONOB) landfill | 8,537,531 | 2,000,000 | 55,813 | 7,079 | 8,586,266 |
| Provision for Bukovžlak high earth-fill dam | 1,814,771 | 75,000 | 6,320 | 9,226 | 1,811,864 |
| Provision for $TiO_2$ production environmental investment | 2,243,663 | 430,000 | 431 | 277,403 | 1,966,691 |
| **TOTAL** | **14,233,199** | **3,905,000** | **575,819** | **506,748** | **14,302,270** |

Utilisation of provisions in 2024 represents contractor costs for work performed amounting to EUR 229,344 and accrued depreciation of EUR 320, charged directly against recognized provisions (points II, III, and IV), and accrued depreciation of invested assets in the amount of EUR 277,083 (point I). No reversal of provisions occurred in 2024 (in 2023, a provision of EUR 800,000 was reversed, relating to a portion of previously estimated tasks no longer required in the future). Additional additions of EUR 575,819 (including projected inflation and discount factors) relate to a re-assessment of provisions using documentation from the external contractor, Hidrosvet, which estimated completion within 3 to 5 years.

## 14 Non-current deferred income

In EUR

| Deferred income | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Funds received from the EU fund | 7,505 | 35,341 |
| Emission allowances | 91,066 | 78,675 |
| Subsidies for photovoltaics and e-vehicles | 763,287 | 759,562 |
| **TOTAL** | **861,858** | **873,579** |

In EUR

| Deferred income 2025 | 31/12 2024 | Additions | Utilisation | 31/12 2025 |
|---|---|---|---|---|
| Funds received from the EU fund | 77,662 | 0 | 27,836 | 49,826 |
| Emission allowances | 78,675 | 36,788 | 24,397 | 91,066 |
| Subsidies for photovoltaics and e-vehicles * | 717,242 | 52,400 | 48,676 | 720,966 |
| **TOTAL** | **873,579** | **89,188** | **100,909** | **861,858** |

*In 2025, the Company received subsidised funds for the acquisition of e-vehicles in the amount of EUR 52,400. The decrease of EUR 48,676 relates to the portion of funds intended to cover current-year depreciation of solar power plants and e-vehicles.

**In 2024, the Company received subsidies of EUR 164,893 related to solar power plant installations, representing 20% of the invested funds. These funds will be utilised in line with the accrued depreciation of each solar plant over its useful life.

In EUR

| Deferred income 2024 | 31/12 2023 | Additions | Utilisation | 31/12 2024 |
|---|---|---|---|---|
| Remitted contributions for the employment of disabled persons | 780 | 9,983 | 10,763 | 0 |
| Non-current deferred income for equipment | 1,345 | 0 | 1,345 | 0 |
| Funds received from the EU fund | 105,499 | 0 | 27,836 | 77,662 |
| Emission allowances | 65,120 | 40,397 | 26,842 | 78,675 |
| Subsidies obtained for photovoltaics and e-vehicles ** | 594,670 | 164,893 | 42,322 | 717,242 |
| **TOTAL** | **767,414** | **215,273** | **109,108** | **873,579** |

## 15 Current financial liabilities

In EUR

| Liabilities group | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Current financial liabilities – assignments and cessations | **60,832** | 29,915 |
| **TOTAL** | **60,832** | **29,915** |

Movements in liabilities from financing activities in 2025

In EUR

| | Balance as at 31 Dec. 2024 | Cash changes | Non-cash changes | Balance as at 31 Dec. 2025 |
|---|---|---|---|---|
| | | | Acquisitions/ disposals | |
| Dividends | 0 | -14,003,813 | 14,003,813 | **0** |
| Assignments, cessations, and forward contracts | 29,915 | 30,917 | 0 | **60,832** |
| Interest | 0 | -4,653 | 4,653 | **0** |
| Treasury shares | 0 | -42.622 | 42.622 | **0** |
| **TOTAL** | **29,915** | **-14,020,171** | **14,051,088** | **60,832** |

Movements in liabilities from financing activities in 2024

In EUR

| | Balance as at 31 Dec. 2023 | Cash changes | Non-cash changes | Balance as at 31 Dec. 2024 |
|---|---|---|---|---|
| | | | Acquisitions/ disposals | |
| Dividends | 0 | -32.041.992 | 32.041.992 | 0 |
| Assignments, cessations, and forward contracts | 103,692 | -73,777 | 0 | 29,915 |
| Interest | 0 | -4,114 | 4,114 | 0 |
| Treasury shares | | -831,386 | 831,386 | 0 |
| **TOTAL** | **103,692** | **-32,951,269** | **32,877,492** | **29,915** |

## 16 Current trade and other payables

In EUR

| Operating liabilities | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Trade payables | **21,206,587** | 30,982,718 |
| Other payables | **3,679,019** | 5,141,818 |
| **TOTAL** | **24,885,606** | **36,124,537** |

In EUR

| Liability group | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Current trade payables – domestic | **11,920,515** | 13,112,651 |
| Current trade payables – foreign | **9,284,127** | 17,830,038 |
| Current liabilities for unbilled goods and services | **1,945** | 40,029 |
| Current liabilities from advances received | **769,091** | 749,351 |
| Current liabilities to employees | **1,601,972** | 2,508,986 |
| Current liabilities for employer contributions | **915,457** | 1,288,315 |
| Current liabilities to state and other institutions | **354,684** | 559,614 |
| Other current liabilities | **37,816** | 35,554 |
| **TOTAL** | **24,885,606** | **36,124,537** |

## 17 Current contract liabilities

As at 31 December 2025, the Company has no contract liabilities from contracts with customers.

## 18 Other current liabilities

Under other current liabilities, the Company records accrued expenses and VAT on advances.

In EUR

| Description | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Accrued unused annual leave | **955,639** | 851,641 |
| Accrued costs for employee payments and other obligations | **1,137,842** | 277,173 |
| VAT on advances paid | **2,200** | 2,100 |
| EU funds received | **8,199** | 86,180 |
| Other | **3,859** | 1,656 |
| **TOTAL** | **2,107,739** | **1,218,750** |

## 19 Contingent liabilities and commitments

| Description | 31/12/2025 | In EUR 31/12/2024 |
|---|---|---|
| Guarantees issued | **2,063,515** | 2,131,657 |
| Forward contracts* | **7,328,408** | 3,966,896 |
| VISA and Mastercard payment cards | **60,000** | 60,000 |
| Materials in processing and finishing | **59,726** | 59,726 |
| **TOTAL** | **9,511,649** | **6,218,279** |

*This represents the contractual value of the transaction; fair value measurement is recognised under financial assets and/or financial liabilities (Note E. Financial Instruments).

Guarantees issued represent liabilities to OTP banka, d. d., and UniCredit Bank, d. d., in the amount of EUR 2,063,515, specifically arising from customs and excise duties (EUR 1,030,000) and a guarantee for the performance of contractual obligations to the Slovenian Environment Agency (ARSO) in the amount of EUR 1,033,515.

## 20 Revenue from contracts with customers

Revenue from contracts with customers comprises the sales value of products, merchandise, and materials sold, as well as services provided during the reporting period. A breakdown of net sales revenue by business and geographical segments is presented below.

| | 2025 | In EUR 2024 |
|---|---|---|
| Net revenue from contracts with customers for products and services | **198,285,086** | 199,950,152 |
| Net revenue from contracts with customers for merchandise and materials | **516,195** | 335,261 |
| **TOTAL** | **198,801,281** | **200,285,413** |

## 21 Other operating income

| Income | 2025 | In EUR 2024 |
|---|---|---|
| Income from amortisation of assets acquired free of charge | **461,349** | 512,229 |
| Gains on the sale and write-off of assets | **15,876** | 15,038 |
| Income from reimbursement claim | **1,047,617** | 817,575 |
| Recovered written-off receivables | **1,982** | 1,983 |
| Damages received | **28,039** | 764,430 |
| Compensation for indirect greenhouse gas emission costs for the previous year | **305,462** | 297,966 |
| Revenue from EU funds | **77,981** | 0 |
| Income from previous years | **70,965** | 174,611 |
| Other income | **30,526** | 36,877 |
| **TOTAL** | **2,039,797** | **2,620,709** |

## 22 Operating expenses

Operating expenses

| | 2025 | In EUR 2024 |
|---|---|---|
| Cost of materials and merchandise sold | **225,635** | 100,483 |
| Cost of materials | **115,913,675** | 110,211,321 |
| Cost of services | **18,765,200** | 17,233,265 |
| Labour costs | **35,623,561** | 33,774,717 |
| Depreciation and amortisation | **13,871,225** | 12,900,809 |
| Other operating expenses | **3,327,431** | 3,250,896 |
| Impairment and write-offs of trade receivables | **67,759** | 0 |
| **TOTAL** | **187,794,486** | **177,471,492** |

Other operating expenses include the costs of forming non-current environmental provisions in the amount of EUR 259,169 (2024: EUR 575,387), as the Company's management assessed, based on evidence and a re-evaluation, that grounds for their additional recognition arose in 2025 (see Note 13: Other provisions).

Research and development costs in 2025 amounted to only EUR 3,356, as work on these projects was temporarily suspended during the year (2024: EUR 112,021).

Depreciation and amortisation

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

| Description | 2025 | In EUR 2024 |
|---|---|---|
| **Depreciation and amortisation** | | |
| - intangible assets | **518.054** | 348.512 |
| - easements | **72.342** | 72.342 |
| - buildings | **3.228.927** | 3.197.997 |
| - production equipment | **10.050.444** | 9.280.386 |
| - other equipment | **1.458** | 1.572 |
| **TOTAL** | **13.871.225** | **12.900.809** |

Labour costs

| Labour cost item | 2025 | 2024 |
|---|---|---|
| | | In EUR |
| Salaries and wages | **25,413,363** | 24,918,269 |
| Social security contributions | **4,361,957** | 4,222,816 |
| Reimbursements and other employee benefits | **5,361,487** | 4,184,254 |
| Supplementary pension insurance | **486,754** | 449,378 |
| **TOTAL** | **35,623,561** | **33,774,717** |

Labour costs include accrued liabilities to employees under the corporate collective agreement and individual employment contracts, payments for special working condition allowances, and reimbursements of work-related costs in accordance with the collective agreement. Work-related reimbursements do not include meal costs in the portion relating to food preparation in the in-house kitchen. These costs amounted to EUR 1,206,286 in 2025 (2024: EUR 1,094,701). Costs are reported according to their nature and purpose, specifically under costs of materials and services, labour costs, write-downs (depreciation/amortisation), and other operating expenses. The Company accrued liabilities for unused annual leave in accordance with IAS 19. The Company is entered in the register of pension plans as an employer financing a pension plan designated as PNMZ K, which is managed by the open-ended "Modri krovni pokojninski sklad" managed by Modra zavarovalnica. In 2025, the Company allocated EUR 486,754 to supplementary pension insurance (2024: EUR 449,378).

As at 31 December 2025, the Company had 726 employees. The average number of employees was 724, while the average number based on the calculation of hours worked was 685.

In 2025, the Company also incurred costs for services not treated as labour costs, amounting to EUR 1,443,512, in connection with temporary employment agencies under service mediation contracts (2024: EUR 1,105,456). Based on the number of hours worked under these contracts, this represented 40.8 employees (2024: 33.8).

Other operating expenses

| Other operating expenses | 2025 | 2024 |
|---|---|---|
| | | In EUR |
| Recognition of environmental provisions | **259,169** | 5575,819 |
| Environmental taxes and fees | **320,405** | 316,868 |
| Payments to students and pupils on work placements | **224,319** | 268,918 |
| Land use fee | **904,091** | 1,001,551 |
| Revaluation (write-down) of materials and merchandise inventories | **264,747** | 14,771 |
| Loss on disposal (retirement) of fixed assets and impairments | **976,110** | 692,685 |
| Other costs and expenses | **378,590** | 380,285 |
| **TOTAL** | **3,327,431** | **3,250,896** |

The audit of the financial statements of Cinkarna Celje, d. d., for 2025 was performed by the company Ernst & Young Revizija, d. o. o. The contractual value for the agreed auditing services amounted to EUR 32,050, plus VAT and travel expenses. In 2026, for the 2025 financial year, the auditing firm Ernst & Young also performed an audit of the electronic format of the financial statements (2025-ESEF; EUR 2,450), an audit of the 2025 Remuneration Report (EUR 3,600), and an audit of the sustainability reporting for the 2025 financial year (EUR 18,090).

Other expenses mainly comprise losses on the settlement of reported damage claims and damages paid to natural persons.



## 23 Finance income and cost

| Item | 2025 | 2024 |
|---|---|---|
| | | In EUR |
| Net foreign exchange gains | **0** | 253,877 |
| Interest and investment income | **1,311,450** | 1,726,439 |
| Dividend income | **44,466** | 6,011 |
| **Total finance income** | **1,355,916** | **1,986,327** |
| Net foreign exchange losses | **-139,667** | 0 |
| Interest expenses | **-4,653** | -4,114 |
| Interest on provisions for severance pay and long-service awards | **-121,820** | -119,324 |
| **Total finance costs** | **-266,140** | **-123,439** |
| **Net finance result** | **1,089,776** | **1,862,888** |

Finance income comprises interest received from investments and receivables, income from non-current financial investments (dividends), and net foreign exchange gains from operations and financing. Finance costs comprise accrued liabilities for the financial year from non-current and current financial and operating liabilities, as well as foreign exchange losses arising from operations and financing (currency forward contracts).

## 24 Corporate income tax

The calculation of corporate income tax is prepared in accordance with the Corporate Income Tax Act at a rate of 22% of the tax base. In 2025 (similar to 2024), the tax base was reduced by tax credits for investments in equipment, investments in research and development, employment of disabled persons, voluntary supplementary pension insurance, and donations.

| | 2025 | 2024 |
|---|---|---|
| | | In EUR |
| Current tax | **5,129,626** | 6,275,969 |
| **Total income tax (theoretical)** | **5,129,626** | **6,275,969** |
| Reduction of the tax base for previously taxed provisions | **-19,517** | -43,189 |
| Tax effect of increase in expenses | **-21,213** | -18,190 |
| Tax effect of non-deductible expenses | **436,427** | 451,191 |
| Tax effect of tax credits | **-1,670,929** | -1,198,883 |
| Tax effect of income reducing the tax base and other | **-7,458** | -27,016 |
| **Total income tax in the statement of profit or loss** | **3,846,936** | **5,439,882** |
| **Effective tax rate** | **16.5%** | **19.1%** |

Current tax represents the amount of tax the Company would pay at the 22% tax rate, calculated based on the profit before tax from the statement of profit or loss, excluding tax credits and non-deductible expenses, in accordance with the provisions of the Corporate Income Tax Act. The effective tax rate, calculated as the ratio between tax expenses and accounting profit, was 16.5% for 2025 (19.1% in 2024). Changes in deferred taxes for 2025 relate to the additional recognition/utilisation of environmental provisions, long-service awards, severance pay, and trade receivables.

The Company reported a decrease in deferred tax assets arising from temporary differences. The decrease in 2025 relates to the difference between:

In EUR

| Description | 2025 | 2024 |
|---|---|---|
| Utilisation of provisions | **-205,309** | -102,501 |
| Reversal of allowances for impairment of receivables | **-436** | -2,516 |
| Recognition of provisions | **29,025** | 63,293 |
| **TOTAL** | **-176,720** | **-36,222** |

## 25 Impact of climate change on the financial statements

Cinkarna Celje, d. d., discloses the effects of climate change and sustainability impacts in its financial statements for 2025, placing particular emphasis on the discussion of management's estimates and significant judgements in accordance with IAS 1 (IAS 1 requires the disclosure of information about assumptions and other major sources of estimation uncertainty at the end of the reporting period that involve a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities).

A global transition to net zero (Green Deal) is underway, where the processes of decarbonisation and the electrification of the global economy are crucial to avoiding the severe consequences of a temperature increase exceeding 1.5°C.

### Asset review

As described in Note 2 – Property, plant and equipment, the cash flow projections based on the cash-generating unit (CGU) used in the impairment tests of non-current assets are based on the best available forward-looking information and reflect the Company's 2024–2028 investment plans to maintain business capacity. These were prepared based on a range of economic conditions that could exist in the near future regarding climate change and the energy transition. The projections took into account the expected effects of electricity prices resulting from the commissioning of photovoltaics and new renewable energy production facilities, the trend in gas, oil, and emission allowance prices, and expected demand.

### Transition risk – greenhouse gas emissions

The measures taken by Cinkarna Celje, d. d., to mitigate the impacts of transition risk include (described in more detail in the sustainability section of the annual report):

- reduction of Scope 1 emissions (from $CO_2$ emission capture): The Company's innovation capacity and technological expertise allow it to offer cleaner and more sustainable solutions to reduce its industrial emissions. The Company focuses on technologies for climate solutions and the energy transition;
- reduction of Scope 2 emissions, primarily through the use of electricity from renewable sources: the installation of solar power plants will reduce Scope 2 emissions. There were no investments in renewable energy technology in 2025 (compared to EUR 0.9 million in 2024); however, the transition will be facilitated as the reduction in emissions will be managed using renewable energy from the Company's own solar plants (current self-sufficiency represents 7% (2024: 6%) of total energy used; the target is 10% by 2030).

$CO_2$ emission allowances within the EU Emissions Trading System (EU ETS) are reflected in the balance sheet at a carrying amount (at cost) of EUR 1 and are recognised under other non-current assets (Note 4 – Other non-current assets). Accrued liabilities for $CO_2$ emissions required to cover emissions to date are also valued at EUR 1. Quotas are obtained from the state to cover own emissions and can be retained to cover emissions in subsequent years. Allowances acquired exceed those surrendered, which will be the case until the end of 2030. A decision was issued for the 2021–2025 period regarding the allocation of free allowances, based on which we estimate the issuance of a new decision for the 2026–2030 period (expected in the second half of 2026), whereby the Company should be allocated a total free quantity of 156,043 emission allowances based on the projected annual production (see the table below). The proportion of free allowances (quotas) is expected to decrease in the future, though not significantly.

### Status of emission allowances by year

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|
| Balance as at 1 Jan. | **105,470** | 115,376 | 119,2023 | 130,701 | 140,628 | 149,054 |
| Acquisition (current allocation) | **36,788** | 38,137* | 36,498* | 34,927* | 33,426* | 31,989* |
| Surrender/Sale* | **26,882** | 34,310 | 25,000* | 25,000* | 25,000* | 25,000 |
| **Balance as at 31 Dec.** | **115,376** | 119,203 | 130,701 | 140,628 | 149,054 | 156,043 |

*** Estimate**

A new calculation will be performed for the new period from 2026 to 2030. Based on current information and assuming unchanged production levels and heat/fuel consumption, we anticipate receiving approximately 38,137 allowances for 2026 and onwards. According to currently available data, this value will decrease by approximately 4% each year until 2030.

### Assets and climate risks

The Company's primary assets impacting its $CO_2$ footprint are those used for its core production activities (see Note 2: Property, plant and equipment). Assets are depreciated over their useful lives, which limits the risk of impairment. To decarbonise existing production units, the following solutions will be implemented in the coming years (2024–2028): the use of low-emission vehicles, battery storage systems, and electric motors. As these assets are not yet electrified, transition investments are required; these are defined in the Company's 2024–2028 strategy and amount to EUR 40 million.

An impairment test of the recoverable amount was conducted as at 31 December 2023, followed by an assessment of impairment indicators as at 31 December 2025 (see Note 2: Property, plant and equipment). This re-assessment did not result in any impairment of assets. The primary property, plant and equipment exposed to climate change and energy transition risks include:

- internal combustion engine vehicles;
- electricity generation from the Company's own solar power plants;
- replacement of legacy lighting and existing electric motors.

In 2025, the Company acquired 7 electric vehicles valued at EUR 261,711 and 5 electric forklifts with a total value of EUR 181,550 (in 2024, 5 electric vehicles were acquired for EUR 146,200 and 5 electric forklifts for EUR 166,205). While battery storage systems have not yet been purchased, the groundwork for the first phase of their installation has been prepared. In 2025, legacy lighting was replaced with more energy-efficient alternatives to achieve electricity savings, resulting in a reduction of 109 MWh/year. Furthermore, 28 electric motors were replaced with more efficient models, with an estimated saving of 299.8 MWh/year.

As at 31 December 2025, the carrying amount of electric vehicles was EUR 389,344 and the carrying amount of electric forklifts was EUR 307,922. Internal combustion engine vehicles, electric motors, and other devices to be replaced—including all other assets—are mostly depreciated as at 31 December 2025 or will be fully depreciated and have zero carrying amount by the time of their replacement due to the green transition. Consequently, future replacements will not impact the write-down of carrying amounts or necessitate impairment, as assets with no remaining carrying amount and which are at the end of their technical life will be replaced.

Therefore, production or other equipment will not be replaced solely due to climate change; rather, it will be replaced with environmentally friendly alternatives once the asset being replaced has been fully depreciated. As a result, there will be no short- or long-term impact on the financial statements arising from the write-off of the carrying amounts of these assets.

**Renewable energy assets – photovoltaics**

As at 31 December 2025, the carrying amount of these fixed assets was EUR 4,510,049 (31 December 2024: EUR 3,944,129). The primary identified risk is the potentially negative future development of solar resources, which are key variables for the performance of this business segment. The Company believes that the opportunities arising from the decarbonisation of the global economy (growth in renewable energy, investment in smart grids, electrification of transport, green hydrogen, etc.) outweigh the risks.

**Effects of climate change**

In the preparation of the financial statements, particularly within the 2024–2028 five-year strategic plan and the resulting derivation of future cash flows for impairment testing, the potential impact of future legislative requirements was considered, especially the transition to electromobility (replacing the current vehicle fleet with e-vehicles and the installation of charging stations powered by existing solar power plants – the latter currently cover 7% of own energy needs, with a plan to reach 10% self-sufficiency by 2030).

**Exposure to climate risks**

Given its geographical location, the Company is potentially exposed to physical risks associated with climate change, such as floods (none occurred in 2024 and 2025), heatwaves, fires, and droughts. As at 31 December 2025, the carrying amount of these assets (primarily the $TiO_2$ programme) was EUR 61,475,578 (2024: EUR 59,541,095), which form part of the Company's assets as disclosed in Note 2 – Property, plant and equipment. There is no requirement for asset impairment.

Due to the 2023 floods and anticipated climate change, the Company will incur higher property insurance expenses in the future (which has already been reflected in the increase in insurance premium costs in 2025); however, this amount will not have a material impact on the reported financial statements.

**Going concern assumption**

Based on the long-term sustainability of the entity's operations, there is no uncertainty regarding the Company's ability to continue as a going concern due to climate-related risks, as it has been established that climate change will not materially impact cash flow forecasts for 2024–2028 (the going concern assumption remains uncompromised).

**Energy procurement contracts**

Cinkarna Celje, d. d., has secured its energy supply, namely electricity and natural gas, for future years in accordance with its energy portfolio management strategy. This involves managing a mix of sources, such as natural gas supply contracts for future periods and hedges via forward products (up to and including 2027), electricity purchase contracts for future periods and hedges via forward products (up to and including 2027), a Power Purchase Agreement (PPA) (up to and including 2029), and in-house electricity generation. The effects of energy procurement and in-house electricity generation are accounted for in the financial statement projections within the Company's five-year strategy.

**Depreciation, amortisation, and other impairment losses**

Climate-related matters are also relevant from the perspective of IAS 16 and IAS 38, as they may lead to potential changes in the amount of depreciation and amortisation recognised in the current or future periods. As some assets may become obsolete, inaccessible, or subject to legal restrictions due to climate change, the estimated residual values and expected useful lives of assets could potentially be affected. Due to the transition, there have been no changes to the estimated residual values and expected useful lives of assets, nor to the depreciation or amortisation charged.

Business forecasts from the Company's strategic plan for the 2024–2028 period, including the calculated EBITDA margin and CAPEX, also incorporate the impact of energy prices, photovoltaics, and planned energy efficiency through energy-saving equipment and energy conservation.

The potential impacts of transition risk were analysed in the context of the 2025 financial year-end based on the aforementioned facts and assumptions. No material impact was identified regarding useful lives, the carrying amount of assets, the customer portfolio, cash flows generated from existing activities, or the necessity to form provisions for risks and future costs.

## VI. CASH FLOW STATEMENT

The cash flow statement presents the changes in cash and cash equivalents for the financial year as the difference between the balances as at 31 December 2025 and 31 December 2024. It is prepared using the indirect method based on the statement of financial position as at 31 December of the reporting year and the statement of financial position as at 31 December 2024, as well as additional data required for the adjustment of income and expenses and for the appropriate breakdown of significant items. Theoretically possible items are not shown; values are presented for the current and prior periods.

## VII. STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity is presented in the form of a composite table showing changes in all components of equity. Theoretically possible items are not shown. Changes in equity relate to the resolution of the General Meeting on the allocation of the distributable profit from the previous year for the payment of dividends to owners, which have been or will be paid, and to the purchase of treasury shares. Pursuant to Point 14 of Article 64 of the Companies Act (ZGD-1), the determination of distributable profit is appended to the statement of changes in equity.

## VIII. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

**Financial risks (liquidity and interest rate risk)**

**Liquidity risk**

Cinkarna Celje, d. d., is a business partner known for its payment discipline in both domestic and foreign markets; it is a company with no bank debt and stable cash flows. The Company's operations are traditionally conservative with strong cash flow. Liquidity management comprises, among other things, the planning and coverage of expected cash obligations, the ongoing monitoring of the solvency of customers, and the regular collection of overdue receivables. The credit rating is AAA; in 2025, the Company was once again the recipient of the Platinum Credit Excellence certificate (Dun & Bradstreet). The tables below show financial and trade liabilities by maturity.

**Maturity of trade payables as at 31 December 2025**

In EUR

| | Carrying amount | Contractual cash flows | |
|---|---|---|---|
| | | Total | Up to 6 months |
| Trade payables excluding advances | 21,206,587 | 21,206,587 | 21,206,587 |
| Other payables | 37,816 | 37,816 | 37,816 |
| **TOTAL** | **21,244,403** | **21,244,403** | **21,244,403** |

In the maturity analysis of other payables, the Company includes trade payables excluding advances and other payables, which do not include tax liabilities, or liabilities to state institutions and employees.

**Maturity of trade payables as at 31 December 2024**

In EUR

| | Carrying amount | Contractual cash flows | |
|---|---|---|---|
| | | Total | Up to 6 months |
| Trade payables excluding advances | 30,982,718 | 30,982,718 | 30,982,718 |
| Other payables | 35,555 | 35,555 | 35,555 |
| **TOTAL** | **31,018,273** | **31,018,273** | **31,018,273** |

**Maturity of financial liabilities as at 31 December 2025**

In EUR

| | Carrying amount | Contractual cash flows | |
|---|---|---|---|
| | | Total | Up to 6 months |
| Assignments and cessations | 60,832 | 60,832 | 60,832 |
| **TOTAL** | **60,832** | **60,832** | **60,832** |

**Maturity of financial liabilities as at 31 December 2024**

In EUR

| | Carrying amount | Contractual cash flows | |
|---|---|---|---|
| | | Total | Up to 6 months |
| Assignments and cessations | 29,915 | 29,915 | 29,915 |
| **TOTAL** | **29,915** | **29,915** | **29,915** |

## Interest rate risk

Interest rate risk represents the possibility of losses arising from adverse market interest rate movements. The Company has no long-term financial liabilities and therefore has no specific measures in place in this regard. Should this situation change, appropriate measures for managing such risk would be established.

Due to its favourable financial position, and with the aim of increasing finance income, the Company enters into deposit agreements with banks at positive interest rates. As at the balance sheet date of 31 December 2025, deposits with a maturity of up to one year amounted to EUR 7,000,000. Furthermore, to ensure the efficient use of surplus cash, the Company invests in short-term treasury bills, which amounted to EUR 38,444,342 on the final day of 2025.

A 1% decrease in bank interest rates would result in a EUR 454,443 reduction in finance income on an annual basis; conversely, a 1% increase would result in an annual increase in finance income of EUR 454,443.

## Credit risk

The primary credit risk for Cinkarna Celje, d. d., is the risk that customers fail to settle their obligations when due.

This risk is limited, as the Company operates primarily with long-standing partners, which are often well-known, traditional European industrial companies with high credit ratings. In recent years, it was observed that payment discipline in Slovenia, the Balkans, and Eastern Europe was relatively poor; however, no further issues are expected in this geographical area in the coming period, as the risk potential has significantly decreased. With the restructuring/divestment of the Company's strategic business segments—specifically the discontinuation of the graphic materials, rolled titanium-zinc sheet, anti-corrosive coatings, and building materials programmes—exposure to credit risk has significantly decreased. This is evidenced by the maturity profile of receivables and the fact that there are virtually no additional allowances for impairment of trade receivables due to doubtful payments or defaults.

For many years, Cinkarna Celje, d. d., has maintained internal credit control for individual customers, assigning individual credit limits based on payment discipline, credit ratings, and past business performance. The credit risk monitoring and management process was further enhanced in mid-2021 with the introduction of trade credit insurance through an external institution, where credit limits are determined, monitored, and adjusted on a daily basis.

In addition to regular monitoring of individual customer credit limits, customer payment discipline is monitored daily, along with announcements on AJPES regarding proceedings under the Financial Operations, Insolvency Proceedings, and Compulsory Dissolution Act (ZFPPIPP). Furthermore, upon maturity, customers are reminded of overdue receivables, first by telephone and then in writing; default interest is charged from the due date until settlement. The process of regular monitoring and control of the trade receivables portfolio is a permanent practice of the Company, resulting in a low level of write-offs or impairments of receivables relative to sales. The carrying amount of financial assets most exposed to credit risk was as follows at the reporting date:

In EUR

| | Notes | 31/12/2025 | 31/12/2024 |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income | 3 | **1,709,631** | 1,287,325 |
| Financial assets | 7 | **38,456,959** | 47,214,859 |
| Trade receivables | 8 | **22,966,858** | 27,100,674 |
| Cash and cash equivalents | 9 | **19,122,785** | 17,731,407 |
| **TOTAL** | | **82,256,233** | **93,334,265** |

As at the reporting date of 31 December 2025, in addition to EUR 7,000,000 in fixed-term deposits, the Company holds an additional EUR 12,122,785 in cash to support ongoing operations. To mitigate credit risk and bank exposure, the Company maintains its funds across five banks that hold high credit ratings and strong balance sheets.

The Company maintains a healthy trade receivables structure, as shown in the maturity analysis of receivables table and the table showing movements in the allowance for impairment of current trade receivables.

Movements in allowance for impairment of current trade receivables

In EUR

| 2025 | Balance as at 31/12/2025 | Allowance formed in 2025 | Recoveries of written-off receivables | Balance as at 31/12/2025 |
|---|---|---|---|---|
| Domestic customers | 273,233 | 88 | 0 | 273,320 |
| Foreign customers | 363,720 | 67,510 | 1,982 | 429,247 |
| **TOTAL** | **636,952** | **67,597** | **1,982** | **702,568** |

In EUR

| 2024 | Balance as at 31/12/2023 | Correction for 2024 | Allowance formed in 2024 | Write-offs against allowances from prior years | Recoveries of written-off receivables | Balance as at 31/12/2024 |
|---|---|---|---|---|---|---|
| Domestic customers | 266,985 | 0 | 6,248 | 0 | 0 | 273,233 |
| Foreign customers | 394,858 | -38,470 | 18,766 | 9,452 | 1,983 | 363,720 |
| **TOTAL** | **661,844** | **-38,470** | **25,013** | **9,452** | **1,983** | **636,952** |

Receivables by maturity

In EUR

| Receivables group by maturity | Gross value 31/12/2025 | Allowance 31/12/2025 | Gross value 31/12/2024 | Allowance 31/12/2024 |
|---|---|---|---|---|
| Not yet due | 19,027,876 | 1,900 | 21,758,815 | 4,298 |
| Past due up to 15 days \| | 3,232,088 | 323 | 4,776,348 | 919 |
| Past due 16 to 60 days | 440,092 | 5,077 | 402,918 | 440 |
| Past due 61 to 180 days | 202,322 | 96,071 | 30,602 | 30,202 |
| Past due over 180 days | 767,049 | 599,199 | 768,943 | 601,093 |
| **TOTAL** | **23,669,426** | **702,568** | **27,737,626** | **636,952** |

In EUR

| Receivables group by maturity | Gross value 31/12/2024 | Allowance 31/12/2024 | Gross value 31/12/2023 | Allowance 31/12/2023 |
|---|---|---|---|---|
| Not yet due | 21,758,815 | 4,298 | 24,024,487 | 16,944 |
| Past due up to 15 days \| | 4,776,348 | 919 | 2,913,989 | 2,050 |
| Past due 16 to 60 days | 402,918 | 440 | 432,721 | 1,180 |
| Past due 61 to 180 days | 30,602 | 30,202 | 109,582 | 23,954 |
| Past due over 180 days | 768,943 | 601,093 | 618,259 | 617,716 |
| **TOTAL** | **27,737,626** | **636,952** | **28,099,038** | **661,843** |

All trade receivables have been insured with an external institution since 1 June 2021. As at 31 December 2025, 94% of receivables are insured with an external institution (Coface PKZ, d. d.) (consistent with 94% at the end of 2024), 1% are secured by other forms of collateral (letters of credit, advances) (compared to 3% at the end of 2024), and only 5% of all receivables are unsecured (compared to 3% at the end of 2024). Unsecured receivables primarily relate to regular customers who hold insured receivables but have exceeded their credit insurance limits; we assess the risk of non-payment for these to be non-existent or immaterial. The Company monitors the concentration of receivables using IT tools and limits entered into the system. The information system for monitoring receivables enables real-time tracking of credit insurance, as the system is updated daily according to changes in collateral types and credit limits. At year-end, six titanium dioxide customers from the European Union represent a 22% share of total receivables (compared to 19% in 2024), all of which are fully insured. Customers are diversified across various markets, ensuring there is no significant exposure to any single customer.

## Currency risk

Cinkarna Celje, d. d., operates on the global market for both procurement and sales and is therefore exposed to the risk of adverse exchange rate movements, primarily the EUR/USD currency pair. As the majority of sales are conducted in EUR, exposure is particularly acute regarding the purchase of titanium-bearing raw materials denominated in USD, and occasionally regarding sulphur and copper compounds. Exposure related to USD-denominated sales is significantly lower in volume.

Trends and forecasts regarding the EUR/USD currency pair are continuously monitored. Short-term risk from adverse US dollar exchange rate fluctuations is primarily limited through the standardised and consistent use of financial instruments (USD forward contracts). The Company achieves virtually full coverage of relevant business transactions involving the EUR/USD pair.

### Exposure to foreign exchange risk

In EUR

| | 31/12/2025 | | 31/12/2024 | |
|---|---|---|---|---|
| | EUR* | USD | EUR* | USD |
| Financial assets at FVOCI | **1,709,631** | **0** | 1,287,325 | 0 |
| Current financial assets | **38,456,959** | **0** | 47,214,859 | 0 |
| Trade receivables | **22,627,210** | **399,087** | 26,086,389 | 1,059,110 |
| Cash and cash equivalents | **19,122,785** | **0** | 17,731,407 | 0 |
| Current financial liabilities | **-60,832** | **0** | -29,915 | 0 |
| Current trade payables | **-15,811,309** | **-6,337,657** | -17,429,009 | -14,177,564 |
| **Net balance sheet exposure** | **66,044,445** | **-5,938,571** | **74,861,056** | **-13,118,454** |

*EUR is the functional currency and does not represent exposure to foreign exchange risk. In addition to the functional currency (EUR), the Company uses the USD (US Dollar), which was used in the translation of balance sheet items as at 31 December. The rates used are the European Central Bank reference rates; the number of units of national currency per 1 EUR as at 31 December 2025 was 1.175 and as at 31 December 2024 was 1.0389.

### Sensitivity analysis

A 1% change in the value of the USD against the EUR as at 31 December 2025 and 31 December 2024 would have changed the profit before tax by the amounts shown in the table below. The analysis, which is performed consistently for both years, assumes that all other variables, particularly interest rates, remain unchanged. The calculation of the impact of USD exchange rate fluctuations takes into account the balance of USD-denominated receivables and liabilities.

In EUR

| | 31/12/2025 | | 31/12/2024 | |
|---|---|---|---|---|
| Change in USD value | **1%** | **-1%** | 1% | -1% |
| **Impact on profit before tax** | **-50,041** | **50,041** | 125,002 | -125,002 |

Each subsequent 1% change in the USD exchange rate against the EUR would result in a further change in the profit before tax by the values stated above.

### Capital management

The primary objective of capital management at Cinkarna Celje, d. d., is to ensure a high credit rating and appropriate financing ratios, thereby ensuring the adequate development of its business and maximising value for its shareholders.

Cinkarna Celje, d. d., aims to follow changes in the economic environment by managing and adjusting its capital structure. Dividends are paid in accordance with the dividend policy. The Company has no specific targets regarding employee ownership and no share option programmes. In 2024 and 2025, there were no changes to the capital management approach. The Company uses the gearing ratio (financial leverage) to monitor capital, which shows the ratio of net debt to equity. Net debt includes financial and trade liabilities, less cash and cash equivalents and current financial assets (treasury bills).

In EUR

| | 31/12/2025 | 31/12/2024 |
|---|---|---|
| Financial liabilities | **60,832** | 29,915 |
| Trade and other current liabilities | **26,993,345** | 37,343,286 |
| Cash and cash equivalents & financial assets | **-57,579,744** | -64,881,522 |
| **Net debt** | **-30,525,567** | **-27,508,321** |
| Equity | **216,755,086** | 211,036,476 |
| **Gearing ratio** | **-16%** | **-15%** |

## IX. FAIR VALUE

The following table presents the carrying amounts and fair values of financial assets and financial liabilities. The table does not include fair value disclosures for financial assets and liabilities not measured at fair value where the carrying amount is a reasonable approximation of fair value.

In EUR

| | 31/12/2025 | | 31/12/2024 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets at FVOCI | **1,709,631** | **1,709,631** | 1,287,325 | 1,287,325 |
| Current financial assets | **38,456,959** | **38,456,959** | 47,214,859 | 47,214,859 |
| Trade receivables | **22,966,858** | **22,966,858** | 27,100,674 | 27,100,674 |
| Cash and cash equivalents | **19,122,785** | **19,122,785** | 17,731,407 | 17,731,407 |
| Financial liabilities | **-60,832** | **-60,832** | -29,915 | -29,915 |
| Trade payables | **-21,206,587** | **-21,206,587** | -30,982,718 | -30,982,718 |
| **TOTAL** | **60,988,814** | **60,988,814** | **62,321,632** | **62,321,632** |

Financial assets and liabilities are classified into three levels based on the fair value hierarchy:

Level 1: assets at market price (for the valuation method, see Note 3: Financial assets at fair value through other comprehensive income);

Level 2: assets not included in Level 1 whose value is determined directly or based on comparable market data;

Level 3: assets for which market data cannot be obtained.

In EUR

| Fair Value Hierarchy | 31/12/2025 | | | | 31/12/2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVOCI | 0 | 1,709,631 | 0 | 1,709,631 | 0 | 1,287,325 | 0 | 1,287,325 |
| **Total assets measured at fair value** | **0** | **1,709,631** | **0** | **1,709,631** | **0** | **1,287,325** | **0** | **1,287,325** |
| **Assets for which fair value is disclosed** | | | | | | | | |
| Current financial assets | 38,456,959 | 0 | 0 | 38,456,959 | 47,150,115 | 0 | 64,744 | 47,214,859 |
| Trade receivables | 0 | 0 | 22,966,858 | 22,966,858 | 0 | 0 | 27,100,674 | 27,100,674 |
| Cash and cash equivalents | 0 | 0 | 19,122,785 | 19,122,785 | 0 | 0 | 17,731,407 | 17,731,407 |
| **Total assets for which fair value is disclosed** | **38,456,959** | **0** | **42,089,643** | **80,546,602** | **47,150,115** | **0** | **44,896,825** | **92,046,940** |
| **TOTAL** | **38,456,959** | **1,709,631** | **42,089,643** | **82,256,233** | **47,150,115** | **1,287,325** | **44,896,825** | **93,334,265** |

The Company holds equity investments in shares and interests of power utility companies (Elektro Celje and Elektro Maribor), which are not listed on an active market and for which no quotes are available. Due to the absence of observable market prices, these investments are classified under Level 2 of the fair value hierarchy. The fair value of these investments is determined using various available economic data, depending on the availability of reliable inputs (net profit of the company, dividend yield, ROE, and the sector P/B (price-to-book) ratio for the electric power industry).

In EUR

| Fair value of liabilities | 31/12/2025 | | | | 31/12/2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial liabilities | 0 | 0 | 60,832 | 60,832 | 0 | 0 | 29,915 | 29,915 |
| Trade payables | 0 | 0 | 21,206,587 | 21,206,587 | 0 | 0 | 30,982,718 | 30,982,718 |
| Contract liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total liabilities for which fair value is disclosed** | **0** | **0** | **21,267,419** | **21,267,419** | **0** | **0** | **31,012,633** | **31,012,633** |

The assumptions for determining the fair value of investments and other items are set out in the introductory notes in Chapter III: Significant Accounting Policies.

## X. RELATED PARTY TRANSACTIONS – DATA ON GROUPS OF PERSONS

Management Board equity participation

As at the end of 2025, one member of the Management Board held 2,360 shares of Cinkarna Celje, d. d., representing 0.029 per cent of the Company's total share capital and 0.029 per cent of the voting rights. The President of the Management Board held 50 shares at the end of 2025, representing 0.001 per cent of the total share capital and voting rights. In 2025, the President of the Management Board sold 2,350 shares. Members of the Supervisory Board held no shares as at the reporting date.

| 31/12 2025 | Number of shares | Equity stake (%) |
|---|---|---|
| Aleš Skok | 50 | 0.001 |
| Nikolaja Podgoršek Selič | 2,360 | 0.029 |

| 31/12 2024 | Number of shares | Equity stake (%) |
|---|---|---|
| Aleš Skok | 2,400 | 0.030 |
| Nikolaja Podgoršek Selič | 2,360 | 0.029 |

Gross remuneration of groups of persons

In EUR

| | 2025 | 2024 |
|---|---|---|
| Management Board members | **755,824** | 731,700 |
| Supervisory Board members | **133,381** | 155,213 |
| **Total gross remuneration of groups of persons** | **889,205** | **886,913** |
| Employees under contracts not subject to the tariff part of the collective agreement | **3,745,089** | 2,919,788 |
| **Total gross remuneration of groups of persons and remuneration of employees under contracts not subject to the tariff part of the collective agreement** | **4,634,294** | **3,806,701** |

### Remuneration of the Management Board members in 2025

In EUR

| Name and surname | Position (Chair, Member) | Fixed gross remuneration (1) | Variable gross remuneration – based on quantitative criteria | Fringe benefits | Other remuneration | Total gross |
|---|---|---|---|---|---|---|
| Aleš Skok | President | 300,191 | 73,660 | 5,086 | 4,536 | 383,473 |
| Nikolaja Podgoršek Selič | Deputy President | 266,013 | 58,692 | 5,208 | 4,536 | 334,449 |
| Filip Koželnik* (until 5.11.2025) | Member | 18,424 | 4,766 | 2,273 | 4,536 | 29,999 |
| Nika Veronovski* (from 10.11.2025) | Member | 3,150 | 0 | 217 | 4,536 | 7,903 |
| **TOTAL** | | **587,778** | **137,118** | **12,784** | **18,144** | **755,824** |

*** The amounts represent solely the remuneration attributable to the performance of the function of a Management Board member.**

### Remuneration of the Management Board members in 2024

In EUR

| Name and surname | Position (Chair, Member) | Fixed gross remuneration (1) | Variable gross remuneration – based on quantitative criteria | Fringe benefits | Other remuneration | Total gross |
|---|---|---|---|---|---|---|
| Aleš Skok | President | 306,918 | 69,692 | 6,723 | 4,262 | 387,595 |
| Nikolaja Podgoršek Selič | Deputy President | 244,550 | 55,941 | 6,863 | 4,262 | 311,616 |
| Filip Koželnik | Member | 19,680 | 6,363 | 2,247 | 4,199 | 32,489 |
| **TOTAL** | | **571,148** | **131,996** | **15,833** | **12,723** | **731,700** |

## Remuneration of the members of the Supervisory Board in 2025

In EUR

| Name and surname | Function (President, Deputy, Member, External Committee Member) | Remuneration for performing the function – gross annual (1) | Fees for Supervisory Board and committee meetings – gross annual (2) | Total gross | Travel expenses | Total remuneration |
|---|---|---|---|---|---|---|
| Tomaž Berločnik | SB member (20.6.2024) and Chair of the SB (23.7.2024) | 22,500 | 1,650 | 24,150 | 570 | 24,720 |
| Melita Malgaj | SB member NS (20.6.2024), deputy Chair of the SB, and Chair of the AC (23.7.2024) | 22,125 | 2,970 | 25,095 | 610 | 25,705 |
| Boštjan Furlan | SB member (20.6.2024), AC member (23.7.2024) | 18,750 | 2,695 | 21,445 | 570 | 22,015 |
| Dubravka Derossi Uršič | SB member (24.12.2024) | 14,073 | 1,650 | 15,723 | 471 | 16,194 |
| Aleš Stevanovič | SB member and AC member (8.3.2023) | 18,750 | 2,970 | 21,720 | 0 | 21,720 |
| Matej Pompe | SB member (since 18.6.2025) | 6,792 | 825 | 7,617 | 0 | 7,617 |
| Gobbo Mario | Chair of the SB (from 26.05.2020 to 22.07.2024), SB member up to 23.12.2024 | 927 | 0 | 927 | 0 | 927 |
| Koštomaj Jože | SB member (up to 17.06.2025) | 8,208 | 275 | 8,483 | 0 | 8,483 |
| Korošec Gregor | External member | 0 | 6,000 | 6,000 | 0 | 6,000 |
| **TOTAL** | | **112,125** | **19,035** | **131,160** | **2,221** | **133,381** |

**SB = Supervisory Board; AC = Audit Committee; HR = Human Resources Committee**

## Remuneration of the members of the Supervisory Board in 2024

In EUR

| Name and surname | Function (President, Deputy, Member, External Committee Member) | Remuneration for performing the function – gross annual (1) | Fees for Supervisory Board and committee meetings – gross annual (2) | Total gross | Travel expenses | Total remuneration |
|---|---|---|---|---|---|---|
| Tomaž Berločnik | SB member (20.6.2024) and Chair of the SB (23.7.2024) | 9,390 | 1,100 | 10,490 | 356 | 10,846 |
| Melita Malgaj | SB member (20.6.2024), Deputy Chair of the SB and AC Chair (23.7.2024) | 9,255 | 1,540 | 10,795 | 436 | 11,231 |
| Boštjan Furlan | SB member (20.6.2024), AC member (23.7.2024) | 8,049 | 1,540 | 9,589 | 531 | 10,120 |
| Gobbo Mario | Chair of the SB (from 26.05.2020 to 22.07.2024), SB member until 23.12.2024 | 22,656 | 2,365 | 25,021 | 22,983 | 48,004 |
| Gaberščik Luka | Deputy Chair of the SB (from 01.07.2020 to 04.07.2024) | 10,350 | 1,540 | 11,890 | 277 | 12,167 |
| Kastelic David | SB member + AC Chair (from 18.06.2020 to 18.06.2024) | 11,401 | 1,925 | 13,326 | 481 | 13,807 |
| Svoljšak Mitja | SB member + HR member (from 16.06.2021 to 28.02.2024) | 4,634 | 495 | 5,129 | 0 | 5,129 |
| Koštomaj Jože | SB member (from 18.06.2020) + AC member (until 22.07.2024) | 17,188 | 3,300 | 20,488 | 0 | 20,488 |
| Stevanovič Aleš | SB member (from 8.3.2023) | 16,341 | 3,080 | 19,421 | 0 | 19,421 |
| Korošec Gregor | External member | 0 | 4,000 | 4,000 | 0 | 4,000 |
| **TOTAL** | | **109,264** | **20,885** | **130,149** | **25,064** | **155,213** |

**SB = Supervisory Board; AC = Audit Committee; HR = Human Resources Committee**

Benefits of Supervisory Board members include benefits related to the use of a company car for private purposes, as well as any other benefits. Reimbursements include reimbursement of commuting costs and meal allowances during work.

## Significant events after the reporting period

No significant events have occurred since the balance sheet date that would require adjustments to the financial statements as at 31 December 2025.

However, it should be noted that current events in the Middle East will have direct and indirect impacts on the costs of raw materials, energy, and transport. These developments will be reflected in higher prices for input raw materials (which are directly or indirectly linked to supply chains in the Middle East, oil refining, and energy costs), increased energy costs (primarily natural gas and, to a lesser extent, electricity), and higher shipping and road transport costs (due to increased fuel prices, diverted trade routes, insurance, and associated risks). Additionally, the possibility of higher inflation and its impact on the prices of all products and services should be highlighted.

The future development of these events and their impact on business operations are contingent upon the duration and progression of the current situation in the Middle East. The Company monitors these developments on a daily basis and actively adapts its procurement activities and decisions accordingly.

## Statement by members of the management and persons responsible for drawing up the annual report

We, the above-mentioned and the undersigned members of the Management Board and the persons responsible for the drawing up of the Annual Report pursuant to Article 134(2) of the ZTFI-1 act, confirm that to the best of our knowledge:

I. The financial report is in accordance with the relevant financial reporting standards, i.e. International Financial Reporting Standards. As such, it provides a true and fair view of the assets, liabilities, profit or loss, and financial position of the Company;

II. the business report includes a fair review of the development and performance of the Company's business and its financial position, together with a description of the principal risks to which the Company is exposed.

Accordingly, on 14 April 2026, the Management Board adopted and approved the Annual Report for 2025

**Management Board**

**President of the Management Board**

Aleš SKOK,
MSc (Chemical Engineering),
MBA (USA)

**Member of the Management Board – Deputy Chairman of the Management Board – Chief Technical Officer**

Nikolaja PODGORŠEK SELIČ
BSc (Chemical Engineering), Specialist

**Member of the Management Board – Works Director**

Dr Nika VERONOVSKI

**Persons responsible for drawing up the Annual Report**

**Head of Accounting**

mag. Karmen FUJS,
MSc, BA (Economics)

**Head of the Sustainability Team**

Bernarda PODGORŠEK KOVAČ, MSc
BSc (Chemical Engineering)

07

# Independent auditor's report

Shape the future with confidence

**This is a translation of the original report in Slovene language**

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of CINKARNA Celje, d.d.**

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of CINKARNA Celje, d.d. (the Company), which comprise the statement of financial position as at 31 December 2025, the income statement, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CINKARNA Celje, d.d. as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014 of the European Parliament and the Council"). Our responsibilities under those rules are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the (financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| | |
|---|---|
| **Environmental provisions**<br><br>On 31 December 2025 the environmental provisions amounted to EUR 12.746 thousand (as of 31 December 2024 EUR 14.302 thousand) as disclosed in Note 13- Other Provisions.<br><br>The determination of the provisions is based on management's judgement and estimates of nature, timing and amount of future costs to be incurred to cover long term obligations of waste disposal and rehabilitation of waste landfills and facilities and of legal basis for the provisions. The judgement required to estimate such costs is further compounded by the fact that there has been limited rehabilitation activity or experience with such activities against which the management could benchmark estimates of future costs. | We obtained an understanding of the environmental provisioning process and evaluated and tested design of respective controls.<br><br>In relation to the recognized environmental provisions, we evaluated the existence of legal and constructive obligations requiring the restoration and rehabilitation of each site and facilities.<br><br>We evaluated assessment of the required provisions by management as of 31 December 2025, who obtained the assessment of the required disposal and rehabilitation activities and respective cost estimates from the external experts in the current and in the previous years. |



Shape the future with confidence

| | |
|---|---|
| We focused on this area because changes in the assumptions can materially affect the levels of environmental provisions recorded in the financial statements.<br><br>Environmental provisions are thus significant to our audit, and we consider them a key audit matter. | In addition, we assessed the adequacy of assumptions used, such as the expected price growth rates, the discount rate and management's estimates of the timing of activities in calculating the required provisions for the environment as of 31 December 2025.<br><br>Further, to assess the appropriateness of the amount of the provision recognized, we also evaluated the project documentation and the studies of the technical experts as the basis on which management made these provisions.<br><br>For increases in the long-term provisions, we assessed the cost estimates related to the expected future rehabilitation activities required, which are based on and evaluated with the help of external experts.<br><br>We considered the competence and objectivity of management's external experts, who produced the cost estimates.<br><br>For a sample of utilization of long-term provisions, we tested supporting documentation for the utilization, such as invoices received, contracts with contractors, provisional situations, and contractors' recapitulations of the works, and evaluated whether the utilization of long-term provisions was justified.<br><br>We also assessed the appropriateness of the review and approval of activities, the evaluation and the recording of changes in the amount related to environmental provisions by the management.<br><br>We inspected the Company's litigation and compliance reports in the environmental field and obtained independent legal letters matters.<br><br>We assessed the adequacy of disclosures on provisions included in Note 13 - Other Provisions of the financial statements and their compliance with IFRS EU. |

### Other information

Other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation except for sustainability statement, in particular, whether the other information except for sustainability statement complies with law or regulation in terms of formal requirements and procedure for preparing the other information

Shape the future
with confidence

in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information, except for the sustainability statement, on which we issued an assurance report on 14 April 2026, is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

**Responsibilities of management and those in charge with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those in charge with governance are responsible for overseeing the Company's financial reporting process and to approve the annual report.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those in charge with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





Shape the future
with confidence

We also provide those in charge with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those in charge with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

***OTHER REQUIREMENTS ON CONTENT OF AUDITOR'S REPORT IN COMPLIANCE WITH REGULATION (EU) No. 537/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL***

**Appointment and Approval of Auditor**

We were appointed as auditors of the Company at the general meeting of shareholders on 21 May 2025, the president of the supervisory board has signed the audit agreement on 27 August 2025. The agreement was signed for the period of 3 years. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 7 years.

Sanja Košir Nikašinović and Mateja Repušič are certified auditors, responsible for the audit in the name of Ernst & Young d.o.o.

**Consistence with Additional Report to Audit Committee**

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued on the same date as the issue date of this report.

**Non-audit Services**

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report and in the financial statements, no other services which were provided by us to the Company.

***AUDITOR'S REPORT ON THE COMPLIANCE OF FINANCIAL STATEMENTS IN ELECTRONIC FORMAT WITH THE REQUIREMENTS OF DELEGATED REGULATION NO. 2019/815 ON A SINGLE ELECTRONIC REPORTING FORMAT***

We have conducted a reasonable assurance engagement about whether the audited financial statements of the CINKARNA Celje, d.d. for the financial year ended 31 December 2024, are prepared in accordance with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 as well as adjusted Commission Delegated Regulation (EU) 2020/815 of 11 November 2020 supplementing Directive 2004/109 / EC of the European Parliament and of the Council Annex 1 with regard to regulatory technical standards on the specification of a single electronic reporting format applicable for 2024 (hereinafter referred to as the "Delegated Regulation").

**Responsibility of the management and those responsible for governance**

Management is responsible for the preparation and accurate presentation of the audited financial statements in electronic format in accordance with the requirements of the Delegated Regulation, and for such internal control as the management determines is necessary to enable the preparation of the audited financial statements in electronic format that are free from material misstatement, whether due to fraud or error.

Those in charge with governance are responsible for overseeing the preparation of audited financial statements in electronic format in accordance with the requirements of the Delegated Regulation.

**Auditor's Responsibility**

Our responsibility is to perform a reasonable assurance engagement and to express a conclusion on whether the audited financial statements have been prepared in accordance with the requirements of the Delegated Regulation.

EY

**Shape the future with confidence**

We conducted our reasonable assurance engagement in accordance with the revised International Standard on Assurance Engagements 3000 (revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance for reaching the conclusion.

We have acted in accordance with the independence and ethical requirements of the Regulation EU no. 537/2014, and the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (including International Independence Standards) (IESBA Code), which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standards on Quality Management (ISQM) 1, and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements of applicable law and regulation.

**Summary of Work Performed**

Within the scope of work, we have performed primarily the following procedures:

- identified and assessed the risk of material non-compliance of the audited financial statements with the requirements of the Delegated Regulation due to fraud or error;
- obtained an understanding of internal control relevant to the reasonable assurance engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- assessed whether the audited financial statements meet the requirements of the Delegated Regulation applicable at the reporting date;
- obtained reasonable assurance that the audited financial statements and which are included in the annual report of the issuer are accurately presented in electronic XHTML format.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

**Conclusion**

Based on the procedures performed and the evidence obtained, in our opinion the audited financial statements of the CINKARNA Celje, d.d. for the financial year ended 31 December 2025, which are included in the annual report, have been prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

Ljubljana, 14 April 2026

Sanja Košir Nikašinović
Director, Certified auditor
Ernst & Young d.o.o.
Dunajska cesta 111, Ljubljana

ERNST & YOUNG
Revizija, poslovno svetovanje d.o.o., Ljubljana 1

Mateja Repušič
Certified auditor





CINKARNA

**Published by:** Cinkarna Celje, d. d.
**On behalf:** Aleš Skok, predsednik Uprave
**Project manager:** Bernarda Podgoršek Kovač
**Text:** Cinkarna Celje, d. d.
**Design:** OE Marketing - Cinkarna Celje, d. d.
**Photos:** Arhiv Cinkarne Celje

**May 2026**