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NEW PRESENT

Annual Report
of SIJ Group
and SIJ d.d.
2025

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01 OPERATIONAL OVERVIEW

SIJ Group at a Glance

2025 IN NUMBERS

<p>Sales revenue (EUR million)</p> <p>930.0 (2024: 1,055.4)</p>	<p>EBITDA (EUR million)</p> <p>10.4 (2024: 48.2)</p>	<p>CapEx (EUR million)</p> <p>34.6 (2024: 66.1)</p>
<p>Recycled materials (percent)</p> <p>78 (2024: 78)</p>	<p>Steel production (thousand t)</p> <p>433.1 (2024: 456.7)</p>	<p>Exports (percent)</p> <p>87.6 (2024: 86.9)</p>
<p>Employees (average number)</p> <p>3,562 (2024: 3,554)</p>	<p>Sustainability</p> <p>For our progress in managing climate impacts, we received an improved CDP rating of B.</p>	

Market position in 2025

The largest producer of stainless steel quarto plates in the EU.
One of the top four producers of tool steels in the EU.

- Our **vision** is to achieve sustainable growth and efficiency:
- by focusing on the customer,
 - with higher value-added products,
 - with engaged employees.

Our **mission** is to produce a broad selection of steels and steel products, while keeping in mind the needs of all key stakeholders.

Letter of the President of the Management Board

Dear Shareholders, Employees and Business Partners,

In 2025, Europe's steel industry faced the lowest production levels in over a decade, and the conditions faced by the industry have also affected our business results. Since 2023, we have been exposed to declining demand, record pressure from Asian steel imports, and persistently high costs of energy, a situation that was later further exacerbated by the US steel tariffs and other geopolitical challenges. During this extremely challenging period, with the support of key stakeholders, including the banks, we at SIJ Group have somewhat stabilised SIJ Group's financial fundamentals and created the conditions which will allow us to focus on restructuring and seeking out a strategic partner in 2026. Meanwhile, the business environment remains volatile, despite the cautiously optimistic initial signs of stabilisation in some of the steel-consuming industries and the EU's measures to protect the industry.



The year 2025 was one of extreme pressures for SIJ Group, as well as a year which marked the start of significant developments. We operated in a business environment that remained unfavourable for the European steel industry as a whole – with global steel overcapacity and persistent price pressures from Asian competition, intense cost pressure and a weaker competitive position, in particular due to energy prices, US tariffs on steel, and cooling demand in key markets. In this situation, we had a clear responsibility: to protect the core of the Group and to create the conditions to ensure the future of the steel industry, which has a centuries-old tradition in Slovenia.

The 2025 business results reflect the complexity of the business environment. According to our audited consolidated figures, SIJ Group generated EUR 930.0 million in sales revenues, down 11.9% compared to the preceding year, and produced 433.1 thousand tonnes of steel, which is 5.2% less compared to the year 2024. The sales structure remained stable and comparable to the previous period. Our EBITDA was EUR 10.4 million, with an EBITDA margin of 1.1%. SIJ Group generated a loss of EUR 117.7 million. This result was partly due to a one-off impact of EUR 26.7 million, mainly from impairments which constitute a non-cash element of our business. We have kept a high focus

on exports and maintaining leading market positions in key market niches – in particular as the EU’s largest producer of stainless steel quarto plates and Europe’s leading producer of tool steels. We generated 87.6% of our revenue on non-domestic markets, while Germany and Italy remain our key export markets.

A PREDICTABLE AND MORE SUSTAINABLE FINANCIAL PLATFORM

One of our key challenges in 2025 was managing SIJ Group’s financial sustainability. The tightened market conditions and negative results have led to an increase in our net financial debt position, which stood at EUR 341.0 million at the end of 2025, while all sources of financing faced severe pressures. Continuing our own optimisation activities helped us to maintain financial sustainability in 2025, and the Management Board also spent most of the year in intensive discussions with banks and other financial stakeholders. In the challenging business environment of 2025, SIJ Group received support from key stakeholders. The agreements to secure EUR 25 million of additional liquidity and the agreement on senior term and revolving credit facilities in the first quarter of 2026 were the key steps toward improving the Group’s financial standing. These agreements have resulted in a more predictable and sustainable financial platform which, at the time of writing, has allowed us to focus on restructuring and finding a strategic partner further down the line.

CAPEX AND STEEL INNOVATIONS FOR PROSPECTIVE SECTORS

Despite limited liquidity and careful investment management activities, we did not completely halt our development activities in 2025. We implemented urgent and strategic investments in the amount of EUR 34.6 million, of which EUR 1.4 million were in projects directly aimed at reducing environmental impacts. Capital expenditure in Best Available Techniques (BAT) aimed to ensure stable production activities and improving energy efficiency, thus reducing environmental impacts.

We also continued to develop new grades of higher value-added steels and innovate for demanding industrial sectors, including the energy, automotive and aerospace industries. Another important milestone was the continued development of our low carbon steel portfolio under the Green² brand, which consolidates our position as a producer of sustainable materials in a circular economy with clearly traceable origins.

MEETING SUSTAINABILITY OBJECTIVES

Achieving the sustainable development goals continued to be an important aspect of our business operations in 2025, as part of the Group’s financing is linked to instruments with sustainable development characteristics, where performance is linked to achieving targets in the areas of Carbon Footprint Reduction and Occupational Health and Safety.

With the figures for 2025 included, SIJ Group has reduced its carbon footprint by 11.9% compared to the 2020 base-

line year, and exceeded the target by 0.2%. We plan to halve our own emissions by the year 2030. In the area of health and safety at work, which is a top priority in European steelmaking, it is the fifth Group company that has been successfully certified under the ISO 45001 standard in 2025, in keeping with our goals.

Therefore, even in a challenging business environment, we have maintained a clear focus on achieving our sustainability goals, energy efficiency and the prudent use of resources, thus fulfilling commitments that are not only relevant from a compliance perspective, but also represent an important element of the SIJ Group’s financial sustainability. We also successfully passed the ResponsibleSteel audit mid-year, and as such we remain one of the most responsible and sustainable global steel producers.

RESPONSIBLE AND RELIABLE EMPLOYER

As a stable employer, we responded responsibly to the difficult business environment in 2025. Temporary work organisation adjustments were implemented in SIJ Group subsidiaries, which were coordinated in cooperation with social partners and aim to reduce operating costs while preserving jobs.

At the beginning of 2025, the parent company SIJ d.d. restructured its operations, which included preparing a redundancy programme. We reduced our headcount by 27.6%. We have maintained our strategic and control functions and limited the scope for centralised services to subsidiaries.

As a holder of the Family Friendly Enterprise certificate, we also made efforts to foster a good work-life balance to the extent possible within our power, particularly in the first half of the year.

PARTNERING WITH THE LOCAL COMMUNITY

As the largest employer in the Koroška and Gorenjska regions, where two of SIJ Group's largest steel companies are based, we have an inextricable bond with our local communities. While most of the sponsorships and donor projects were on hold 2025, we continued to forge partnerships through long-term sustainability projects, such as use of waste heat produced in steel production processes to provide heating for the city of Ravne na Koroškem, including through our donation to provide heating for local community sporting facilities. By building our 26th steel outdoor gym, entirely developed and produced in-house, we expanded the network of sustainable facilities for quality and active lifestyle leisure activities. Our volunteers donated 198 hours of volunteer work to the community as part of the "Steel Bonds Between Us" Local Community Partnership Day, and as much as 1,870 hours over the past six years. In this way, we have been continuously contributing to improving the quality of life in the local communities where our colleagues and their families live and work.

FOUNDATIONS FOR A BETTER FUTURE OF SIJ GROUP

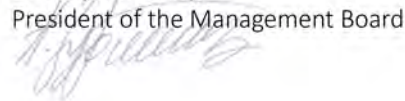
Not only was 2025 a year marked by constant efforts to achieve balance, but it was also a year in which we begun to lay new foundations for the future of SIJ Group. In December, we bolstered the Management Board with the

addition of a new member responsible for restructuring, giving a clear signal that we are entering a new phase. Near the end of the year, we started laying the groundwork for a comprehensive operational restructuring, which we will begin implementing in 2026. At the same time, we also opened up to searching for a strategic partner that could contribute to SIJ Group's long-term financial stability, technological development and further positioning on international markets.

I would like to sincerely thank all our employees, who have maintained their professionalism, commitment and responsibility, even in a year of uncertainty and difficult decisions. I would also like to thank the social partners and the local community for engaging in constructive dialogue, the banks for their support and our business partners for their confidence and cooperation.

We enter 2026 knowing the scale of our challenges, and believe that by the end of 2025 we laid the foundations for a turnaround. We have a clear task ahead of us: to restructure in order to strengthen our financial resilience, improve our competitiveness and prepare SIJ Group to enter a new stage of development – building a more resilient and sustainable organisation for the long-term.

Andrey Zubitskiy,
President of the Management Board





Report of the President of the Supervisory Board

Dear shareholders and stakeholders,

While SIJ Group has faced challenges in previous years, 2025 has been particularly challenging. By reviewing the topics presented in this Annual Report, our stakeholders can comprehensively assess and critically evaluate the results of SIJ d.d. and SIJ Group operations, as well as the circumstances surrounding them.

The conditions in the European steel industry have become significantly more severe in 2025 due to increased competition from Asian steel imports, unfavourable geopolitical and commercial circumstances (US tariffs in particular) and high energy prices. While this created significant challenges for SIJ Group in terms of business and liquidity conditions, it should be noted that these macroeconomic trends were mirrored across Europe. SIJ Group was thus not alone in facing a decline in European steel orders and price pressures.

In the Supervisory Board's assessment, the difficult business situation in 2025 was mainly the result of external factors, and to a lesser extent the result of the management,

supervision or governance of SIJ Group. Nevertheless, the Group does not turn a blind eye to the criticisms levelled against it in the field of corporate governance. It is expected that this area will trigger changes in the structure of the SIJ Group in the future, which will be more a consequence of globalised capital interests than of changes in the values of the traditional European steel industry, which is working to maintain standards of good practice and industrial tradition. The world is facing a time of civilisational shifts. Only in the years to come, or even decades later, will it be possible to answer the question of whether the measures to stabilise SIJ Group in 2025 and the European Economic Area's efforts to protect the metallurgical industry and preserve the centuries-old technological know-how were justified and timely, if the European steel industry manages to survive.

In 2025, investors, banks and other related stakeholders have shown their understanding of the situation of Slovenia's largest steel group and the importance of its staying in operation. The Supervisory Board therefore expresses its appreciation for the support shown by the banks in providing an additional EUR 25 million in August 2025 and for their cooperation throughout the year. At the same time, other stakeholders of SIJ Group, including shareholders, confirmed their willingness to participate in the creation of long-term financial stability, which included the participation of SIJ8 bondholders. The activities initiated will carry over into the financial year 2026, and the Supervisory Board will continue to keep a close eye on the success of the implemented structural changes.

Nevertheless, SIJ Group has demonstrated its commitment to its principle of maintaining a mind of steel by rigorously monitoring and managing its financial and operational risks.

In the current situation, this principle acts as a bright guiding beacon, symbolising SIJ Group's determination to persevere and maintain sustainable operations and by so doing preserve the Slovenian steelmaking tradition and jobs for increasingly valuable human resources.

The Supervisory Board would like to thank the employees and trade unions for their understanding and cooperation, as they have maintained a high level of commitment to maintaining SIJ Group and its reputation as an employer even in the face of rationalisation measures.

In 2025, even faced with the circumstances described above, the Management Board of SIJ d.d. and the management of SIJ Group have not wavered in their commitment to the global and EU climate goals and its focus on sustainability. This is also why the two bodies continue to enjoy the confidence of the Supervisory Board.

STRUCTURE OF AND NOMINATION TO THE SUPERVISORY BOARD AND ITS COMMITTEES IN THE YEAR 2025

There were some changes in the membership of the Supervisory Board of SIJ d.d. in 2025 (GOV-1 22.a). Following her letter of resignation, Helena Ploj Lajovic's term of office ended on 1 January 2025. The terms of members Matej Bastič and Maria Joye, appointed on 29 July 2021, expired in July 2025. The General Assembly therefore voted to appoint the members of the Supervisory Board up to the full complement of seven members. On 27 August 2025, Matej Tomlje and Maria Joye were reappointed for a four-year term. The General Assembly did not vote on the seventh member in 2025.

With consideration of the above, the Supervisory Board had the following members in 2025:

- **Evgeny Zverev**, President,
- **Miha Resman**, Vice-President,
- **Matej Tomlje**, Member (from 27 August 2025),
- **Maria Joye**, Member (until 29 July 2025 and from 27 August 2025),
- **Matej Bastič**, Member (until 29 July 2025),
- **Dmitry Davydov**, Member, and
- **Richard Pochon**, Member.

The Audit Committee also operates as part of the Supervisory Board. From July 2023, its complement includes Miha Resman as its president, and mag. Alan Maher and Richard Pochon as members. There were no changes to the Audit Committee in 2025.

COOPERATION WITH THE COMPANY'S MANAGEMENT BOARD

The Management Board's cooperation with the members of the Supervisory Board and the Audit Committee in 2025 was good and, due to the tightening business environment, more intensive than in 2024. Shareholders brought this issue to the attention of the management and supervisory bodies at the Ordinary Annual General Assembly in August 2025, arguing that not enough attention had been given to corporate governance in the previous year.

Due to the careful monitoring of all significant business events and the related financial and non-financial risks, the members of the Supervisory Board and the Audit Committee met at seventeen meetings in 2025. Depending on

the responsibilities of each body, some meetings were also organised as joint sessions. This made it possible for us to work together with the management of SIJ Group to address the risks related to financial reporting, monitoring of the financial position and the overall operating, financial and liquidity position of SIJ Group in a comprehensive and multidisciplinary manner. The Supervisory Board had ten meetings with the management of SIJ Group, while members of the Audit Committee held twelve regular meetings, among them five meetings were organised as joint meeting of both bodies.

The meetings of the Supervisory Board and the Audit Committee were held very regularly. Since the end of 2024, the topics of discussion have revolved around liquidity challenges and business sustainability issues, which emerged at the end of 2024 in the context of significantly tightened steel market conditions.

In the assessment of the Supervisory Board, the Management Board provided the Supervisory Board with all the key facts and risk factors in a timely manner and without delay, thereby enabling it to carry out its tasks in 2025. Both the Supervisory Board and the Audit Committee have been actively and constructively involved in finding solutions during this period.

For most of 2025, the Management Board of SIJ d.d. consisted of one member. As the sole independent member of the Management Board, Andrey Zubitskiy strategically pursued the key objectives of SIJ d.d. and SIJ Group. Vice-Presidents Tibor Šimonka, Viacheslav Korchagin and Igor Malevanov were responsible for implementation of corporate decisions directly in the operations of the parent company and

its subsidiaries, and oversaw the management of business processes, as decided by the Management Board and its top management at meetings and strategic collegium sessions. At its meeting on 28 November 2025, the Supervisory Board decided to reform the Management Board as a collegiate body due to the tightening of the business environment. As at 1 December 2025, the Management Board has four members, as Viacheslav Korchagin, Igor Malevanov and Kristijan Bauer have been appointed as the additional members of the Management Board of SIJ d.d., with Andrey Zubitskiy staying on as its president.

The materials for the Supervisory Board meetings in 2025 were prepared in a clear and transparent manner. Modern communication technology enabled effective collaboration among members of the Supervisory Board, with the possibility for members to attend remotely from different parts of Europe or elsewhere in the world. This was particularly important given the intensely dynamic business developments in 2025. With the Audit Committee taking an active role, the Supervisory Board actively contributed to the constructive discussion of various topics at its sessions throughout the course of the year.

Members of the Supervisory Board have different skills and competences, with backgrounds in finance, tax, legal, controlling, logistics, IT, and other areas of expertise. This interdisciplinarity allows for comprehensive discussions to take place on business issues, and also provides for more effective monitoring of how different risks are managed.

The two largest shareholders ensure that candidates with the educational profiles needed for managing companies are nominated for membership of the Supervisory Board,

where technical competencies in production are not mandatory, as these competencies are provided by the production companies. Candidates also undergo a preliminary interview before a committee. In 2025, three candidates underwent the selection process due to new appointments. In 2025, the company also upgraded its formal expectation standards with regard to defining independence, and developed its own statement of independence. Before a candidate takes office, an integrity check is performed to ensure there are no circumstances surrounding the candidate that could pose a reputational risk or give rise to a conflict of interest, in particular with regard to the structure of the Group's business and industry.

In 2025, the amended legislation on the gender structure in management and supervisory bodies also gained relevance, which will require more attention in terms of the structure of representatives of SIJ Group and in the implementation of quotas going forward.

KEY ACTIVITIES

In 2025, similar to the previous year, supervision of the operations of SIJ Group companies was even more strongly affected by unstable business circumstances and further tightening of the situation. At the beginning of 2025, the previously announced rationalisation of SIJ Group was implemented in the parent company. The business model was adapted so as to limit the scope of the parent company's operations to central management via key strategic and control functions.

Due to constant pressure on the key performance indicators, the Business Plan for 2025, which was discussed by the Supervisory Board in December 2024, was also checked



against the actual results a number of times over the course of the year, in cooperation with the Management Board and Supervisory Board. The Supervisory Board and/or the Audit Committee discussed the reports submitted by management on an almost monthly basis, and these reports also served as a basis for coordination and negotiations regarding the financing of SIJ Group. All of this was closely linked to liquidity issues and other significant business risks and opportunities.

At the meeting held on 30 May 2025, the Supervisory Board discussed and adopted the Annual Report of SIJ d.d. and SIJ Group for 2024. Beforehand, the Supervisory Board also reviewed the Audit Committee's regular annual report,

which the Audit Committee presents each year as part of its self-assessment process, with recommendations for the Supervisory Board. The Supervisory Board agreed with the Management Board's proposal to keep the entire balance sheet available profit for 2024 in the amount of EUR 64,933,154.10 in the company, and this was also approved by the shareholders at the 47th Regular General Assembly on 27 August 2025. At the General Assembly on 9 July 2025, the shareholders already approved the Supervisory Board's proposal from the April meeting recommending the appointment of Forvis Mazars d.o.o. from Ljubljana as the auditor of SIJ Group for the next three-year period.

In the process of adopting the annual report for the financial year 2024, the Supervisory Board also took note of the audited report on relations with related parties. In accordance with Article 282 of the Companies Act, the Supervisory Board adopted the Supervisory Board report to the General Assembly, which included an evaluation of its performance and a presentation of the Supervisory Board's work in 2025.

FRAMEWORK FOR OPERATIONS IN 2026

SIJ Group successfully overcame the difficult year of 2025, and the circumstances described in the introduction will require an even stronger focus on measures to promote long-term financial and operational sustainability in 2026. These include the economic, environmental and social aspects of the business, combined with a commitment to protecting jobs and the steel industry in the region. These aspects are presented in the annual report in accordance with ESRS standards. The members of the Supervisory Body of Slovenia's largest Slovenian steel group will continue to

pursue the principles of integrity and professionalism, and will maintain a responsible approach to managing risks of all types.

ACTIVITIES OF THE SUPERVISORY BOARD'S AUDIT COMMITTEE

In 2025, the Audit Committee was primarily focused on monitoring the activities involved in the compulsory audit of the 2024 annual accounts of SIJ d.d. and SIJ Group, and on preparing reports for the Supervisory Board. The Committee also carried out a self-assessment of its work. To monitor the effectiveness and efficiency of the risk management systems and other competences, the Supervisory Board also included these in the ongoing tracking of factors linked to the financial information and information on sustainability which SIJ Group regularly provides to stakeholders for the purposes of making financing arrangements.

The audit of the Annual Report must be carried out in accordance with the CSRD (Corporate Sustainability Reporting Directive) and must cover both the financial and sustainability parts of the report. Forvis Mazars d.o.o. is conducting the audit of both sections of the Annual Report for the year 2025, as there is some overlap of the issues and evidence in some areas.

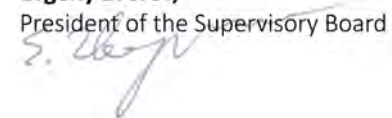
ANNUAL REPORT AND ADOPTION

The Supervisory Board is of the view that despite the tightened circumstances, the Management Board of SIJ d.d. and SIJ Group have maintained a responsible approach towards all stakeholders in 2025 and managed business challenges

appropriately. Timely and transparent communication of potential operational issues or declining orders will remain crucial points of focus in 2026 and in the monitoring of SIJ Group's performance. In its introduction to the Annual Report for the year 2024, the Supervisory Board had correctly anticipated that – like other European steelmakers – SIJ Group will require the support, cooperation and joint action of the European Union on its path towards a circular economy in the global market and, as was demonstrated in 2025, to ensure the very survival of the steel industry. The Supervisory Board will continue supporting the development and production of steel by taking a conscientious and responsible approach to the challenges that lay ahead – with the optimistic expectation that the European area will show mutual support and cohesively make efforts towards sustainability.

Ljubljana, 8 May 2026

Evgeny Zverev,
President of the Supervisory Board



Notable Events in the Financial Year 2025

FEBRUARY

Agreement with the banks in order to stabilise financing

The largest companies of SIJ Group signed an agreement with major lending banks, which provides a stable basis for structuring, negotiating and implementing comprehensive refinancing and optimising the long-term capital structure. The agreement defines the terms under which additional funds have been provided to support SIJ Group's working capital needs, which have increased due to increasing sales during the first quarter of 2025. The envisaged long-term capital structure would provide SIJ Group with the financial stability and liquidity needed to effectively address current and future geopolitical and macroeconomic uncertainties.

JULY

Successful passing of the ResponsibleSteel standard audit

At the beginning of July, SIJ Group successfully passed the ResponsibleSteel standard audit. The Sustainable Steel Production Certificate, which addresses the key topics of sustainable development – the Environment, Social Responsibility and Corporate Governance – was first awarded to SIJ Group in April 2024.

Appointment of a new certified audit firm

At the 46th General Assembly meeting which took place on 9 July, shareholders appointed Forvis Mazars d.o.o. as the new certified audit firm of SIJ Group for the reporting periods 2025, 2026 and 2027.

AUGUST

New members of the Supervisory Board appointed

At the regular General Assembly meeting, held on 27 August, new members of the Supervisory Board were appointed for a four-year term. Maria Joye was reappointed, and Matej Tomlje was newly appointed as a member of the Supervisory Board.

Agreement on additional financing

At the end of August, the two largest production companies of SIJ Group – SIJ Acroni and SIJ Metal Ravne – reached an agreement with the banks NLB d.d., UniCredit Banka Slovenija d.d., OTP banka d.d. and SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana, on the provision of extra liquidity in the amount of EUR 25 million. The financing was granted for the purpose of supporting SIJ Group's operations under the challenging circumstances of the first half of 2025 and to maintain comprehensive long-term refinancing solutions. The provision of extra liquidity is confirmation of the banks' confidence in SIJ Group's business

model and in the realistic prospects for stabilisation of the business and its long-term success, which was also confirmed by independent consultants.

OCTOBER

New brand of sustainably sourced steel

Launched in October, the Green² brand combines steels produced from recycled steel scrap in an electric arc furnace according to the principles of the circular economy. We make them using electricity from renewable sources, for which customers are given appropriate certificates. Depending on the type of steel, this results in an additional 20–35% reduction of CO₂ emissions (compared to steels produced without the use of renewable energy sources). The entire production process – from smelting and rolling or forging to finishing – takes place at one site, which avoids unnecessary emissions from transporting semi-finished products between different countries or even continents.

NOVEMBER

Members of the enlarged Management Board appointed

At its meeting on 28 November, the Supervisory Board discussed the enlargement of the Management Board to four members as of 1 December 2025. The Management Board continues to be chaired by its President Andrey Zubitskiy. The following additional members were appointed to the Management Board of SIJ d.d.: Vice-President and Chief Executive Officer Viacheslav Korchagin; Vice-President and Chief Financial Officer Igor Malevanov; and Chief Restructuring Officer Kristijan Bauer, who newly joined SIJ Group. Tibor Šimonka stays on as the Senior Vice-President.

DECEMBER

Engagement of Advisors for the Search for a Strategic Partner

At the end of December, the SIJ Group engaged the renowned international advisory firm Houlihan Lokey as an external strategic advisor to assess opportunities for establishing a strategic partnership.

Notable Events after the End of the Reporting Period

JANUARY

Improved environmental transparency rating

Within the assessment conducted by the Carbon Disclosure Project (CDP), the SIJ Group advanced to a higher level of environmental management maturity compared to the previous evaluation and increased its alignment with CDP expectations. The Group achieved a B score, indicating active management of environmental risks and opportunities.

Appointment of Supervisory Board members

At the 48th General Meeting held on 18 February, shareholders appointed members of the Supervisory Board for a four-year term. Due to the expiry of their mandates, Evgeny Zverev and Dmitry Davydov were reappointed, while Sarwat Galal was appointed as a new member of the Supervisory Board.

FEBRUARY

Exchange of SIJ8 notes for new SIJ9 notes

On 3 February, the SIJ Group announced that holders of notes with the symbol SIJ8 had accepted the offer to exchange them for new SIJ9 notes. The resolutions were approved by bondholders representing 96.59 per cent of the total nominal amount of all existing notes. The exchange offer was accepted by 96.84 per cent of the total nominal amount of the existing notes. Through this transaction, the SIJ Group extended the maturity of SIJ8 notes with a total nominal value of EUR 41.1 million, originally due to mature on 2 November 2026, to 15 December 2028, thereby fulfilling one of the conditions required to conclude the senior term and revolving facilities agreement. The extension became effective upon the conclusion of the before mentioned agreement.

Signing of the senior term and revolving facilities agreement of the SIJ Group

On 27 February, SIJ d. d., together with its subsidiaries and affiliated companies, signed the senior term and revolving facilities agreement with nine key existing creditor banks. The refinancing was coordinated by Nova Ljubljanska banka and covers approximately EUR 330 million of committed gross exposure. The agreement encompasses the majority of the Group's existing bank debt and provides a more stable financial structure, including financial terms that reflect the challenges currently facing the European steel industry, a harmonised and extended maturity date to 15 December 2028, an improved amortisation schedule, and more flexible interest rate terms. This represents an important step in strengthening the SIJ Group's capital structure and enables management to focus on the implementation of business restructuring measures and the search for a strategic partner.

MARCH

Activation of the Senior Term and Revolving Facilities Agreement

On 17 March, SIJ – Slovenska industrija jekla, d.d. announced that it, together with its subsidiaries and affiliates and certain key existing bank lenders, has successfully closed the Senior Term and Revolving Facilities Agreement following the satisfaction of all conditions precedent.

Impact of Geopolitical Developments in the Middle East

The heightened geopolitical tensions in the Middle East during the reporting period increased uncertainty in this market, where the Group generates approximately 5% of its revenues. Developments in the region were reflected mainly in more cautious ordering among customers and increased volatility in the global logistics and energy environment. The Group is closely monitoring the situation and responding through established risk-management mechanisms, while remaining focused on ensuring uninterrupted operations and reliable delivery performance.



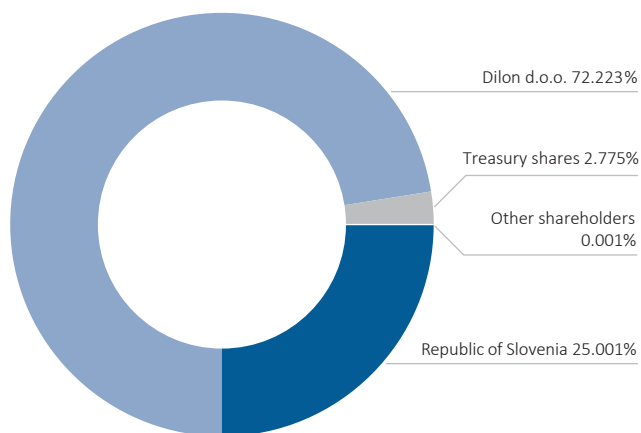
ORGANISATION OF SIJ d.d. AND SIJ GROUP

About SIJ d.d.

Basic information about SIJ d.d.

Company name	SIJ – Slovenska industrija jekla, d.d.
Abbreviated company name	SIJ d.d.
Registered address	Gerbičeva ulica 98, 1000 Ljubljana, Slovenia
Entry no.	SRG 1/03550/00
Date of registration	6 February 1990
Registered share capital	EUR 145,266,065.75
No. of shares	994,616 ordinary no par value shares
Ownership (qualifying and other holdings)	72.224% – DILON d.o.o., Gerbičeva ulica 98, Ljubljana 25.001% – Republic of Slovenia, Gregorčičeva ulica 20, Ljubljana 2.775% – treasury shares 0.001% – other shareholders
Registration number	5046432000
Tax number	SI 51018535
Core business	70.100 Activities of head offices

Ownership structure as at 31 December 2025



The company's share capital is divided into 994,616 ordinary no par value shares of a single class, which are issued in non-materialised form with the SIJR ticker symbol and are not traded on the regulated market. With the exception of treasury shares, which the Management Board is authorised to purchase up to a total of 27,610 SIJR shares, the holders of the shares have unrestricted voting rights. The company is not aware of any agreements between shareholders which could result in restrictions on the transfer of shares or voting rights.

Besides voting rights, shareholders are also entitled to a share of the profits (dividends), the right to participation in the management of the company and the right to a pro rata share of the assets remaining after the winding-up or bankruptcy of the company. All company shares are freely transferrable. The company has not issued any securities with special control rights, and does not have any stock option schemes for employees nor does it have any contractual arrangements in place in case of acquisitions.

SIJ d.d. is a controlling company, with no registered branches, and is the founder and either the direct or indirect owner of SIJ Group subsidiaries. Its main Slovenian companies operate on a contractual concern basis. The Management Board of SIJ d.d. and its broader executive management team, which are involved in the Strategic and an Operational Collegium, thus constitute the management of the entire SIJ Group, which strategically manages, guides and supervises the operations of all Group companies, both in Slovenia and abroad.

SIJ d.d. directly acts as the asset manager of its investments in SIJ Group companies, pursuant to the Management Agreement, which also regulates the terms of providing centralised services for SIJ Group companies and the decision-making process through the parent company's majority holdings, allowing the company to effectively manage the affairs of SIJ Group. These services enable key business functions to be performed and allow for strategic decisions to be taken at the SIJ Group company level, as well as at the level of SIJ Group as a whole, in accordance with its long-term strategy. The company also has a Governance Systems Policy in place, which it applies in order to further its values of business excellence and realise its strategic goals.

Operating Results of SIJ d.d.

SIJ d.d. is the owner of SIJ Group companies. SIJ d.d. provides SIJ Group companies with strategic development, technological research & development, strategic procurement, marketing and sales, human resources, as well as legal services, financing services, financial assets acquisition and management, planning and business analytics services and corporate communications services, in a centralised manner. These service fees and the dividends paid out to SIJ d.d. as the owner of the subsidiaries represent the holding company's primary source of revenue.

SIJ d.d. received no dividend payouts in 2025, and due to lower revenues from services, its sales were down 16.3% compared to the previous year, and stood at EUR 16.4 million.

SIJ d.d.'s net financial result is lower compared to the previous year, due to higher costs attributable to the financial restructuring of the loans extended to the company and the Group as a whole. Costs of labour were down 22.6% due to the lower headcount.

SIJ d.d.'s net result for 2025 is EUR -59.8 million, lower than in 2024, mainly due to impairments of investments in subsidiaries and their weaker performance as a result of the tightening of the business conditions for the European steel industry as a whole, including SIJ Group and SIJ d.d.

Key operating figures

	Unit	2024	2025
Net sales revenue	EUR thousand	19,589	16,401
Other operating revenues	EUR thousand	242	1,991
EBIT	EUR thousand	-39,464	-60,638
EBITDA	EUR thousand	912	3,647
Financial result	EUR thousand	3,538	1,258
Profit or loss before taxes	EUR thousand	-35,926	-59,380
Net profit or loss	EUR thousand	-36,154	-59,827
CapEx	EUR thousand	633	14
Labour costs	EUR thousand	12,735	9,853
Average number of employees		130.1	92.5
Return on assets (ROA)	%	-9.6	-17.9
Return on equity (ROE)	%	-14.5	-29.7
Equity financing rate		0.7	0.5
Long-term liabilities-to-assets ratio		0.9	0.9
Long-term debt-to-assets ratio		0.1	0.1
Net profit or loss per employee	EUR thousand	-278	-647

	Unit	31.12.2024	31.12.2025
Total assets	EUR thousand	354,782	313,011
Non-current assets	EUR thousand	303,923	239,797
Equity	EUR thousand	231,027	171,824
Non-current liabilities and current liabilities	EUR thousand	123,755	141,187
Non-current financial liabilities	EUR thousand	44,133	44,731
Short-term financial liabilities	EUR thousand	62,336	89,202
Cash and cash equivalents	EUR thousand	62	3,632
Net financial debt	EUR thousand	106,407	130,302

Profit reserves were set aside in accordance with the Companies Act (ZGD). The company did not pay out dividends in 2025.

NOTES TO THE PERFORMANCE INDICATORS

The company SIJ d.d. also reports its performance results according to the performance indicators defined by the European Securities and Markets Authority (ESMA).

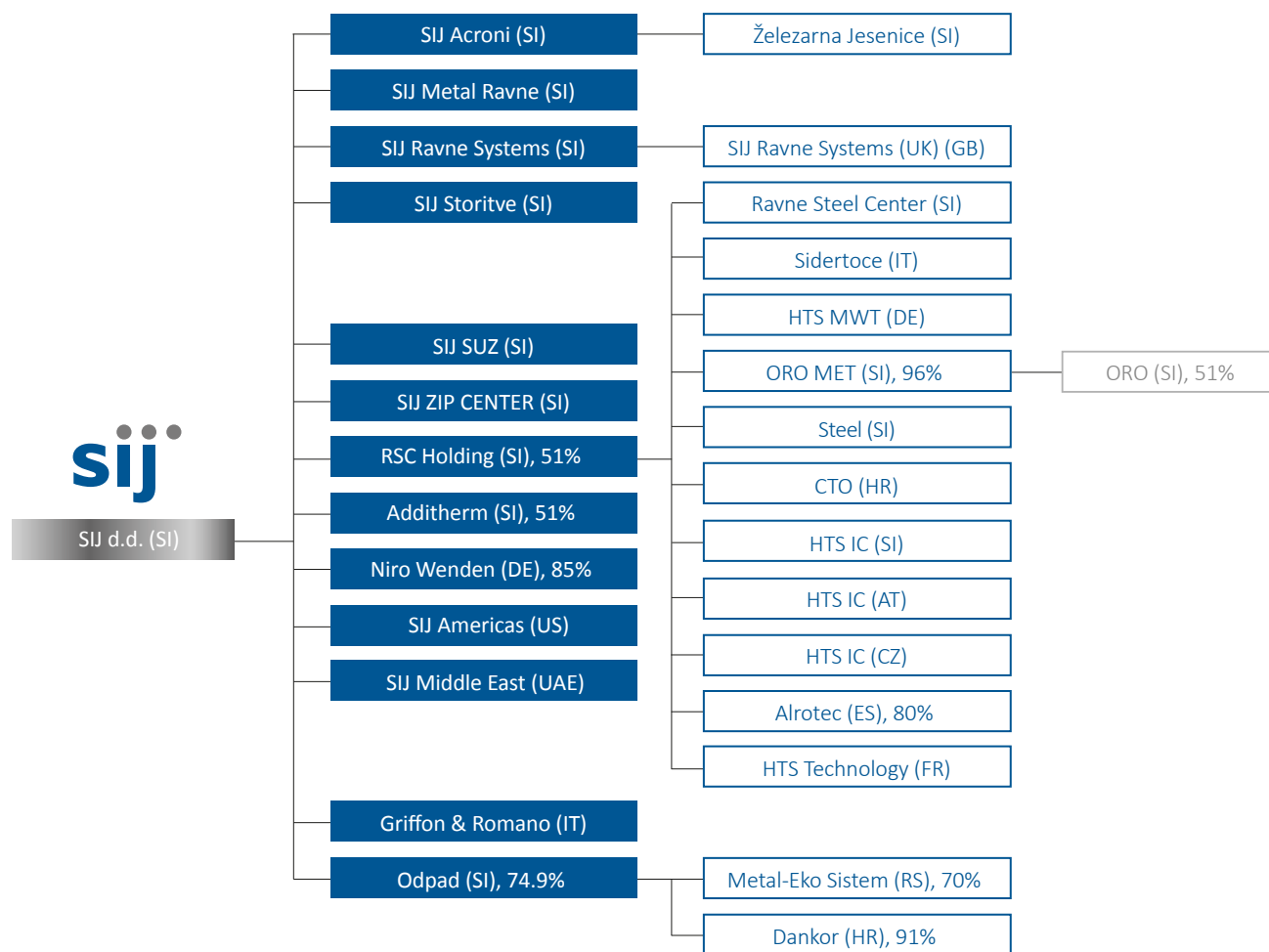
Notes to the performance indicators

Indicator	Explanation of the calculation	Use
Return on assets (ROA)	Net profit or loss / Average assets	This indicator shows the efficiency with which the company's assets are used, i.e. how efficiently the company's assets are used to generate a net profit.
	Average assets are calculated as an average of the current and previous periods.	It also shows the company's effectiveness in generating returns on invested assets. The higher the indicator, the higher the returns on a smaller investment.
Return on equity (ROE)	Net profit or loss / Average equity	The indicator shows the profitability of equity, or the company's effectiveness in generating net profits per unit of equity.
	Average equity is calculated as an average of the current and previous periods.	The higher the ratio, the more efficient the company is in generating a net profit.
Equity financing rate	Equity / Liabilities	A higher value indicates that the company uses more equity financing to fund its assets, which increases the confidence of stakeholders, mainly creditors. A higher equity financing rate translates to lower financing costs, and as a result it increases the effective taxation rate. It is important to keep the equity financing rate at a level which supports long-term, sustainable financing and long-term solvency.
Long-term liabilities-to-assets ratio	(Equity + Non-current financial liabilities) / Non-current assets	This ratio shows the quality of financing assets. The higher the indicator, the greater the share of current assets that is financed through non-current sources, which increases security for creditors and decreases the company's liquidity risk.
Long-term debt-to-assets ratio	Long-term financial liabilities / Assets	This indicator shows what percentage of assets the company could use to repay long-term debt in the event of the disposal of assets. The lower the indicator, the higher the security of creditors.

SIJ Group Companies

SIJ Group's vertical business model spans a network of 30 companies. The founder, or the direct or indirect owner of the subsidiaries of SIJ Group, is the controlling company SIJ d.d.

Organisational Structure

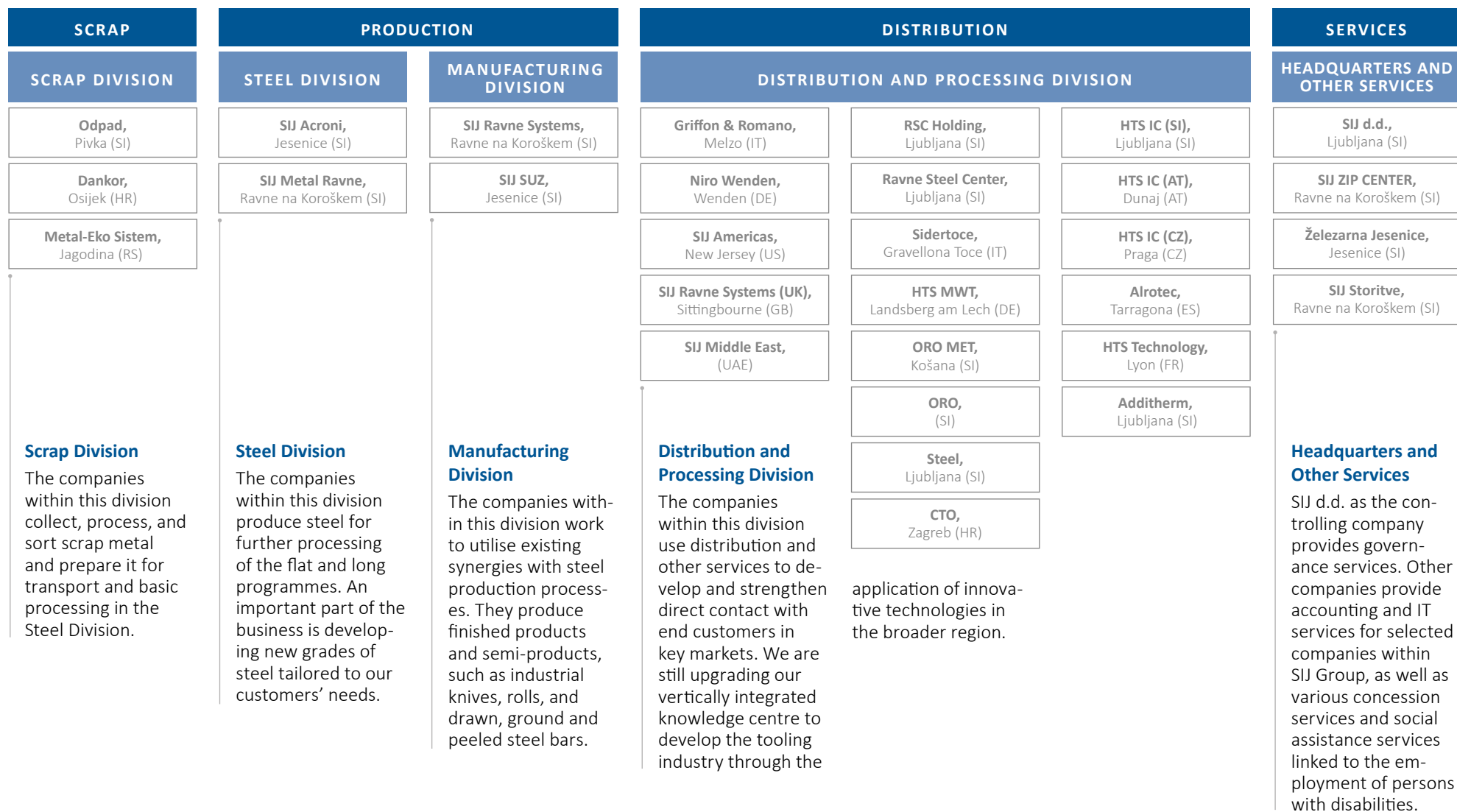


Companies where no percentage of ownership is indicated are under 100% ownership of either SIJ d.d. or its subsidiaries.

The winding-up of **OOO SSG (RU)** began in the first half of 2024, and is still ongoing.

HTS IC (AT) is undergoing winding-up proceedings.

Programme Scheme: vertically integrated business model



Corporate Governance Statement

CORPORATE GOVERNANCE AND SUPERVISION OF SIJ d.d. ESRS 2 GOV-1

Companies subject to statutory audits include a corporate governance statement as a separate section of their annual report. This statement is presented in more detail later on in this chapter.

MANAGEMENT OF THE COMPANY

SIJ d.d. has a two-tier corporate governance system. In accordance with the law, the Articles of Association and internal company regulations, the company's governance is divided between the General Assembly, the Supervisory Board, and the Management Board. The Management Board and Supervisory Board are autonomous and independent bodies. The executive governance function is vested in the Management Board, while the non-executive supervisory function is vested in the Supervisory Board.

GENERAL ASSEMBLY

SIJ d.d.'s shareholders exercise their rights through the General Assembly. In accordance with the provisions of the

Companies Act, the convening and activities of the General Assembly are regulated in the company's Articles of Association. Due to the existing ownership structure divided among three shareholders, SIJ d.d. usually convenes General Assembly meetings in the form of a universal convention event, and sends the shareholders direct invitations to attend. More information is available at SEOnet and the company website.

Two General Assembly meetings were held in 2025.

At the **46th General Assembly** meeting, held on 9 July 2025, shareholders appointed Forvis Mazars d.o.o. as SIJ Group's certified audit firm for the reporting periods 2025, 2026 and 2027.

At the **47th General Assembly**, held on 27 August 2025, Matej Tomlje and Maria Joye were appointed as members of the Supervisory Board in accordance with the established nomination procedure between the two largest shareholders. They were appointed for a four-year term. At the meeting, the shareholders granted a discharge to the Management Board and Supervisory Board, and approved the proposal that the balance-sheet profit of EUR 64,933,154.10 remain unallocated. It also adopted the audited Remuneration Report for the year 2024.

SUPERVISORY BOARD AND AUDIT COMMITTEE

In accordance with the company's Articles of Association, SIJ d.d.'s Supervisory Board is comprised of seven members, whereas the Audit Committee is comprised of three. Members of the Supervisory Board are appointed by the General Assembly, whereas members of the Audit Com-

mittee, which is a committee supporting the work of the Supervisory Board, are appointed by members of the Supervisory Board, in turn.

In line with the shareholders' agreement executed between the largest shareholders of SIJ Group, the Supervisory Board has five members representing the majority shareholder Dilon d.o.o., and two members representing the Republic of Slovenia. No calls for participation in the management of SIJ d.d. in accordance with applicable regulations have so far been made by employees. The representation of independent Board members was 57%.

Diversity criteria are presented in detail in the chapter [Observance of the diversity policy in the corporate bodies of SIJ d.d. and SIJ Group](#). SIJ d.d. considers diversity an important element in creating synergies within the management and supervisory bodies, while at the same time following established democratic principles, protecting human rights and the personal integrity of each individual representing a particular function within the company.

Regardless of the known distribution of members of the Supervisory Board based on equity participation of the company's shareholders, Supervisory Board members must perform their function independently and free of personal bias. Together with the Management Board, they share responsibility for the performance of their duties and are subject to personal liability.

INDEPENDENCE OF MEMBERS AND PREVENTION OF CONFLICTS OF INTEREST

Due to our specific structure, SIJ d.d. does not collect annual statements of independence. Supervisory Board members present such statements at the time of their appointment, and they present their independence and lack of any conflict of interest at the candidate interview stage. At the time of registration of the respective member's appointment in the court register, each member submits a certified personal statement confirming no circumstances exist which would preclude their appointment to the respective function, as well as a statement of independence.

In 2025, three candidates underwent the nomination process; all members appointed at the General Assembly have signed a statement of independence.

POWERS OF THE MANAGEMENT BODIES

Members of the Supervisory Board and of the Audit Committee exercise their powers in accordance with the provisions of the Companies Act, the Financial Operations Act, the company's Articles of Association, the Rules of Procedure and other applicable regulations. A more detailed presentation of the work of the Supervisory Board and the Audit Committee in 2025 is presented in the chapter [Report of the President of the Supervisory Board](#).

Members of the Supervisory Board and the Audit Committee of SIJ d.d. in 2025

Name and surname	Function	Current mandate	Professional background	References/Membership of supervisory bodies of other companies (competences)
Evgeny Zverev	President of the Supervisory Board	21.02.2022 – 21.02.2026	Law, Mergers & Acquisitions	Management functions within SIJ Group, with experience and expertise in international mergers and acquisitions processes; competence to develop and upgrade the Group's corporate governance system.
Miha Resman	Vice-President of the Supervisory Board and President of the Audit Committee	30.05.2023 – 30.05.2027	Economics, Finance, Insurance & Banking	Management functions in the financial sector, particularly in insurance and banking, with expertise in large-scale financial transactions; competence for effective monitoring of financial risks and internal controls. As the member representing the equity of the controlling shareholder, he is actively involved in coordinating views on financing the Group.
Matej Bastič	Member of the Supervisory Board	29.07.2021 – 29.07.2025	Economics, IT	Experience in executive and supervisory roles in a variety of companies; competences for closely and comprehensively overseeing business processes and monitoring their impact on sustainability.
Matej Tomlje	Member of the Supervisory Board	27.08.2025 – 27.08.2029	Economics, Finance, Production	Management and supervisory experience in an international manufacturing company, with good knowledge of production processes and their financial and environmental impacts, including in the rubber industry; competence in assessing the efficiency of production processes, the link between operational decisions and financial performance and the impacts on the environment and sustainability.
Maria (Mascha) Joye	Member of the Supervisory Board	27.08.2025 – 27.08.2029	Economics, Finance, Controlling	Management and supervisory roles in finance and controlling in various companies and experience in an international business environment; competences in monitoring financial indicators, overseeing risk management and contributing to the skills and gender diversity of the supervisory body.
Dmitry Davydov	Member of the Supervisory Board	21.02.2022 – 21.02.2026	Book-keeping, Logistics	Management roles in foreign companies and in-depth experience with logistics chains; competences for understanding and improving logistics processes in production and sales.
Richard Pochon	Member of the Supervisory Board and member of the Audit Committee	30.05.2023 – 30.05.2027	Economics, Finance and Taxes	Management functions in international finance and tax, director and partner at Léman Cabinet Fiscal SA, Pully, Switzerland; competences in tax and financial reporting.
Alan Maher	Member of the Audit Committee (independent expert)	18.07.202 – until recalled	Economics, Taxes	Experience with the management and involvement in major international corporate restructuring projects and working as a bankruptcy trustee; competence in in-depth risk monitoring and effective oversight of tax and financial reporting.

REMUNERATION OF MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES

SIJ Group is an international steel group. Its complexity and market position have an impact on the remuneration system for members of the management and supervisory bodies. Through appropriate remuneration we ensure that members of the Management Board and Supervisory Board have the necessary professional qualifications and competences, as well as a high level of professional and personal integrity and an enthusiasm for responsible and active involvement.

In 2023, the Management Board and Supervisory Board prepared the Remuneration Policy for Members of the Management and Supervisory Bodies of SIJ – Slovenska industrija jekla, d.d., which was approved by the shareholders at the 44th General Assembly on 30 May 2023. The Remuneration Policy is published on the company's website.

In line with regulatory requirements, the company draws up a Remuneration Report each year, which is subject to an audit review. On 27 August 2025, the shareholders approved the audited Remuneration Report for the year 2024 at the 47th General Assembly. The shareholders discuss, consult and inform each other about the contents of the report, and holding a General Assembly ensures that all shareholders are equally informed about the remuneration of members of the management and supervisory bodies. The consultation on the remuneration includes a discussion about the tasks, expertise and responsibilities of the members of management and supervisory bodies.

The Supervisory Board is responsible for setting the remuneration levels for the Management Board, whereas

members of the Supervisory Board are compensated for their work through attendance fees, in addition to a fixed monthly remuneration for their respective function, as set out in the resolution of the General Assembly. The level of remuneration of members of the Supervisory Board and the Audit Committee has remained unchanged since 2017. Despite inflation and the rising cost of living, the shareholders decided not to change the level of remuneration due to the tightening of the business climate. At the General Assembly, the two largest shareholders recommended that the remuneration of the Management Board and the management teams be adjusted to reflect the business situation.

SIJ d.d. AND SIJ GROUP'S CORPORATE GOVERNANCE SYSTEM G1 GOV-1

As the majority shareholder, SIJ d.d. strategically manages all the companies it owns, collectively referred to as SIJ Group. The SIJ Group's Operating Policy focuses on the fundamental values of business excellence and the pursuance of strategic goals. The Management Board of SIJ d.d., the Vice-Presidents and Executive Directors, acting together with the executive management team, are responsible for strategically managing, coordinating and supervising the operations of all SIJ Group companies, both in Slovenia and abroad, on the strategic as well as operational levels.

INTEGRATION OF THE COMPANIES OF SIJ GROUP

Most SIJ Group companies operate in Slovenia. In accordance with the business agreement concluded between SIJ d.d. as the parent company and the limited liability subsidiaries under its direct control in Slovenia (SIJ Acroni, SIJ Metal



Ravne, SIJ Storitve, SIJ SUZ, SIJ ZIP Center and SIJ Ravne Systems), the activities of the subsidiaries are managed by the parent company. Other subsidiaries are headquartered in EU member states, the United Kingdom, Serbia, the Middle East and the United States. As a rule, they are either 100%-owned or under the dominant control of the parent company. They are mostly organised as limited liability companies.

The Group's business goals in each of the strategic areas are achieved through the issuance of binding instructions or decisions by the majority shareholder (in the context of the Group's contractual concern mechanisms) and through the consistent implementation of centralised corporate mechanisms.



Andrey Zubitskiy,
President of the Management Board



Viacheslav Korchagin,
Member of the Management Board, CEO



Igor Malevanov,
Member of the Management Board, CFO



Kristijan Bauer,
Member of the Management Board, CRO

MANAGEMENT BOARD

SIJ d.d.'s Articles of Association stipulate that the company's Management Board may consist of up to four members, or even have a single member. It is chaired by the President of the Management Board, who represents the company with sole signature power, while each other member of the Management Board represents the company jointly with the President. The President and Members of the Management Board are appointed by the Supervisory Board. They are appointed for a term of office of up to six years with the possibility of reappointment. The duration of a term of office is set out in each resolution on appointment.

As of 1 December 2025, the President of the Management Board represents the company jointly with three members of the Management Board. The Management Board has a

consolidated executive function for the management of all strategic areas of SIJ Group.

Management Board of SIJ d.d.:

- President of the Management Board: **Andrey Zubitskiy,**
- Member of the Management Board, CEO: **Viacheslav Korchagin,**
- Member of the Management Board, CFO: **Igor Malevanov,**
- Member of the Management Board, CRO: **Kristijan Bauer.**

Andrey Zubitskiy was first appointed as the President of the Management Board in 2017, following a coordinated shareholder decision and based on his professional competences, knowledge of the steel industry and equity participation. The members of the Supervisory Board reappointed

him as President of the Management Board for a new six-year term in 2023.

As of 1 December 2025, the following additional members were appointed to the Management Board of SIJ d.d.: Vice-President and Chief Executive Officer Viacheslav Korchagin; Vice-President and Chief Financial Officer Igor Malevanov; and Chief Restructuring Officer dr. Kristijan Bauer, who newly joined SIJ Group.

As the Management Board directs the business operations of the company independently and at its own liability, an elected member must submit a formal statement confirming that he or she meets all the statutory requirements for appointment, and the Audit Committee and the Supervisory Board are legally responsible for monitoring the prevention of conflicts of interest.

EXTENDED MANAGEMENT TEAM

The extended management team of SIJ d.d. consists of:

- President of the Management Board,
- Members of the Management Board,
- Senior Vice-President,
- individual division managers within the organisational structure of job positions in the systematisation of SIJ d.d. or SIJ Group.

The centralised management of SIJ Group's business functions is divided between the **Strategic Collegium** and Operational Collegium. With the Vice-Presidents, the Strategic Collegium confirms the strategy of SIJ Group, the economic plan of SIJ d.d., and the commercial plans of companies, mergers, acquisitions and sales of companies, major investments, sponsorships, donations, and other major non-commercial affairs involving SIJ Group. It is also responsible for setting up teams to undertake various projects of strategic importance to SIJ Group.

Once defined, the strategic goals are sent to the **Operational Collegium** to be executed under the supervision of the Chief Executive Officer, who is responsible for managing and overseeing the day-to-day operations of SIJ Group and all its subsidiaries.

EFFECTIVE MANAGEMENT OF FINANCIAL REPORTING

SIJ d.d. ensures effective management of the accuracy of financial reporting in all material aspects of business growth, and prevents risks that could adversely affect the business of SIJ d.d. and SIJ Group through the continuous improve-



ment of operational, financial and other internal controls and systems.

SIJ Group's internal control system is based on monitoring business processes, which are comprised of a set of rules and procedures defined in the company's internal regulations or decisions passed by the executive management of SIJ d.d. as the parent company of SIJ Group.

The functions of the internal control system and risk and fraud detection controls are allocated to separate departments of SIJ d.d. Routine supervision across the entire SIJ Group is conducted by the management at the operational level. The internal control system is supported by:

- software, which allows for day-to-day monitoring of the key operating parameters of SIJ Group subsidiaries,
- business intelligence software solutions, allowing the company to track events and operational records directly at the operational level in real time.

We also manage risks associated with financial reporting by:

- having a unified reporting system and by making extensive disclosures and clarifications,
- timely preparation and substantive presentation of financial statements and analyses, which are then used in the process of making business decisions,
- conducting regular external annual audits.

For the purposes of exchanging data and information, SIJ d.d. and SIJ Group have a two-way vertical communication system in place. We provide timely, complete and accurate internal reporting and external reporting which complies with the law.

This conveyance of information entails:

- reports from the subsidiaries' managements to the parent company SIJ d.d.;
- conveying the necessary information from the management to the employees responsible for specific areas;
- notifications and reporting to the relevant institutions (Financial Administration of the Republic of Slovenia (FURS), the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES), the Securities Market Agency (ATVP), and other regulators).

SIJ Group's internal control system ensures that business objectives are achieved effectively and successfully, and that company operations comply with the law and guarantee fair and transparent reporting in all material respects.

OBSERVANCE OF THE DIVERSITY POLICY IN THE CORPORATE BODIES OF SIJ d.d. AND SIJ GROUP

SIJ d.d. does not have a formal diversity policy in place for members of its management and supervisory bodies. Diversity in these bodies is achieved by including members with different professional profiles and competences, and through strictly adherence to the statutory requirements for holding office. We focus on the effectiveness of the work of the management and supervisory bodies and the fact that they act in the best interests of SIJ d.d. and SIJ Group.

Many supervisory board and division manager positions, or key positions in the extended management of SIJ Group, are held by women, and the proportion of women members of the Supervisory Board of SIJ d.d. in 2025 was 16.6%. The corporate governance of SIJ d.d. is committed to diversity. We incorporate the principle of diversity into SIJ Group's company bylaws, and it is included in the SIJ Group Code of Ethics and the SIJ Operating Policy. In an effort to further foster the application of this principle, we also have a Diversity Plan in place.

SIJ Group maintains a respectful approach to diversity in job positions at all levels. In 2025, an amendment to the Companies Act came into force, which raises the standard of gender diversity in management structures. The gender-balanced composition of the management and supervisory bodies has become a statutory requirement that the parent company of SIJ Group, as an obligor under Article 254.c of the Companies Act, must implement in 2026, or provide clear and unambiguous selection criteria in cases where the required ratios under the law cannot be achieved. SIJ Group realises the importance of achieving a gender balance in order to obtain a more balanced range of perspectives in various business functions in the traditionally male-dominated metallurgy industry, and will continue to pursue the principles of democratic and professional merit-based selection of the representatives of the company's top management, including from the perspective of gender equality.

EXPLANATORY NOTE ON GOVERNANCE CODES

In the period from 1 January 2025 to 31 December 2025, SIJ d.d. applied the SIJ Group's Corporate Rules, as adopted in May 2023 and posted on the SIJ Group intranet. The

Rules set out in more detail the principles of business and corporate governance, as they apply to SIJ Group's business process flowchart. The Rules define the decision-making processes in key bodies, and thus define the corporate governance system of SIJ d.d. and SIJ Group.

In areas where established codes overlap with legislation and good business practices, SIJ Group's governance complies with the Corporate Governance Code for Listed Companies, although SIJ d.d. has not explicitly included these codes of reference, nor have any of its key subsidiaries.

Presented below is a comparison between the SIJ Group's Corporate Rules and the relevant parts of the Corporate Governance Code for Listed Companies. This content also applies mutatis mutandis to the comparison with the provisions of the Corporate Governance Code for Companies with Capital Assets of the State.

COMPARATIVE FRAMEWORK OF THE SIJ GROUP'S CORPORATE RULES AGAINST THE KEY RECOMMENDATIONS FROM THE CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES

Corporate governance framework

SIJ d.d. is a public limited company whose Articles of Association state that its fundamental objective is to maximise value through performing its own activities. Despite the recommendations that companies should define additional objectives in their Articles of Association besides the basic economic objectives, SIJ d.d. has not defined any other objectives in its Articles of Association. That being said, the company pursues various financial and non-financial goals

in the course of its business operations, as set out in its Business Strategy and Sustainability Strategy. The SIJ Group's Corporate Rules incorporate the targets of both strategies. The most important targets for 2025 and 2030 include:

- satisfactory SIJ Group results in terms of business performance and sustainability,
- maintaining a reputation as an employer of choice,
- protection of the environment.

Sustainability of operations

The company does not have a standalone bylaw entitled a Sustainable Development Policy, nor is this policy specified in the SIJ Group's Corporate Rules. The goals of the Sustainable Development Strategy up to the Year 2030 are defined in more detail and supported by the:

- Sustainability Financial Framework,
- SIJ Group Decarbonisation Plan 2020–2030–2050 and the associated investment plan,
- SIJ Group Code of Ethics,
- SIJ Group Operating Policy.

These documents were adopted in 2022 and 2023.

General Assembly

SIJ d.d. was one of the first public limited companies in Slovenia to include in its Articles of Association the possibility of holding its General Assembly meeting by digital means. Due to the small number of shareholders and the fact that shareholders have so far not expressed a need for this method of convening the General Assembly, the Management Board has not adopted more detailed rules on the issue.

In most cases, the convening and holding of the meetings of the General Assembly of SIJ d.d. deviates from the deadlines for public announcements, the possibility of soliciting applications or organising proxies, and other recommendations

of the Codes, which are primarily intended for public companies having a large number of shareholders. As the company primarily adheres to the law when conducting General Assembly meetings, the SIJ Group's Corporate Rules contain only cursory regulation of the General Assembly. As a rule, the company coordinates the scheduling of the General Assembly with the shareholders. Their 100% attendance ensures that they can effectively vote on the resolutions and on the agenda, regardless of the formal rules on the timing of convening the General Assembly and publication of the agenda, as stipulated by the Companies Act.

Supervisory Board and Management Board

In these segments, the SIJ Group's Corporate Rules deviate from the recommendations of the Corporate Governance Code for Listed Companies. The composition, appointment and candidate selection process for members of the management and supervisory bodies are coordinated by the two majority shareholders in accordance with the Shareholders' Agreement and the requirements of the law.

The SIJ Group's Corporate Rules define the governing bodies and management of SIJ Group, with substantive provisions relating to:

- corporate governance and supervision of SIJ d.d.,
- management of the affairs of the company and SIJ Group as a whole,
- the scheme of SIJ Group processes,
- guidelines for the management staff.

Operational transparency

The SIJ Group's Corporate Rules also set out the guidelines for public reporting and operational transparency. They underscore the importance of timely public disclosure and reporting on all major business events, as well as ensuring uniform disclosure to all stakeholders of SIJ Group. As SIJ d.d.'s bonds are admitted to trading on an organised market, the

SIJ Group's Corporate Rules do not define rules for preparing a financial calendar or notices of closed trading windows, as recommended by the Corporate Governance Code for Listed Companies. We time the publishing of controlled or internal information according to the emergence of material business information. We endeavour to make business information clear and accessible to all stakeholders.

In implementing and communicating corporate governance standards and best practices, SIJ Group primarily adheres to its own corporate rules, which are suitably aligned to fit with SIJ Group's corporate system and geared towards the effective achievement of business and sustainability targets.

Ljubljana, 8 May 2026

Andrey Zubitskiy,
President of the Management Board

Evgeny Zverev,
President of the Supervisory Board

Viacheslav Korchagin,
Member of the Management Board, CEO

Igor Malevanov,
Member of the Management Board, CFO

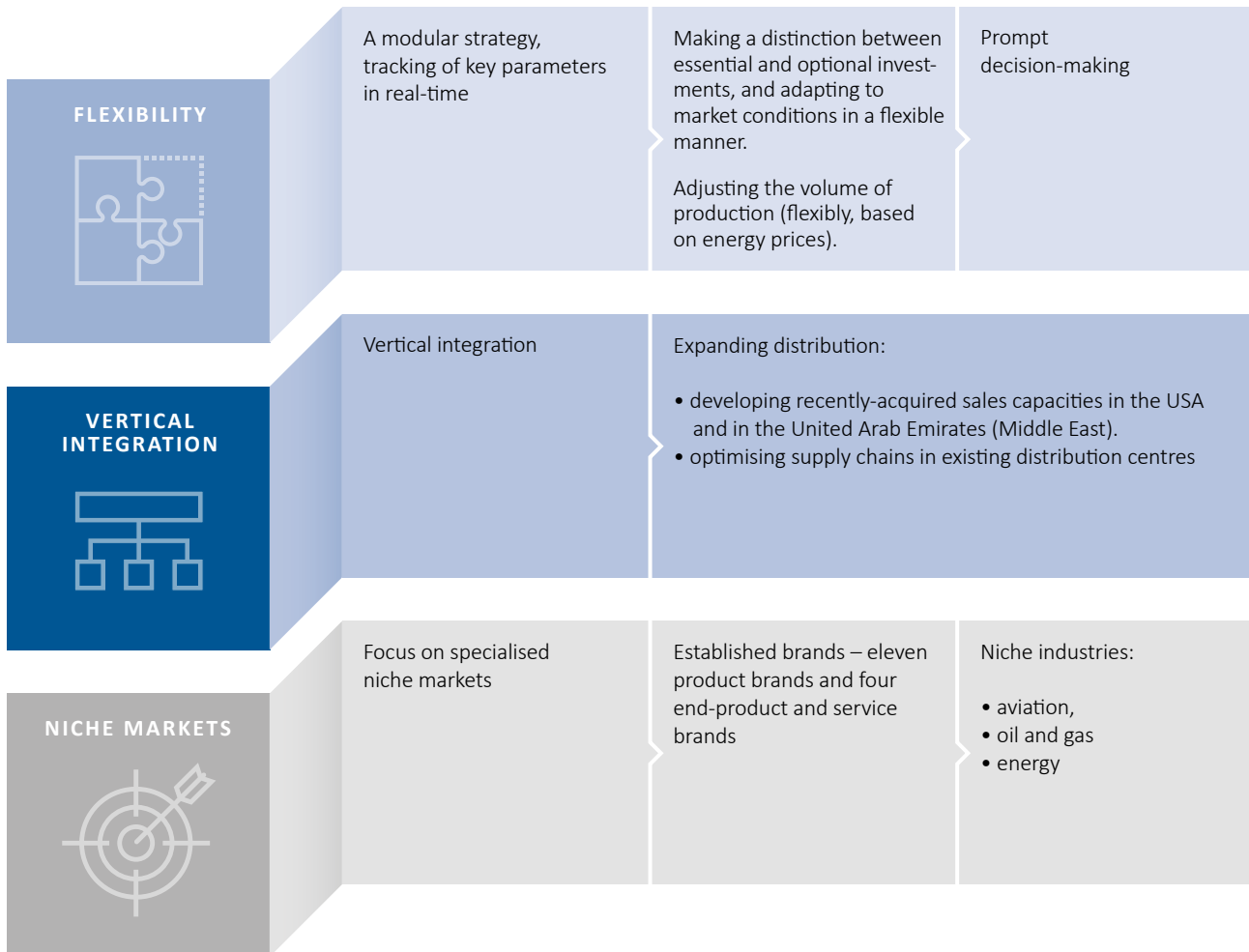
dr. Kristijan Bauer,
Member of the Management Board, CRO

BUSINESS REPORT

Business Strategy Implementation

In 2025, SIJ Group continued implementing its business strategy with a focus on long-term growth, preserving competitive advantages and improving operational efficiency. Despite challenging conditions in our key markets, we have been successful in maintaining our leading positions in our niche markets, in line with our strategic guidelines. We have maintained our leading position among EU producers of stainless steel quarto plates and remain ranked among Europe's four largest producers of tool steels.

Advantages of SIJ Group’s Business Strategy



In pursuit of our strategic objectives, we also continued our efforts planned in the areas of sustainable business and environmental responsibility. We are pursuing our Sustainable Development Goals by investing in energy efficiency, reducing environmental impacts and encouraging the circular economy.

BRANDING AND MARKETING

As an established provider of branded steels and steel products, as well as certain application-specific services, we are strengthening our links and collaborations with end customers. We regularly present our product offering and competences at selected trade shows. In 2025, we presented at 14 trade shows across ten countries.

In our marketing and marketing communication activities, we ensure that our actions comply with regulations and adhere to ethical principles. We have had no incidents of non-compliance with any regulations or codes related to marketing and communications. We also carefully safeguard customer information. So far, we have received no substantiated complaints regarding any breaches of our customers’ privacy or any loss of customer data.



NEW GREEN² BRAND FOR STEELS WITH VERIFIABLE SUSTAINABLE SOURCING

The Green² line, which encompasses SIJ Group's entire range of steel production, is the result of development and technological cooperation within the Group spanning over several years. It includes steel products made exclusively from steel scrap, using 100% electricity generated from renewable sources.

Our steels, united under the Green² brand, boast an additional 20% to 35% reduction of CO₂ emissions compared to steels produced without the use of renewable energy sources.

The launch of the Green² brand makes an important contribution to the recognition of SIJ Group as a responsible and innovative partner in the sustainable steel industry. With the launch of new products, we have strengthened our position in the demanding European markets, where the demand for low-carbon materials is set to grow in the coming years.

With the support of strategic partners and customers, SIJ Group will continue to develop its green steel portfolio and invest in technologies that further reduce CO₂ emissions and use raw materials more efficiently. The Green² project therefore stands as one of the cornerstones for building the Group's sustainable competitiveness over the long term.

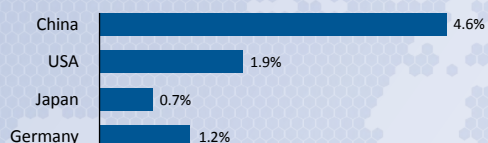
ANTI-COMPETITIVE BEHAVIOUR

SIJ Group enterprises adhere to fair market practices. As of the end of 2025 we were not subject to any administrative, legal or other proceedings involving the distortion of competition, restrictive agreements or abuse of a dominant position. We currently have no separate management with regard to the protection of competition.

Impacts of the External Environment and SIJ Group Activities

GLOBAL ECONOMIC OUTLOOK

Economic growth projections for 2026



Economic growth projections for 2026 and 2027



Observations and trends

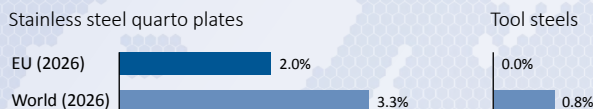
2.9% global growth of GDP in 2025
2.7% global growth of GDP in 2026

Activities of SIJ Group

- Building stronger relationships with existing customers in dynamic market conditions
- Increasing sales activities in existing and new markets
- Improving the supply chain leading to the end-buyers

NEW STEEL DEMAND TRENDS

Growth projections in steel consumption



Growth projections in steel demand



Observations and trends

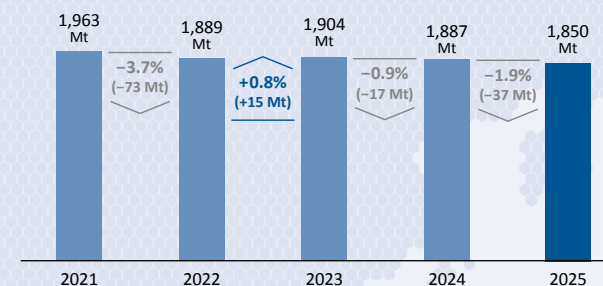
0.2% decline in EU demand for steel in 2025
12% decline in EU steel exports in 2025

Activities of SIJ Group

- Effective adjustment of the Group's operations to fluctuations in the market prices of steel products
- Making adjustments and looking for opportunities as prices of energy products and raw materials increase.
- Keeping track of development-focused activities on the market and looking for new business opportunities leaning towards environmentally sustainable production of steel

SUSTAINABLE DEVELOPMENT AND GEOPOLITICAL CHALLENGES

Global steel production



Observations and trends

2.8% decline in EU steel production in 2025
1.9% decline in global steel production in 2025

Activities of SIJ Group

- Maintaining high production rates to meet the needs of the market
- Optimising the product mix with a focus on the use of steel in sustainable end products
- Strengthening and solidifying relations with existing customers

Sources:

European Commission. November 2025. European Economic Forecast, Autumn 2025. Available at the following [link](#) (3 March 2026).
 European Steel Association. December 2025. Economic and Steel Market Outlook 2025/2026, fourth quarter. Available at the following [link](#) (3 March 2026).
 SMR. Steel Market Research. 2025. Database Macquarie Commodities Compendium. Internal data.
 World Steel Association. October 2025. Worldsteel Short Range Outlook, October 2025. Available at the following [link](#) (3 March 2026).
 World Steel Association. February 2026. December 2025 Crude Steel Production and 2025 Global Crude Steel Production Totals. Available at the following [link](#) (3 March 2026).

Managing Risks and Opportunities

Delivering our business strategy and results in an uncertain environment is inextricably linked to managing risks and opportunities, identifying them early and assessing their impacts.

All SIJ Group companies are included in our centralised risk management system. The central register and each of the subsidiaries' own risk catalogues form part of a comprehensive risk management system, which is based on a cycle of planning, coordination, and reporting. The system involves identifying and implementing measures to mitigate the impact of individual risks and regularly monitoring their effectiveness. Risk management at the level of individual subsidiaries is monitored and, where necessary, also complemented at the level of the parent company.

Major risks which exist in all companies, or risks which can have a significant effect on a number of subsidiaries, are treated as risks facing SIJ Group as a whole. In our risk assessments, we also constantly identify and assess opportunities which can enhance our ability to meet and exceed our targets.

When assessing risks, we take into account the speed and likelihood of the risk manifesting itself. Taking into account our vulnerability to a risk manifesting itself, we assess the consequences and options for resolving the situation.



The consequences are assessed on two levels: from the perspective of the individual subsidiary and from the perspective of SIJ Group as a whole. Risk exposures which are identified in multiple subsidiaries are categorised under Group-level risk exposures, with an escalation allowance. Besides escalated operational risks, we also recognise, assess and manage strategic risks which potentially directly impact the activities, reputation and business operations of SIJ Group as a whole. Risks for smaller member companies of Group SIJ are treated relative to their impact.

Based on the assessed severity of risks, we put in place systemic safeguards and take action to prevent or manage the risk. The process for identifying risks, which included sus-

tainability risks for 2025, is described in the chapter [Managing impacts, risks and opportunities related to sustainability](#). It was carried out separately from the core risk management process, which included some sustainability aspects from the outset. In 2026 we plan to further upgrade the risk assessment process by introducing a comprehensive single risk assessment grade.

The Sector for Quality, Sustainability and Corporate Governance leads, manages, coordinates and controls the entire sustainability reporting process in SIJ Group with internal audits in cooperation with other sectors, departments and subsidiaries, which are otherwise responsible for their own activities.

Regular reporting to the administrative, management and supervisory bodies is described in [Risk management and internal controls over reporting](#).

KEY RISKS

SIJ Group's key business and technological risks in 2025 remain the same as in previous years, although their severity and relevance are changing. Financial risks are again among the highest rated risks in 2025, and are presented in more detail in the Financial Report.

Economic and commercial risks

In 2025, commercial risks have the highest rating among SIJ Group's operational and technology-related risks. The energy uncertainty and increased market volatility are driving many operators to optimise their production, procurement and logistics processes. The cooling market has tightened the conditions for orders, increasing the risks related to achieving adequate margins in filling orders.

Production and operational technological risks

SIJ Group's second-highest rated risk in 2025 involves the unavailability of infrastructural resources, machinery and other working equipment. Limited capacity to upgrade and maintain non-critical infrastructure can lead to unexpected breakdowns and outages, which can have an adverse impact on the timely delivery of orders.

Business risks with management and governance risks

A third-highest ranked risk involves the shortage of suitable human resources on the labour market. Retirements, difficulty in replacing employees with specific skillsets and qualifications and increased employee turnover are having an adverse effect on the availability of key competences.

Risks related to climate change and the green transition

For a more detailed overview of the risks related to the sustainability of SIJ Group operations, which were assessed for the first time in 2024 in accordance with ESRS standards, see the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#). In 2025, these risks remained on par with 2024.

Commercial risks associated with the cooling of European markets and tighter conditions for orders manifested the most strongly in 2025, affecting the sales structure and putting pressure on the margins. Operational risks have also partly materialised, mainly taking the form of limited availability of infrastructural resources, which required making adjustments to production processes and accelerating critical investments in order to ensure the stability of operations.

Understanding risk management is key to further interpreting the business results and the factors that shaped 2025.



Business Performance Analysis

BUSINESS ENVIRONMENT

In the fiscal year 2025, SIJ Group was faced with a tightening of the business environment, as did the entire European steel industry. The industry as a whole is facing pressure from Asian competition, where cheap steel surpluses are spilling over into the European market. The steep 50% tariffs of on steel imports to the US were still in place, the costs of energy were high, while the EU market, as our most important market, was cooling down, with a decline in demand. In the last year alone, European steelmakers reported a loss of almost one-tenth of their total production. We were faced with business challenges that required optimisation, constant adaptation, and a great deal of responsibility. In March, the European Commission adopted the long-awaited Steel and Metals Action Plan and the Clean Industrial Deal. In 2025, we were acquainted with the European Commission's draft trade measures, which we consider to be a step in the right direction. The Carbon Boundary Adjustment Mechanism (CBAM), which complements the EU Emissions Trading Scheme (EU ETS) by applying similar rules to steel imports into the European market, took effect at the beginning of 2026. The Act on Fostering Competitiveness and Decarbonisation of Electricity-Intensive Enterprises was adopted in Slovenia at the beginning of 2026, which will also provide SIJ Group's steel companies

with access to lower-cost electricity and enable more competitive business conditions. In our estimations, the effects of these measures might be felt in the second half of 2026.

At the end of 2025, SIJ Group entered an significant period of strategic transformation, aimed at establishing long-term stability and turning the current situation around and making improvements to business operations: following the addition of the Management Board member tasked with restructuring, we launched activities to prepare a restructuring plan and continued talks to reach a comprehensive long-term refinancing solution.

Due to the difficult business circumstances described above, the KPIs fall short of those for 2024. Our cast steel production volume is down 5.2%, sales revenues are down 11.9%, while EBITDA reached 21.6% of the EBITDA for 2024.

SIJ Group - Key Performance Figures

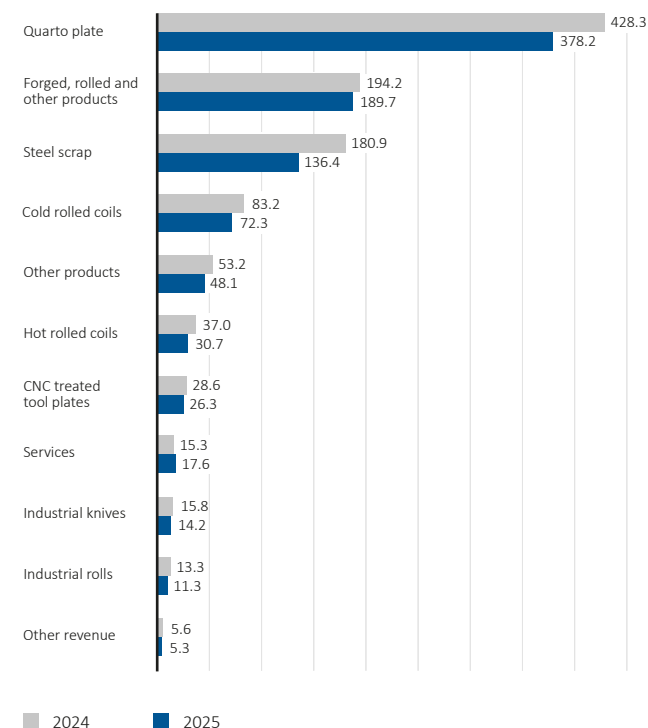
	Unit	2024	2025
Cast steel production	t	456,743	433,115
Revenue	EUR thousand	1,055,428	929,972
EBIT	EUR thousand	-18,932	-73,585
EBIT margin %	%	-1.8	-7.9
Depreciation and amortisation	EUR thousand	56,880	57,205
EBITDA	EUR thousand	48,208	10,429
EBITDA Adjusted margin %	%	4.6	1.1
Loss before taxes	EUR thousand	-42,702	-104,776
Net profit	EUR thousand	-46,372	-117,743
CapEx	EUR thousand	66,105	34,579
Average number of employees		3,554	3,562

	Unit	31.12.2024	31.12.2025
Total assets	EUR thousand	970,566	876,285
Equity	EUR thousand	371,800	242,436
Working capital	EUR thousand	154,940	183,759
<i>Inventories</i>	<i>EUR thousand</i>	<i>296,539</i>	<i>269,999</i>
<i>Trade receivables</i>	<i>EUR thousand</i>	<i>88,209</i>	<i>96,348</i>
<i>Trade payables for operating assets</i>	<i>EUR thousand</i>	<i>229,808</i>	<i>182,588</i>
Net financial debt	EUR thousand	255,899	321,008
<i>Non-current and current financial liabilities</i>	<i>EUR thousand</i>	<i>293,806</i>	<i>341,072</i>
<i>Cash and cash equivalents</i>	<i>EUR thousand</i>	<i>37,907</i>	<i>20,064</i>
NFD/EBITDA		5.3	30.8

STABLE SALES STRUCTURE, BY PRODUCT CATEGORY

The sales structure remained on par with the previous period, as we maintained our presence in key markets in order to preserve market shares, despite somewhat lower profitability.

Sales by product groups (in EUR million)

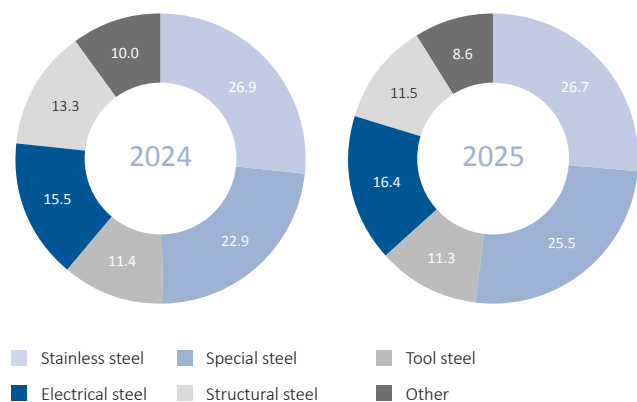


In a challenging market environment, the share of sales of individual steel types shifted in favour of specialty steels. The share of the latter increased by 2.6 percentage points, while the share of structural steel decreased. Sales of other steel grades remained on par year-on-year.

In the long term, we plan to continue to increase the shares of electrical steels and special and tool steels. [The investments](#) we completed in early 2025 in SIJ Group's two steel mills will affect the production of these steels.

We are strategically focusing on the development of new sales channels and on niche steel markets, for which we are developing products in cooperation with our partners.

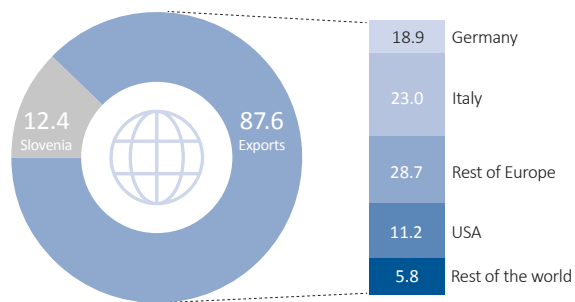
Share of sales volume of certain types of steel
(in percentages)



HIGH SHARE OF EXPORTS

With a more than 80% share of exports, we have held the position of one of Slovenia's largest exporters for over a decade. In 2025, we generated EUR 815.1 million (or 87.6%) of our sales in foreign markets. We are present in more than 70 countries worldwide, with Germany, Italy and other European countries as our main export markets. Our exports to these countries decreased in 2025, which we partly compensated for with exports to the US and the rest of the world.

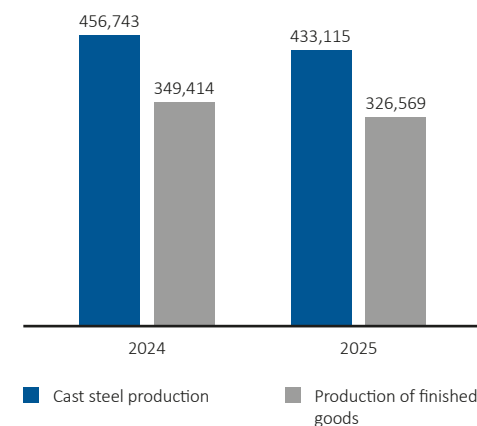
Share of revenues by market (in percentages)



LOWER PRODUCTION VOLUMES

Compared to 2024, we reduced cast steel production by 5.2% and production of finished products by 6.5% in our Steel Division.

Cast steel and finished products manufacturing (in tonnes)



IMPACT OF BUSINESS DIVISIONS ON EBITDA

SIJ Group had an EBITDA of €10.4 million in 2025, where the result was mainly driven by the Steel Division. Tightened market conditions, which became more pronounced in the second quarter of 2025 and gradually intensified toward the end of the year, resulted in a decrease in EBITDA of EUR 37.8 million. Reduction of EBITDA by EUR 2.9 million came as a result of lower production volumes and a somewhat updated sales programme. Unpredictable developments in upstream and downstream markets and the reduction of selling prices in order to maintain market shares further reduced EBITDA by EUR 22.9 million.

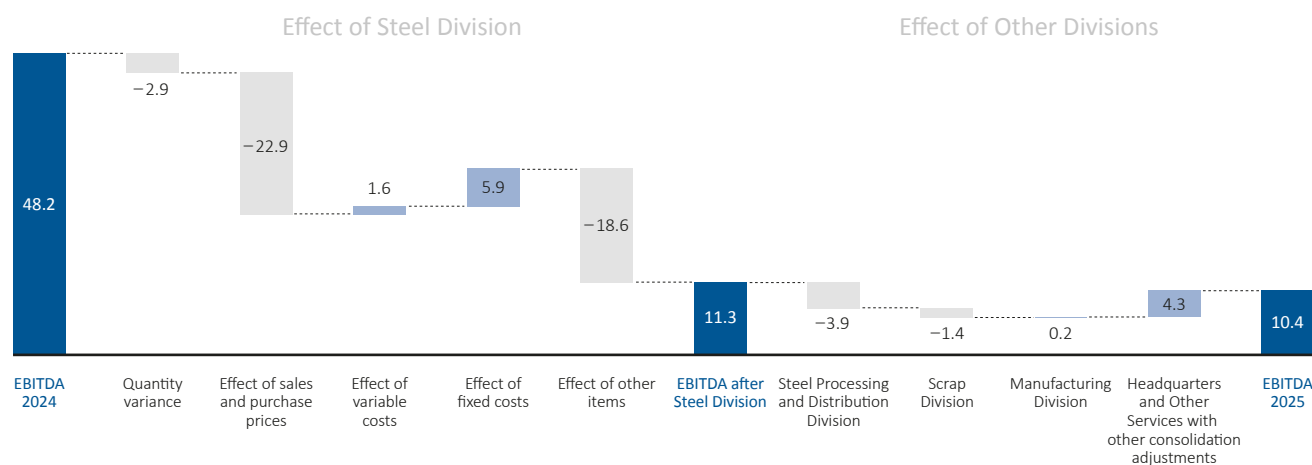
The positive impact of variable costs of EUR 1.6 million is mainly due to lower costs for production and maintenance services and lower prices for refractories. The lower fixed costs are the result of cost optimisation measures, which the Group has intensified in response to a challenging market environment. Additional negative impacts on EBITDA come from lower revenues from damages and subsidies, which were EUR 9.7 million lower in 2025 compared to the previous year. EBITDA was further negatively impacted by exchange rate differences of EUR 2.0 million, a higher valuation of CO₂ emission allowances in the amount of EUR 2.7 million, and customer claims amounting to EUR 1.7 million.

The Steel Processing and Distribution Division is closely linked to the Steel Division. In 2025, the impact on EBITDA in this area was mainly the result of lower selling prices due to a worsening of the conditions in the German and Italian markets.

The Scrap Division also had a negative impact on SIJ Group's EBITDA due to lower sales volumes and sales prices. Due to challenging conditions in the industrial knives and rolls markets, the Manufacturing Division recorded only a marginal

increase in EBITDA. In the Headquarters and Other Services Division, EBITDA benefited from lower labour costs, profits made from the sale of assets, intra-Group inventory gains and other minor consolidation adjustments.

EBITDA bridge (in EUR million)



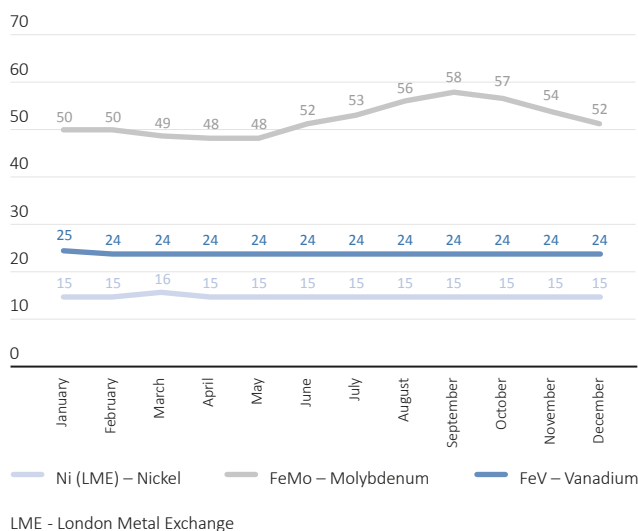
PRICES OF KEY RAW MATERIALS

In 2025, the steel raw materials market was operating in a context of moderate but uneven economic activity in Europe. Despite occasional signs of recovery, the steel market remains under pressure due to weak demand in the construction sector and caution in the manufacturing sector. While EUROFER's forecasts pointed to a gradual improvement in the situation and growth in steel consumption in 2025 and 2026, these expectations were associated with a number of risks, mainly due to uncertain macroeconomic and geopolitical factors. As a result, we took the positive forecasts with a degree of caution.

- **Molybdenum** prices increased in the first half of the year, peaking in the third quarter. In the latter part of the year, prices gradually declined, ending the year only around 4% above the starting level. The market was marked by a restrictive balance between supply and demand and by cautious orders from customers.
- **Vanadium** prices remained broadly stable throughout the year, with no significant fluctuation.
- The same was true for **nickel**, where prices stayed within a limited range, with adequate supply and a balanced global market.

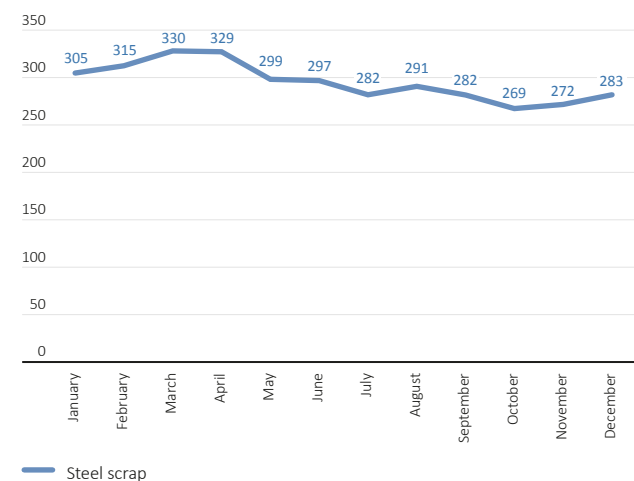
Changes in prices of key raw materials used in the production of stainless and tool steels

(in USD per kilogramme)



The price of **steel scrap** peaked at the end of the first quarter and the beginning of the second quarter, before gradually declining in the second half of the year and ending the year around 11% below the starting point. Price movements were influenced by a combination of seasonally increased supply and subdued demand from steel mills.

Changes in prices of steel scrap (in EUR per tonne)

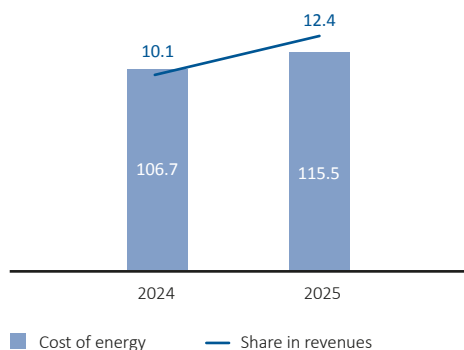




IMPACT OF ENERGY COSTS

In the Steel and Manufacturing Divisions, which are SIJ Group's largest consumers of energy products, energy consumption decreased mainly due to the weaker market and the resulting partial shutdowns of steel mills, and the cost of the latter was higher year-on-year due to higher gas prices. In 2025, our lower production volume consumed 3.3% fewer megawatt-hours of electricity and 4.6% fewer megawatt-hours of natural gas. The cost of energy was up 8.2% compared to 2024. The share of these costs in the overall operating revenues for the entire SIJ Group increased by 2.3 percentage points.

Energy costs (in EUR millions) and share of revenues (in percentages)

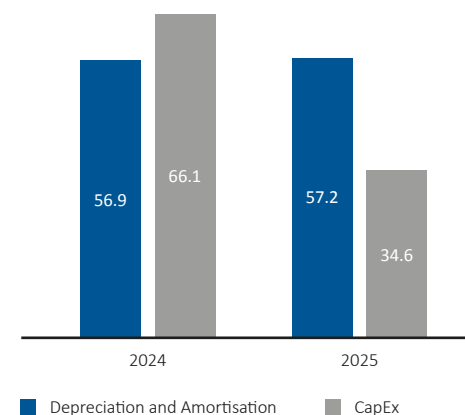


CAPEX, DEPRECIATION AND AMORTISATION

Capital expenditure in 2025 was lower than the depreciation and amortisation, which remains high due to the large-scale projects in the past and current reporting periods. The annual capital expenditure mainly involves the completion of projects started in 2024 and major repairs to ensure a smooth production process.

We did not start any new major investments in 2025, as liquidity constraints have led us to focus exclusively on the most critical projects that are key to maintaining our core operational capacity. We will continue to make adjustments to our capital expenditure as market conditions develop. In the event of a slower recovery, we will continue following a strictly selective approach, investing only in the essential investments needed to ensure stable operations.

Costs of depreciation and amortisation and CapEx (in EUR million)

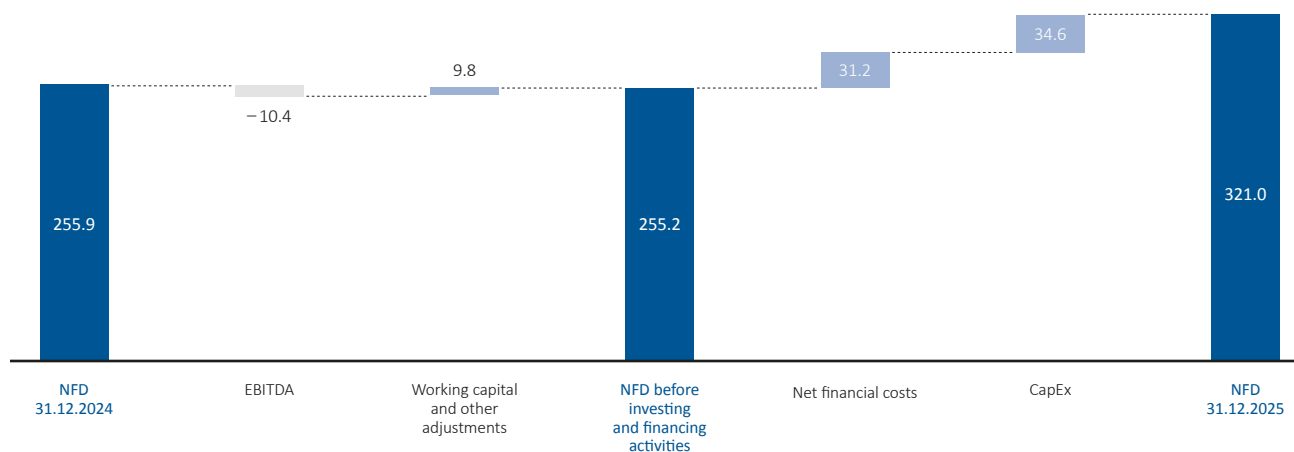


NET FINANCIAL DEBT

At the end of 2025, SIJ Group's net financial debt increased by EUR 65.1 million and reached the level of EUR 321.0 million. The increase was driven by the business conditions, namely higher net financing expenses linked to refinancing

and capital expenditure, which SIJ Group limited to the maximum extent possible due to the difficult business conditions.

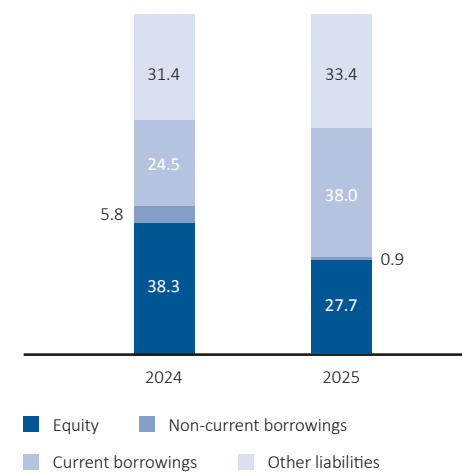
NFD bridge (in EUR million)



HIGH SHARE OF EQUITY

Due to the net loss for the year, the equity ratio declined slightly compared to the previous year, but remains at a high level, while the proportion of liabilities increased.

Debt structure as at 31 December (in percentages)



DIVERSIFICATION OF SOURCES OF FINANCING

SIJ Group secures its liquidity reserve and sources of financing through bilateral lines of credit and a long-term syndicated loan facility concluded in 2022. The European Bank for Reconstruction and Development (EBRD) is participating in this loan, alongside a consortium consisting of nine domestic and foreign banks.

In 2025, constructive discussions were held between SIJ Group and the banks to reach a long-term refinancing solution for the Group, which was necessary due to the challenging market conditions. In 2025, SIJ Group (or rather its two largest production enterprises, SIJ Acroni and SIJ Metal Ravne) signed an agreement with the creditor banks to provide EUR 25 million of additional liquidity to support its operations.

Providing additional liquidity was confirmation of the banks' confidence in SIJ Group. In the spring of 2026, we expect to sign an agreement with the banks on a long-term refinancing solution for SIJ Group, aimed at providing the Group with a stable long-term financing platform, which is necessary due to the challenging and uncertain market conditions.

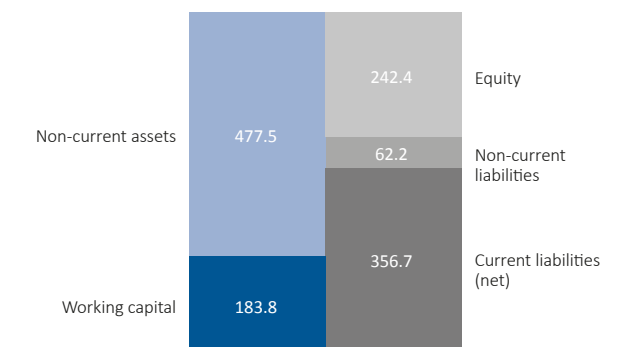
STRUCTURE OF ASSETS AND SOURCES OF FINANCING

Given that negotiations on a long-term financial arrangement were still ongoing at the end of 2025, the Group classified all financial liabilities as current in accordance with the requirements of IFRS (in particular IFRS 1 – Presentation of Financial Statements, and IAS 1 – Presentation of Finan-

cial Statements, paragraphs on classification of liabilities by maturity), because as of the balance sheet date, the Group did not yet have a legally binding agreement to extend the maturity.

This classification thus creates an apparent mismatch between the maturity of assets and liabilities, as non-current assets are predominantly financed through current sources. We expect that SIJ Group will have a stable asset and resource structure in 2026, thanks to the bank agreement on a long-term refinancing solution. Such an agreement is aimed at providing a sustainable and stable long-term financial platform for the entire Group.

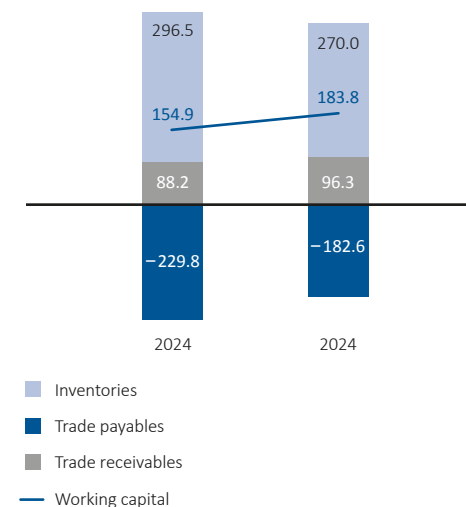
Structure of Financial Position as at 31 December
(in EUR million)



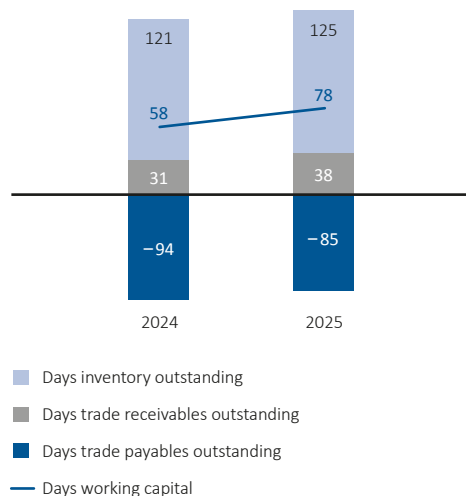
WORKING CAPITAL MANAGEMENT

Changes in working capital over the course of the year are managed with our approved lines of credit and effective day-to-day monitoring of payables and receivables. Working capital increased in 2025 compared to the previous year, while the Days Working Capital also increased. The challenging and uncertain market conditions in 2025 led to lower sales and an increase in trade receivables. We reduced inventories through active efforts geared toward improving cash flows and adapting to market conditions and demand. Trade payables decreased due to lower procurement volumes and efficient procurement management.

Working capital as at 31 December (in EUR million)



Days Working Capital as at 31 December

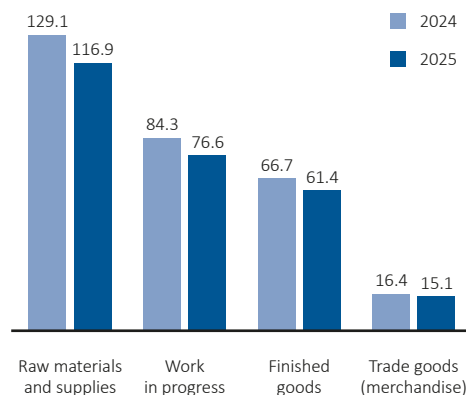


CONTINUING TO REDUCE INVENTORY LEVELS

In 2025, we systematically implemented activities to reduce all types of inventories, with the clear objective of improving working capital management and increasing the company's liquidity. Through a combination of process optimisation measures and improved demand planning, we successfully reduced the inventories of raw materials and supplies, work-in-progress and finished goods. Although both the physical quantities and the value of inventories decreased, this was not fully reflected in Days Inventory Outstanding (DIO), as the cost of goods sold also declined.

Towards the end of 2025, amid tightened market conditions and the need for additional liquidity, SIJ Group also decided to implement measures to accelerate the reduction of inventory levels, including discount sales. Although this measure had a negative impact on EBITDA in the short term, it allowed the company to quickly release tied-up funds and thus improve its liquidity position. This decision was taken after careful consideration, taking into account the broader financial context and the need for a stable cash flow.

Inventories by category as at 31 December (in EUR million)



ALTERNATIVE PERFORMANCE INDICATORS

SIJ Group also reports its performance results based on the alternative performance indicators defined by the European Securities and Markets Authority (ESMA). Net sales revenue and net profit are defined according to International Financial Reporting Standards.

Notes to the performance indicators

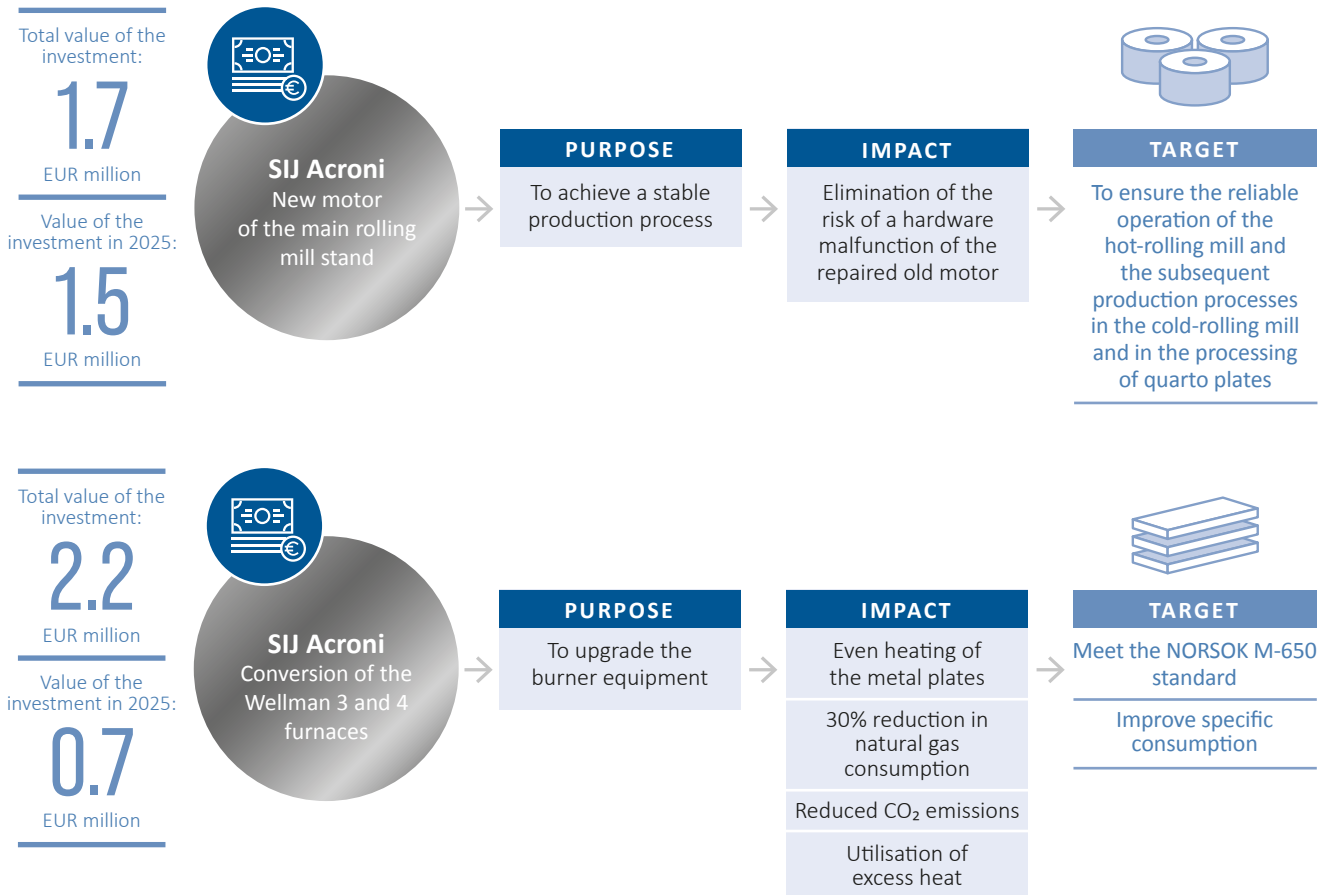
Indicator	Explanation of the calculation	Use
Net sales revenue	Net sales revenue in the statement of comprehensive income (Disclosure 1).	Net sales revenue is part of the EBITDA margin and share of exports indicators.
Export ratio	Non-domestic net sales revenue compared to overall net sales revenue in the statement of comprehensive income (Disclosure 1).	The share of exports indicator shows the level of integration in international exchanges and measures the share of exports of goods.
EBIT	Operating profit or loss in the statement of comprehensive income.	EBIT shows the operating result and is part of the EBITDA indicator.
EBITDA	Operating profit or loss in the statement of comprehensive income before depreciation and amortisation (Disclosure 2), and impairments (profit/loss) of operating receivables in the statement of comprehensive income and impairment of tangible assets and impairment of inventories (Disclosure 4).	EBITDA is one of the indicators of SIJ Group's performance, and it represents the average cash flows from its core business operations. A higher value means a higher operating cash flow, which translates to a lower risk for investors.
EBITDA margin	Share of EBITDA in net sales revenue in the statement of comprehensive income.	As a relative indicator, the EBITDA margin is used in comparative analyses with similar companies in the industry.
Net profit or loss	Net profit or loss for the period in the statement of comprehensive income.	Net profit and loss equals the mathematical difference of the total profit or loss, levied income tax and deferred taxes, and it represents the profit available for use.
Net financial debt	The sum total of non-current and current financial liabilities minus cash and cash equivalents on the balance sheet.	Net financial debt is part of the NFD/Adjusted EBITDA indicator.
NFD/EBITDA	NFD/EBITDA	The debt ratio shows the ratio of net financial debt to EBITDA. A lower value of this indicator means that SIJ Group is able to repay its debts to a greater extent and faster, with a lower risk of default vis-a-vis investors.

Strategic CAPEX

In light of the challenging business climate, we focused mainly on the most critical investments in 2025. The combined amount of such investments was EUR 34.6 million, which is less than in 2024. We allocated a portion of the funds – EUR 1.4 million – to reducing direct environmental impacts, as presented in more detail in the chapter [Transition plan for climate change mitigation](#).

The investments which are also foreseen in the SIJ Group’s Decarbonisation Plan 2020–2040–2050 will have a positive effect on reducing our environmental impact, partly due to the observance of the Best Available Technology (BAT) principle. Through smart investment planning, we are working to eliminate bottlenecks and increase efficiency, optimise, automate and digitise production processes, and increase our own capacities, which also lowers our water and energy consumption, increases the rate of using secondary raw materials, reduces emissions, and so on.

Key investments in 2025



Total value of the investment: **0.87** EUR million

Value of the investment in 2025: **0.58** EUR million

SIJ Ravne Systems
Replacement of heat treatment furnace

PURPOSE	IMPACT	TARGET
To replace the worn-out heat treatment furnace	Lower specific consumption of electricity	Provide additional heat treatment capacity
To increase capacities	30% increase in heat treatment capacity	Increase production
To improve energy efficiency		Reduce specific consumption of electricity

Total value of the investment: **3.93** EUR million

Value of the investment in 2025: **0.41** EUR million

SIJ Metal Ravne
Replacing heating furnaces (TK3-4)

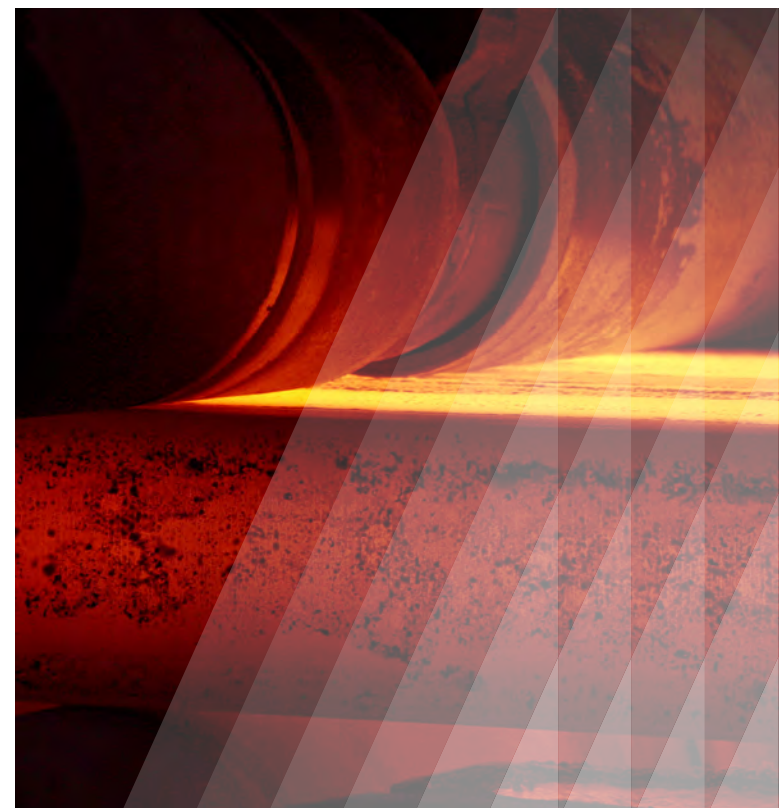
PURPOSE	IMPACT	TARGET
To replace two worn-out heating furnaces	13.453 MWh reduction in consumption of natural gas	Ensure optimal performance of a 25 MN press
To achieve reliable and energy-efficient operation of the 25 MN press	Reduction of CO ₂ emissions by 2,363 tonnes per year	Reduce natural gas consumption and consequently the carbon footprint

Total value of the investment: **5.36** EUR million

Value of the investment in 2025: **0.45** EUR million

SIJ Metal Ravne
Straightening line for small-diameter products

PURPOSE	IMPACT	TARGET
To introduce a new straightening line for more efficient bar processing, relieving the burden on the presses and improving output quality	Increased productivity	Improve product quality
	Reduced labour costs and improved safety at work	Reduce Emissions
	Reduced specific energy consumption	Process automation
	Improved precision of bar processing	



INDIRECT ECONOMIC IMPACTS OF INVESTMENTS

We are improving working conditions for our employees and managing our environmental impacts by making specific investments in infrastructure and supporting services, and taking targeted measures, particularly in the Steel Division companies.

Infrastructure investments and services supported

		ENVIRONMENT (emissions, noise, effluents, etc.)	EMPLOYEES (improving working conditions, improving health and safety at work, etc.)
INFRASTRUCTURAL MEASURES	SIJ Acroni	Name of measure:	Improvement of Production Hall C in the quarto plates processing facility
		Type of impact:	To ensure the durability and stability of the steel construction of the crane rail line and the safety of the production process in accordance with applicable standards.
		Timing:	Work in progress. Projected to be completed in 2026.
	SIJ Acroni	Name of measure:	Fire, gas detection and alarm system
Type of impact:		Improving fire safety, reducing emergency response times, reducing the risk of major damage to property and injuries to employees.	
Timing:		Project completed.	

Measures with significant indirect economic impacts

		ENVIRONMENT (emissions, noise, effluents, etc.)	EMPLOYEES (improving working conditions, improving health and safety at work, etc.)	
MEASURES WITH INDIRECT IMPACTS	SIJ Acroni	Name of measure: Utilisation of excess heat on the electrical steel heat treatment line	Replacing DC drives with equipment on the CBL line	
		Type of impact: Reduction of CO ₂ emissions through utilisation of excess heat.	Improved safety at work.	
		Timing: Work in progress.	Project completed.	
	SIJ Acroni	Name of measure: Upgrade of the steel heat treatment line	Reduction of CO ₂ emissions by transitioning to electric heaters.	
		Type of impact: Reduction of CO ₂ emissions by transitioning to electric heaters.		
		Timing: Work is in the final stages.		
	SIJ Acroni	Name of measure: Conversion of the Wellman 3 and 4 furnaces	30% reduction in natural gas consumption, resulting in an approximately 30% reduction in CO ₂ emissions.	
		Type of impact: 30% reduction in natural gas consumption, resulting in an approximately 30% reduction in CO ₂ emissions.		
		Timing: Work in progress.		
	SIJ Metal Ravne	Name of measure: Replacement of heating furnaces (TK3-4)	Reducing natural gas consumption and indirectly reducing the carbon footprint.	
		Type of impact: Reducing natural gas consumption and indirectly reducing the carbon footprint.		
		Timing: Project completed.		

Continuation of the table →

Continuation of the table

		ENVIRONMENT (emissions, noise, effluents, etc.)	EMPLOYEES (improving working conditions, improving health and safety at work, etc.)	
MEASURES WITH INDIRECT IMPACTS	SIJ Metal Ravne	Name of measure: Straightening line for small-diameter products		
		Type of impact: Indirect economic impacts. Expected indirect impact: improvement of working conditions and safety at work.		
		Timing: Project completed.		
	SIJ Metal Ravne	Name of measure: Rolling Mill 4.0: Modernisation of the rolling mill – induction	We are indirectly reducing our carbon footprint by reducing our natural gas consumption.	
		Type of impact: We are indirectly reducing our carbon footprint by reducing our natural gas consumption.		
		Timing: Work is in the final stages.		



Research, Development and Innovation (RRI)

SIJ Group's Project Management Office for Research, Development Projects and Innovation (PMO RDI) systematically coordinates the work of experts from different R&D departments. Through the efforts of the PMO R&D we have successfully identified, launched and coordinated in 2025 as many as 46 research projects linked to:

- the development of new steel grades and higher value-added products,
- the implementation of advanced technologies and processes in production,
- the decarbonisation and digitisation of processes,
- solutions for a circular economy and resource efficiency.

SIJ Group is pursuing these activities in its effort to consolidate its position as one of Europe's leading producers of special steels and an industrial producer focusing on sustainability. We are adapting to the challenges of the transition to a green economy by introducing competitive products and processes.

AWARD-WINNING PROJECTS AND ACHIEVEMENTS IN RESEARCH, DEVELOPMENT AND INNOVATION

Each year, SIJ Group's research and development teams receive recognition as recipients of the Slovenian Chamber of

Commerce and Industry's national innovation awards. At the national level, one development project won the Gold award in 2025.

XM-19 stainless steel for the construction of a tokamak-type test fusion reactor

The innovation is designed to operate in an extremely broad temperature range – from cryogenic temperatures (down to -269°C) to the high temperatures of up to 650°C, typical of operating conditions inside fusion reactors. Compared to conventional stainless steels, XM-19 has double the mechanical properties and significantly improved resistance to corrosion, enabling it to be used in a wide range of demanding industries, including the nuclear, chemical, petrochemical, maritime and food industries.

Through innovation, we are making a contribution to transitioning to a **low-carbon society** and supporting the **transition to safe, clean and carbon-free fusion energy**. Our solutions account for the anticipated increase in electricity demand in the future.

Strategic R&D projects, new steels and steel products

The R&D Project Management Office acts as an open innovation ecosystem, bringing together in-house experts from SIJ Group, as well as experts from external scientific research institutions, industry partners and other experts from a variety of research fields. The connections among them allow for effective cooperation and knowledge transfer. The Project Management Office also supervises, controls and monitors existing activities taking place in subsidiaries across all project management cycles. In 2025,

in partnership with the PMO R&D, we continued strategic projects focused on expanding our product range, penetrating new markets and developing decarbonisation technologies.

Reinforcing SIJ Group's position in the aerospace industry market

According to various analyses, the aerospace industry market is currently in a phase of rapid growth, which is comparable to the internet boom of the 1990s, or to the civil aviation boom in the wake of World War II. SIJ Group is entering the civil aerospace industry market with high value-added products.

In 2024, we successfully manufactured the first products for space applications, and in 2025 transitioned to industrial-scale production. This is an exceptionally demanding technological process, resulting from close cooperation between both steelmaking companies within the Group. The successful implementation of the project is proof that we are also a development-oriented and reliable partner in the aerospace industry, and at the same time it builds on SIJ Group's reputation as a provider of quality products, confidently employing complex manufacturing methods.

Launch of the industrial data processing project with the use of machine learning

In 2025, we launched an advanced industrial data processing project with machine learning in collaboration with an external partner. We expect the project to help optimise the processes involved in the production of high-alloy steels.



R&D PROJECTS INTENDED FOR DEMANDING SECTORS

Energy: steels for steam turbines and nuclear applications

We have developed three new steels for use in the power industry, SINOXX 4923, SINOXX 4006 and SINOXX 4906, which are resistant to high temperatures and corrosion in steam turbine applications. For demanding nuclear applications, we developed the superalloys SINOXX S390 (UTOPTI) and SINOXX 4980.

Aviation: new steels and certificates

We have been developing products for the aviation industry since 2020, when we obtained the EN9100 standard

certification. In 2025, we developed two new steels for this sector, SIQUAL S144 and SIQUAL S133, for applications in aircraft landing gear, shafts and gears used in high-stress components.

Automotive: electrical steels

In the development of electrical steel grades, we are achieving the goals set in the GREMO projects (*GREen MObility* – an initiative of the Slovenian automotive industry) and *SmartChain* (improving digitisation in the steel industry).

Our role as a strategic partner in the automotive industry was confirmed as we reached two important new milestones: IATF 16949 certification, which is recognised around the world, and production of the first batch of the highly

sophisticated NO 27-14 electrical steel for use in electric vehicle traction motors.

EMPLOYEE INNOVATION

SIJ Group encourages the spirit of innovation, looking for technical improvements, making useful suggestions and ideas. In 2025, we implemented 18 technical improvements, while employees submitted 299 useful suggestions and 496 ideas. The total economic benefit of such innovation activities reached as high as EUR 5.6 million.

The focus on innovation is helping to increase SIJ Group's competitiveness and flexibility in times when the prices of raw materials and energy are volatile and uncertain. In 2026, we are planning the integration of innovation activities with the R&D Project Management Office (R&D PMO). Integration, standardisation and identification of synergies will further improve the impact of innovation and streamline the implementation process.

CONSORTIUM PROJECTS IN RESEARCH, DEVELOPMENT AND INNOVATION

HyBReED: Developing resilient chemical energy storage using hydrogen and batteries

The HyBReED programme aims to improve existing sustainable products and processes in the energy sector, including the use of technologies for the manufacturing, transportation, storage and use of hydrogen and batteries in energy-intensive industries.

SIJ Metal Ravne is involved in two R&D projects in the pro-

gramme. One project (RRP3) involves working with partners to explore the possibility of switching energy-intensive industries to hydrogen technologies. It analyses the benefits and drawbacks of hydrogen as a fuel for industrial heating processes and investigates the resistance of fire-resistant materials to hydrogen exposure. In another project (RRP4), efforts are being made with partners to study materials for hydrogen transport and storage, including austenitic stainless steels and special superalloys, which form part of our product range. The project, which was awarded the Next-GenerationEU grant, is partially funded through the national Recovery and Resilience Plan (RRP).

GREMO e-MOTION: GREEn MObility for electric vehicle traction motors

In 2025, as part of the GREMO e-MOTION RRI project (*GREEn MObility mission*), we finished development of electrical steel for the most demanding applications in electric vehicle drive motors (NO35-19 and NO27-14) on the new annealing and coating line (CRNO), upgraded in 2024, and we finished development of the demanding M235-35A conventional non-oriented electrical steel, intended for use in the manufacturing of battery-powered electric motor systems.

The most advanced and highest quality electrical steels are produced in a circular economy, cost-effective way, which is still rare in the automotive industry. This takes SIJ Acroni from a supplier of standard electrical steel on the market and establishes it as a competent development partner for the automotive industry, both in Slovenia and the wider European market. Development also allows access to closed supply chains, which is of paramount importance for the long-term stability and competitiveness of SIJ Group.

By working with other Slovenian companies and institutions, we bring new strength to the automotive partner ecosystem and contribute to increasing the competitiveness of the Slovenian economy. GREMO e-MOTION is supported by the Ministry of the Economy, Tourism and Sport.

SMARTChain: seamless digital integration in the steel value chain for high-quality end products

SIJ Acroni and SIJ Storitve are working as part of a consortium of 14 partners on the European project SMARTChain (*Seamless Digital Integration in Steel Value Chain for High Quality Final Products*). The project focuses on the digitisation of the steel industry in order to upgrade control and optimisation for the horizontal integration of the steel value chain. This includes secure data exchange, promoting the interoperability of systems and tools to achieve better quality of end products and semi-products.

The project is also contributing to optimising energy consumption and directly helping reduce CO₂ emissions in the production process.

Within SMARTChain, we are deepening our development-focused collaboration with our customer Hidria, a manufacturer of blades for use in electric motors. Introduction of the Digital Material Passport (DMP) will allow for the secure exchange of key electrical steel properties to optimise the quality of finished and intermediate products and to produce products free of any defects.

SMARTChain received funding from the European Union's Horizon Europe research and innovation programme.

02 SUSTAINABILITY REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED SUSTAINABILITY REPORT

To the shareholders of SIJ d.d.

We have undertaken a limited assurance engagement on the consolidated sustainability report of the SIJ Group (hereinafter the "Group"), included in chapter "2. SUSTAINABILITY REPORT" of the Group's Annual Report, as of 31 December 2025 and for the period from 1 January 2025 to 31 December 2025 (hereinafter the "Consolidated Sustainability Report").

Identification of Applicable criteria

The Group's management prepared the Consolidated Sustainability Report in order to comply with the requirements of Articles 70.c and 70.č of the Companies Act (ZGD-1), which implement Article 29(a) of Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards, introduced by Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards ("ESRS"), including that the process performed by the Group to identify the information reported in the Consolidated Sustainability Report (the "Process") is consistent with the description in the note "Description of the processes to identify and assess material sustainability impacts, risks and opportunities IRO 1".
- compliance of the disclosures in the "Taxonomy" chapter; and
- compliance with the requirements for preparing the Consolidated Sustainability Report in accordance with Article 58 of ZGD-1, which requires the Group to prepare the Consolidated Sustainability Report in a single electronic reporting format, as set out in Article 3 of Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation").

Inherent limitations in preparing the Consolidated Sustainability Report

The criteria, the nature of the Consolidated Sustainability Report, and the absence of long-established authoritative guidance and standard practices for application and reporting allow for the use of different, but acceptable, measurement methodologies, which may result in differences between individual companies. The adopted measurement methodologies may also affect the comparability of the matters reported by different companies, as well as comparability within a company from year to year, as methodologies evolve.

When reporting forward-looking information in accordance with ESRS, the Group's management must prepare forward-looking information based on disclosed assumptions about events that may occur in the future and possible future actions of the Group. Actual results are likely to differ, as anticipated events frequently do not occur as expected.

In determining the disclosures in the Consolidated Sustainability Report, the Group's management interprets undefined legal and other terms. Such undefined legal and other terms may be interpreted differently, including the legal acceptability of such interpretations, and are therefore subject to uncertainty.

We draw attention to the following specific limitations addressed in the Consolidated Sustainability Report:

- environmental reporting, as used by all companies, includes information based on climate scenarios that involve inherent uncertainty due to incomplete scientific and economic knowledge about the likelihood, timing or effects of possible future physical and transition climate-related impacts. For the avoidance of doubt, the scope of our engagement and our responsibilities did not include performing procedures necessary to provide any assurance on the reliability, proper compilation or accuracy of forward-looking information.
- any supply chain emissions metric included in the Consolidated Sustainability Report may include information provided by suppliers or third parties. Our procedures did not include obtaining assurance over information provided by suppliers or third parties.
- the Consolidated Sustainability Report may include metrics derived from reported incidents relating to employees and subcontractors. Our testing may therefore not detect misstatements relating to completeness, for example in cases where incidents may have occurred but were not reported.

Responsibilities of management and those charged with governance for the Consolidated Sustainability Report

The Group's management is responsible for establishing and maintaining the process for identifying the information to be included in the Consolidated Sustainability Report in accordance with ESRS and for disclosing that Process in the note "Description of the processes to identify and assess material sustainability impacts, risks and opportunities IRO 1" in the Consolidated Sustainability Report. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place, and obtaining an understanding of affected stakeholders;
- identifying actual and potential impacts (negative and positive) in relation to sustainability matters, as well as risks and opportunities that affect or may reasonably be expected to affect the Group's financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium and long term;
- assessing the materiality of identified impacts, risks and opportunities relating to sustainability matters by selecting and applying appropriate thresholds; and
- using assumptions that are reasonable in the circumstances.

The Group's management is also responsible for preparing the Consolidated Sustainability Report in accordance with Articles 70.c and 70.č of ZGD-1, which implement Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with ESRS;
- preparation of the disclosures in the "Taxonomy" section of the Consolidated Sustainability Report in accordance with Article 8 of Regulation (EU) 2020/852;
- designing, implementing and maintaining internal control relevant to the preparation of the Consolidated Sustainability Report that is free from material misstatement, whether due to fraud or error; and
- selecting and applying appropriate sustainability reporting methods and using assumptions and estimates related to individual sustainability matters that are reasonable in the circumstances.

The Group's management is also responsible for preparing the Consolidated Sustainability Report in accordance with the technical requirements of the single electronic reporting format set out in Article 58 of ZGD-1 and Article 3 of the ESEF Regulation. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the Consolidated Sustainability Report in compliance with those requirements.

Those charged with governance are responsible for overseeing the Group's sustainability reporting process.

Auditor's responsibilities for the limited assurance engagement

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ISAE 3000 (Revised)").

The procedures performed in a limited assurance engagement vary in nature and timing and are less extensive than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Our responsibility is to plan and perform the engagement to obtain limited assurance about whether the Consolidated Sustainability Report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Consolidated Sustainability Report.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism throughout the engagement.



Our responsibilities in relation to the Process include:

- obtaining an understanding of the Process, but not for the purpose of expressing a conclusion on the effectiveness of the Process, including its outcome;
- planning and performing procedures to evaluate whether the Process is consistent with the Group's description of the Process as set out in the note "Description of the processes to identify and assess material sustainability impacts, risks and opportunities IRO 1".

Our other responsibilities in relation to the Consolidated Sustainability Report include:

- obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Report, but not for the purpose of expressing a conclusion on the effectiveness of internal control;
- identifying disclosures where material misstatements are likely to arise, whether due to fraud or error;
- planning and performing procedures in relation to disclosures in the Consolidated Sustainability Report where material misstatements are likely to arise. 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 controls;
- assessing whether the Consolidated Sustainability Report is, in all material respects, prepared in the format required by Article 58 of ZGD-1 and Article 3 of the ESEF Regulation.

Our independence and quality management

We have complied with the independence requirements and ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "Code"). The Code is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm operates in accordance with the International Standard on Quality Management ("ISQM 1"), Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintains a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

A limited assurance engagement involves performing procedures to obtain sufficient appropriate evidence on which to base our conclusion.

The nature, timing and extent of selected procedures are based on professional judgment, including the identification of disclosures in the Consolidated Sustainability Report where material misstatements are likely to arise, whether due to fraud or error.

In carrying out the limited assurance engagement in relation to the Process, we:

- obtained an understanding of the Process through:
 - making inquiries to obtain an understanding of the sources of information used by management (e.g. stakeholder engagement, business plans and strategic documents); and
 - reviewing the Group's internal documentation relating to the Process; and
- evaluated whether the evidence obtained through our procedures regarding the Process performed by the Group is consistent with the description of the Process set out in the note "Description of the processes to identify and assess material sustainability impacts, risks and opportunities IRO 1".



In carrying out the limited assurance engagement in relation to the Consolidated Sustainability Report, we:

- obtained an understanding of the Group's reporting processes that are relevant to the preparation of the Consolidated Sustainability Report through:
 - making inquiries to obtain an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Report;
- evaluated whether material information identified through the Process is in fact included in the Consolidated Sustainability Report;
- assessed whether the structure and presentation of the Consolidated Sustainability Report comply with ESRS;
- made inquiries of relevant personnel and performed analytical procedures on selected information in the Consolidated Sustainability Report;
- performed substantive procedures on selected information in the Consolidated Sustainability Report on a sample basis;
- obtained evidence regarding the methods for developing significant estimates and forward-looking information and how those methods were applied;
- obtained an understanding of the Group's process for identifying taxonomy-eligible economic activities and taxonomy-aligned economic activities, and the related disclosures in the Consolidated Sustainability Report;
- assessed whether the Consolidated Sustainability Report is prepared in the format required by Article 58 of ZGD-1 and Article 3 of the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Limited assurance conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Report has not been prepared, in all material respects, in accordance with Articles 70.c and 70.č of ZGD-1, which implement Article 29(a) of Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process performed by the Group to identify the information reported in the Consolidated Sustainability Report is consistent with the description in the note "Description of the processes to identify and assess material sustainability impacts, risks and opportunities IRO 1";
- compliance of the disclosures in the "Taxonomy" note of the Consolidated Sustainability Report with Article 8 of the Taxonomy Regulation; and
- compliance with the requirements for preparing the Consolidated Sustainability Report in the format required by Article 58 of ZGD-1 and Article 3 of the ESEF Regulation.

Other matters

Our limited assurance engagement does not relate to information concerning prior periods.

Ljubljana, 8 May 2026

FORVIS MAZARS, družba za revizije, d.o.o.

mag. Aleš Juhart, certified auditor

For signature please refer to the original Slovenian version.

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

General Disclosures ESRS 2

BASIS FOR PREPARATION BP 1-2

GENERAL BASIS FOR THE PREPARATION OF THE SUSTAINABILITY STATEMENT BP-1

SIJ Group's Sustainability Report combines the requirements of the ESRS Sustainability Statement and the Sustainability Reports under the Companies Act.

The purpose of the SIJ Group Sustainability Report is to provide a clear and transparent picture of all aspects, activities and results linked to sustainability for all stakeholders.

The report covers the period from 1 January to 31 December 2025 and is aligned with the reporting period used for the financial statements. The 2025 figures are subject to a limited assurance process by Forviz Mazars. The Sustainability Report also includes the EU Taxonomy reporting (Regulation 2020/852), which defines environmentally sustainable economic activities.

The Sustainability Report is prepared on a consolidated basis. The scope of consolidation is consistent with the scope of consolidation in the financial statements, except where explicitly stated and explained. Reporting is compliant with Directive 2022/2464 (CSRD) and ESRS, and is based on a double materiality analysis. This includes the identification and assessment of significant impacts, risks and opportunities (IROs) throughout the SIJ Group's value chain – both upstream and downstream.

In this report, we focus on our own activities and on the first level of the value chain. The first level of the value chain upstream mainly comprises strategic suppliers involved in the procurement of raw materials, energy, natural gas and transport services. The first level downstream includes customers and local communities. A survey of these stakeholders showed a low level of interest in our sustainable products. In our own activities, we take into account the production process, transport between our facilities, and the management of business relations with suppliers and other business partners.

Both steel producing companies of SIJ Group – SIJ Acroni and SIJ Metal Ravne – produce steel from steel scrap, and

therefore do not purchase iron ore or coal. Besides externally and internally sourced steel scrap, we procure alloys, steel products and welding materials. Other suppliers provide services, spare parts, logistics and transport solutions as part of the supply chain.

Over the course of the next two years, we will check whether we have all the necessary information on the value chain, in accordance with Article 37 of the Companies Act (ZGD-1, Official Gazette of the Republic of Slovenia, No. 102-3204/2024). We will fill in missing data during the transitional period, as necessary.

A simplified presentation of the value chain which was considered by the reporting entities within SIJ Group in the assessment process





SIJ Group has not availed itself of the option to omit specific information relating to intellectual property, know-how or the results of innovations. We have also not availed ourselves of the option allowed under the law of the Republic of Slovenia to omit disclosures about foreseeable events or matters that are the subject of ongoing negotiations.

DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES BP-2

In addition to the GHG-protocol methodology, the World Steel Association (WSA) methodology was used to calculate GHG emissions. It is a supplementary disclosure that is not subject to the audit firm's limited assurance. We include data obtained using the WSA methodology for the sake of comparability with previous years and to meet commitments related to Sustainability Bonds and other financial instruments of previous years.

The period covered by the sustainability report is consistent with the periods in the financial statements. We apply the time horizons defined in ESRS 1: the short-term horizon is one year, the medium-term horizon covers the period from one to five years, and the long-term horizon exceeds five years.

No indirect external value chain metrics were used in the IRO assessment process. Externally sourced data (e.g. WSA, EEA, Slovenian Environment Agency – ARSO) were used as a contextual source to gain better insights into the identified impacts. SIJ Group has not yet defined upstream and downstream metrics in this reporting period. This is because in the first year of reporting we focused on establishing reliable data collection processes within the Group, and on

setting up internal controls as a prerequisite for extending the system to suppliers and customers. Due to the heterogeneity of the supplier structure, the wide range of materials and the absence of uniform information and data flows, it is currently not possible to provide comparable, reliable and auditable data. In 2027–2028, we plan to introduce an extended data collection system for key segments of the supply chain (suppliers of primary raw materials, logistics partners, key downstream buyers), along with the establishment of a methodology for assessment of materiality and the impacts across the value chain.

The assumptions, estimates and judgements applied in the measurement of results are disclosed within the relevant sections. The data sources are business information systems and supply chain management data obtained via self-assessment forms.

Compared to the previous period, we have changed the methodology for calculating GHG emissions when preparing and presenting information on sustainability. We applied the new emission conversion factors for Scope 2 and Scope 3 – Category 3. No errors were found in the past period. The Sustainability Report does not include disclosures arising from other legislation or generally accepted sustainability reporting frameworks.

In the chapters [Operational highlights](#) and [Business report](#) only disclosures that are included in the 2025 limited assurance process are marked with ESRS data point identifiers.

INCORPORATION BY REFERENCE

Information on the incorporation of information by reference is also disclosed in the individual standards. All content required by ESRS is presented in the Sustainability Report, some information on the Management Board and Supervisory Board, including the expertise of the management and supervisory bodies, as well as data on sales by product group and the share of sales revenue by market, are presented in the sections below in the business report section of the Annual Report.

Incorporation by reference

ESRS data point	Disclosure	Chapter in the Business report section
GOV-1 22.a	Identity of the administrative, management and supervisory bodies	Structure of and nomination to the Supervisory Board and its committees in the year 2025
GOV-1 21.c	Experience relevant to the sectors, products and geographic locations of the undertaking	Cooperation with the company's Management Board
GOV-1 22.b	How each body's or individual's responsibilities for impacts, risks and opportunities are reflected in the undertaking's terms of reference, board mandates and other related policies	Key activities
G1	Business conduct	Organisation of SIJ d.d. and SIJ Group
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	Corporate governance and supervision of SIJ d.d.
GOV-1 21.a	The number of executive and non-executive members	Supervisory Board and Audit Committee
GOV-1 21.b	Representation of employees and other workers	Supervisory Board and Audit Committee
GOV-1 21.e	The percentage of independent board members	Supervisory Board and Audit Committee
GOV-1 21.d	Percentage by gender and other aspects of diversity that the undertaking considers	Supervisory Board and Audit Committee
G1 GOV-1 5.a	The role of the administrative, management supervisory bodies related to business conduct	Powers of the management bodies
GOV-1 21.c	Experience relevant to the sectors, products and geographic locations of the undertaking	Powers of the management bodies
G1- GOV-1	The role of the administrative, management and supervisory bodies	SIJ d.d. and SIJ Group's corporate governance system (G1 GOV-1)
GOV-1 21.a	The number of executive and non-executive members	Management Board
G1 GOV-1 5.a	The role of the administrative, management supervisory bodies related to business conduct	Management Board
GOV-1 21.c	Experience relevant to the sectors, products and geographic locations of the undertaking	Management Board
G1 GOV-1 5.b	The expertise of the administrative, management and supervisory bodies on business conduct matters	Management Board
GOV-1 22.a	Identity of the administrative, management and supervisory bodies	Extended management team

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ESRS data point	Disclosure	Chapter in the Business report section
GOV-1 21.d	Percentage of employees by gender and other aspects of diversity that the undertaking considers	Observance of the diversity policy in the corporate bodies of SIJ d.d. and SIJ Group
IRO-1 53.e	The extent to which and how the processes used to identify, assess and manage impacts and risks are integrated into the undertaking's overall risk management process, and used to evaluate the undertaking's overall risk profile and risk management processes	Managing risks and opportunities
ESRS 2 SBM-1 40.a i.	Description of the relevant product groups and/or services offered by the undertaking	Stable sales structure, by product category
ESRS 2 SBM-1 40.a ii.	Description of the markets and/or customer groups served by the undertaking	High share of exports

GOVERNANCE GOV 1-5

THE ROLE OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES IN RELATION TO SUSTAINABILITY MATTERS GOV-1

The role of administrative, management and supervisory bodies in relation to sustainability matters is presented in more detail in the chapter [Managing impacts, risks and opportunities related to sustainability.](#) IRO 1-2 SBM-3.

The basis for the discussion is an aggregate analysis of the impacts, risks and opportunities (IROs), as prepared by the companies of SIJ Group. In the course of the assessment, the risks and opportunities may be assigned escalation factors if necessary, which reflect their strategic significance for SIJ Group.

The Management Board approves the identified material impacts, risks and opportunities, as well as the measures to

manage and mitigate them. A list of the IROs considered is shown in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#).

The topics to be included in the assessment of impacts, risks and opportunities are prepared by the Sector for Quality, Sustainability and Corporate Governance and reported to the administrative and management bodies.

It critically considers the highest-rated risks, adopting objectives and measures to manage all risks, taking into account the different impacts on business operations. The Sector for Quality, Sustainability and Corporate Governance is also responsible for internal controls implemented through management system audits and for the continuous provision of information to management bodies regarding the achievement of objectives and implementation of agreed measures related to material risks and opportunities.

The Director of the Sector for Quality, Sustainability and Corporate Governance provides professional training on SIJ

Group sustainability topics to the President of the Management Board and the Vice-Presidents several times a year, in particular in connection with the preparation of strategic measures and plans. In 2025, we continued delivering training seminars on ESRS sustainability reporting, risks and opportunities linked to sustainability, climate change, business ethics, health and safety at work, anti-corruption activities, and human and labour rights.

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT SUPERVISORY BODIES RELATED TO BUSINESS CONDUCT G1 GOV-1

The President of the Management Board and the Vice-Presidents approve all strategic measures, codes, policies and plans relating to the sustainability of SIJ Group. As they are involved in their development, they possess the necessary information and professional expertise in the area of business conduct. Once a year, the President of the Management Board and the Vice-Presidents conduct a review of the implementation of the Sustainability Strategy. If there is any need to change the action plan for the purpose of implementing the Sustainability Strategy, such changes are subject to the President of the Management Board's approval.

INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES GOV-2

The President of the Management Board, together with the Vice-Presidents, regularly—at least once a year—reviews the impacts, risks, and opportunities related to the sustainable operations of SIJ Group, which are described in more

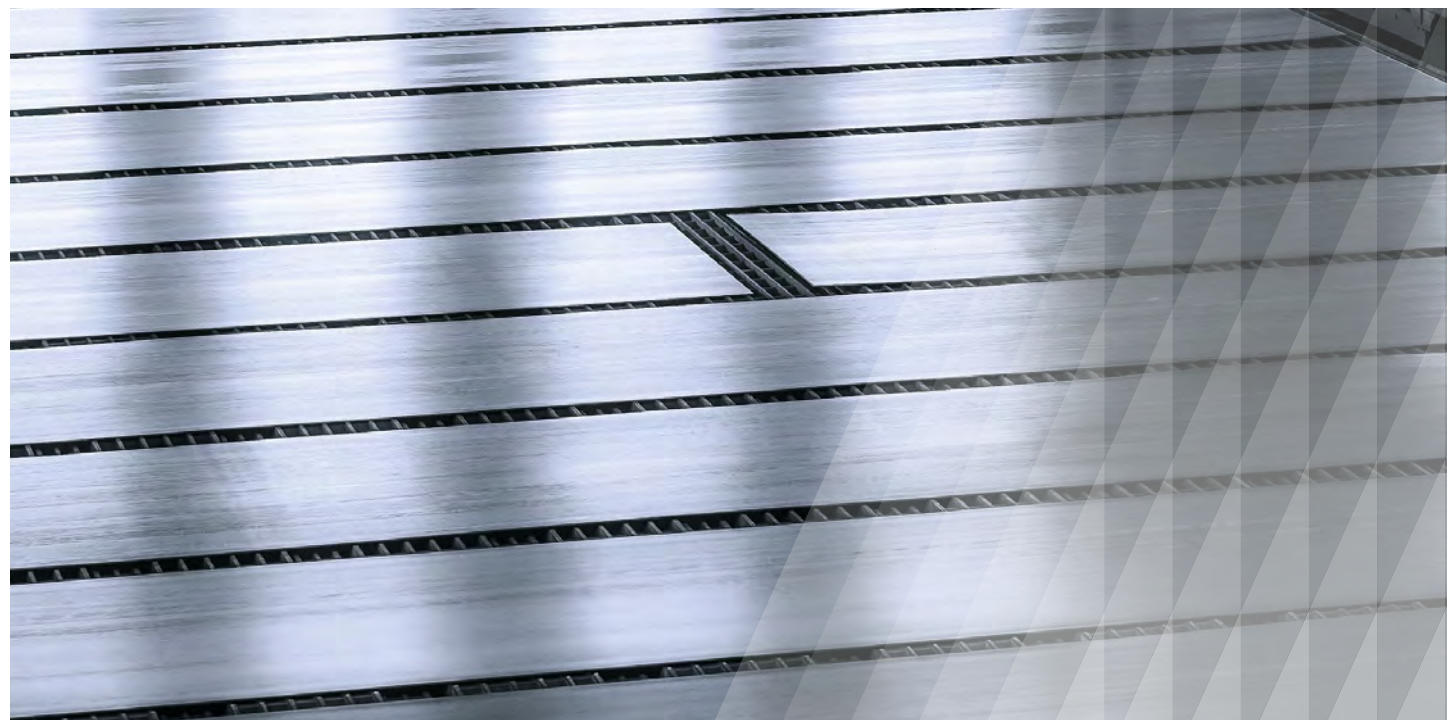
detail in the chapter [Managing impacts, risks and opportunities related to sustainability](#) **IRO 1-2** **SBM-3**.

Sustainability risks and other material sustainability-related risks are integrated into the business process and are presented in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#). In 2025, the ESRS IRO analysis also continued to be an additional activity in the area of risk and opportunity management.

The President of the Management Board and the Vice-Presidents reviewed all the identified impacts, risks and opportunities listed in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#). In the future, the identified IROs will provide a basis for preparing the business strategy and making business decisions at both the sustainability level and the overall business level of SIJ Group.

INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES **GOV-3**

In 2025, SIJ Group had not yet established an incentives scheme that is directly tied to the sustainability results or achievement of sustainability targets. This is because 2025 was the first year of comprehensive reporting under the ESRS, in which we prioritised the establishment of processes for double materiality, IRO management and the consolidation of sustainability data. Nevertheless, sustainability topics are already a factor in the management's decisions through the process of strategic planning, investment approval, risk management and regular reporting to the Management Board. In the 2026–2027 period, SIJ Group intends to assess the possibility of gradually integrating selected sustainability KPIs into the remuneration system,



once adequate data sources and stable methodologies are secured.

DECLARATION OF DUE DILIGENCE **GOV-4**

SIJ Group encourages sustainability actions across the entire value chain. The basis for conducting the due diligence review is the Sustainable Procurement Policy, the Code of Conduct for Suppliers of SIJ Group and the SIJ Group Code of Ethics. These documents also underpin our approach to ensuring the compliance and responsible business conduct of our suppliers and customers.

Due diligence is carried out by the Sector for Quality, Sustainability and Corporate Governance, which works togeth-

er with the Sectors for Purchasing and Sales in carrying out targeted inspections and audits at our suppliers and customers.

In recent years, SIJ Group has further strengthened these processes, both at the supplier level and more broadly along the value chain, in order to identify, prevent and mitigate adverse environmental and social impacts.

Mapping information about the due diligence procedures included in the Sustainability Report

Key element of due diligence with regard to society and the environment	Description	Paragraphs in the Sustainability Report
a) Integration of due diligence as part of corporate governance, strategy and business model	Due diligence is a segment of the implementation of SIJ Group's policies on human rights, business conduct, sustainable sourcing and protecting the environment. It is conducted by the Sector for Quality, Sustainability and Corporate Governance, in collaboration with the Sectors for Procurement and Sales. The results are considered in strategic decision-making and in the management of risks and opportunities across the value chain.	GOV-2 SBM-3 GOV-4
b) Engaging with affected stakeholders in all key steps of the due diligence	We involve key stakeholders in our due diligence processes, including employees, worker representatives, social partners, suppliers, customers and local community stakeholders. Their insights are used to assess the actual and potential impacts and to prioritise human rights and other sustainability issues.	GOV-2 SBM-2 IRO-1 MDR-P S1-1 S1-2 S3-2
c) Identifying and assessing adverse impacts	Identification of impacts is based on an analysis of the SIJ Group's activities, individual jobs and processes, as well as broader impacts in the value chain. Particular attention is paid to the occupational safety and health impacts. The impact assessment includes an assessment of severity, scale, probability and irreversibility in accordance with the ESRS methodology.	IRO-1 SBM-3
d) Taking actions to address those adverse impacts	SIJ Group is taking various measures to prevent and reduce adverse impacts, including improving occupational health and safety, training, management of working hours, dialogue with social partners and measures to protect the environment. Based on the results, the relevant units will investigate the situation in detail and take additional corrective action where necessary.	MDR-A E1-3 E5-2 S1-3 S1-4
e) Tracking the effectiveness of these efforts and communicating	SIJ Group establishes procedures to monitor the effectiveness of the measures implemented and regularly communicates with stakeholders on progress and results.	MDR-M MDR-T
f) Planned development of the due diligence system	SIJ Group plans to adopt a formal Due Diligence Policy in 2026, in line with the requirements set out in the Corporate Sustainability Due Diligence Directive (CSDDD). The aim of the policy is to establish a systematic, traceable and integrated approach to identifying and addressing risks and impacts across the value chain. We plan to be fully compliant with CSDDD requirements by 2027.	GOV-4 MDR-P SBM-3

Due diligence was carried out as part of the ResponsibleSteel certification process, and is further supported by ESG assessments conducted by S&P Global and by reporting to the global CDP platform.

In 2024, SIJ Group was awarded the ResponsibleSteel certificate, which certifies sustainable steel production and compliance with internationally recognised standards for sustainable management in the steel industry. In preparation for the 2025 control audit, an internal gap analysis was carried out to check compliance with the requirements of the ResponsibleSteel standard and its twelve principles in detail. Based on the certification authority's report, ResponsibleSteel approved the renewal of SIJ Group's certification.

In 2025, an external ESG assessment of S&P Global was carried out using the CSA (Corporate Sustainability Assessment) methodology. With a score of 40/100, SIJ Group ranked among the top quarter of companies operating in the steel and mining industry, confirming above-average performance in managing ESG risks and opportunities. The CSA methodology combines company disclosures, stakeholder and media analysis and in-depth engagement with evaluators.

In preparation for the assessment, we also carried out a detailed comparison of the CSA and ESRS requirements and mapping of responsibilities for individual disclosures. By so doing, we improved the alignment of internal processes with external expectations and improved our readiness for reporting under different frameworks.

The ESG rating for SIJ Group is not just an internal performance indicator, but contributes to the confidence of inves-

tors, customers and other stakeholders. It is also increasingly a prerequisite for access to finance and participation in global supply chains.

In 2025, we disclosed information on climate risk management and decarbonisation strategies on the global Carbon Disclosure Project (CDP) platform. An integral part of preparing the disclosures is a due diligence review, including the assessment of physical and transient climate risks and related measures. We have carried out the following key activities:

- multi-phase data review and validation,
- aligning CDP questions with ESRS disclosures by preparing a designated spreadsheet to integrate the two frameworks, allowing for easier comparability and reporting efficiency.

Systematic approach and future development of due diligence

SIJ Group expects to adopt a formal Due Diligence Policy in 2026, which, together with the Sustainable Procurement Policy and the Code of Conduct for Suppliers, will provide the basis for conducting systematic, uniform and traceable due diligence throughout the value chain.

Adoption of the policy will also allow the business to comply with future regulatory requirements. SIJ Group aims to comply with the EU Corporate Sustainability Due Diligence Directive (CSDDD) by 2027.

RISK MANAGEMENT AND INTERNAL CONTROLS OVER REPORTING GOV-5

Systems for managing the risks associated with sustainability reporting are based on ensuring appropriate understanding of the legal requirements for sustainability reporting and stakeholder expectations. In identifying risks, we have drawn on the process for identifying and assessing impacts, risks and opportunities (IROs), which is presented in the chapter [Description of the processes for identifying and assessing material sustainability impacts, risks and opportunities](#) IRO 1.

In preparation for the first reporting under the ESRS, the persons responsible for sustainability and compliance reviewed all requirements of the individual disclosures and designated data disclosure custodians. Each custodian is responsible for ensuring the completeness, integrity and accuracy of the data in their area.

The system of controls over data is organised on three levels. The first level is provided by the sustainability specialist and the compliance officer, and the final approval of data disclosures is given by the Director of Quality, Sustainability and Corporate Governance. The highest level of control is vested in the Supervisory Board, which approves the Sustainability Report.

In the analysis of risks related to sustainability reporting, the risks identified were limited availability of data, inadequate IT support and the burden on those involved in the reporting process. We have outlined a number of measures to address these risks:

- setting up an improved system for collecting data from subsidiaries,
- strengthening the team (in terms of competences and headcount), and
- in-house IT support within the Hyperion IT system.

Risk management and implementation of internal controls are also included in the regular review processes conducted by the Sustainability Team, and also in the internal audit processes (e.g. ISO 9001, 14001, 45001, 50001).

The findings of the risk assessment and internal controls, together with other risks, are reported to the SIJ Group Management at least once per year.

STRATEGY SBM 1-3

STRATEGY, BUSINESS MODEL, AND VALUE CHAIN SBM-1

The Business Strategy served as the foundation for preparing the SIJ Group Sustainability Strategy, which was adopted in 2022. It provided the basis for defining the rules for business practices and ethical conduct found in several codes and policies of SIJ Group. It is also inextricably linked to the more detailed SIJ Group Decarbonisation Plan 2020–2030–2050, as complemented by the Investment Plan.

The implementation of the Business Strategy 2019-2025 is presented in the [Business Performance Analysis](#) section, which also includes a presentation of SIJ Group’s main sales areas and key product groups. Data on the number of employees by geographical area are included in the [Characteristics of employees in the companies](#) S 1-6 and a disaggregation of revenues by divisions is presented in the Financial Report in the section [Segment reporting](#).

The core activity of SIJ Group is the production of iron and steel (SKD code C24.10), which falls under activity no. 3.9 of the EU Taxonomy. The activities of other subsidiaries, such as printing or carpentry, represent a small share of the business activities. SIJ Group is not active in the fossil fuels, chemicals, controversial weapons and tobacco production sectors.

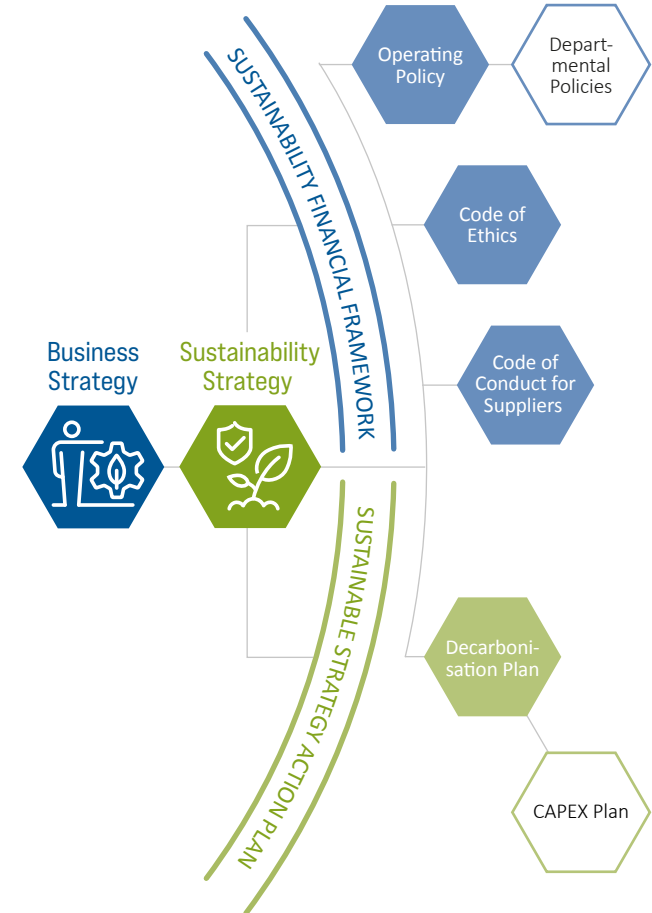
SIJ Group does not yet have defined sustainability objectives related to key product and service groups, customer categories, geographies and stakeholder relations.

In preparation for ESRS reporting, we carried out a double materiality assessment for the first time in 2024 and, based on the identified impacts, risks and opportunities (IROs), determined the sustainability topics that are material both to SIJ Group and to our stakeholders, as well as to the further development of our products and business. In 2025, we further enhanced the double materiality assessment, although no new material topics were identified.

Production of sustainable steel with electric arc furnaces and the made-to-order business model remain strategic cornerstones of SIJ Group. SIJ Group’s steel mill companies (SIJ Acroni and SIJ Metal Ravne) produce steel from secondary raw materials and their own steel scrap electric arc furnace technology. SIJ Group will continue to increase the production of steel and steel products from secondary raw materials and its own steel scrap, while continuing efforts to reduce specific emissions.

The new Business Strategy, which will be developed in 2026, will be combined with the Sustainability Strategy. Identified impacts, risks and opportunities and the assessment of double relevance will provide the basis for a unified approach to the new, combined Business and Sustainability Strategy.

SIJ Group is a vertically integrated group specialising in the production of niche steels from recycled steel scrap. The business model is based on made-to-order production, flexibility to meet our customers’ needs and high standards of quality. Vertical integration allows us to manage the entire chain – from key raw materials to finished products and services.



We gather data relevant to value chain management through regular meetings with key stakeholders, systematic data collection, e.g. through customer satisfaction surveys, and participation in professional associations and partnerships.

We provide customers with highly specialised steel products tailored to demanding industrial applications, including the energy, medical and food industries. Quality and sustainable materials increase the efficiency, reliability and lifespan of the end products.

We create long-term value for investors through stable revenues, an optimised cost structure and clear sustainability indicators (CO₂ reduction, energy efficiency).

For other stakeholders, such as local communities and employees, we provide jobs (as one of the largest employers in the country), develop skills, invest in infrastructure and reduce the environmental impact of our operations.

The upstream part of the value chain includes suppliers of raw materials, energy and auxiliary materials. We provide steel scrap as the key input for the Steel Division through our own Scrap Division. We encourage our suppliers, who must comply with ethical, environmental and quality standards, to use recycled materials and sustainable practices.

The downstream part of the value chain includes industrial customers in industries such as automotive, energy, engineering and construction, as well as distribution. The distribution network includes subsidiaries and external distributors. SIJ Group is committed to building long-term relationships with its customers, providing them with technical support and guidance on the use of materials.

INTERESTS AND VIEWS OF STAKEHOLDERS SBM-2

Key SIJ Group Stakeholders



STAKEHOLDER ENGAGEMENT

We engage our stakeholders through open dialogue, regular communication, prompt responses to questions and adapting our business practices to meet their expectations as the need arises. We tailor our engagement methods to each group of stakeholders.

- We engage with our employees through internal questionnaires and in-depth discussions, as well as consultations with representatives of the workers, or the labour unions.
- We engage with the local communities through regular meetings, held at least once a year, to discuss environmental impacts and other issues. We also respond to any initiatives we receive in writing and maintain correspondence with local authorities.
- We build relationships between SIJ Group companies and their local communities through volunteer campaigns, sponsorships and donations.

The parameters for stakeholder engagement are clearly defined. Corporate Communications, with the support of Human Resources, is responsible for communication with employees, while Corporate Communications alone is responsible for engagement with local communities and authorities. Both departments work closely with company management and the specialist departments with expertise in production, ecology and investments. An overview of activities implemented in 2025 is provided in the chapters [Processes for engaging with our own workers and workers' representatives](#) **S1-2** and [Procedures for engagement with local communities](#) **S3-2**.

As part of the preparation of the double materiality assessment, we reassessed stakeholders' views on key sustainability topics in 2025. Analysis confirmed that

- financial institutions, i.e. banks, are focusing primarily on topics of decarbonisation and management of sustainability risks and the supply chain;
- customers and suppliers express a lower degree of concern about sustainability, particularly with regard to environmental issues;
- local communities stress the importance of jobs and reducing environmental impacts;
- employees stress further improvements in working conditions and improving health and safety at work.

As the information obtained from the above is largely consistent with the information obtained through regular stakeholder engagement, this confirms the validity of SIJ Group's existing strategic plans, as well as its business model.

Stakeholder interests and impacts related to sustainability are discussed at regular sustainability meetings, operational meetings of the management and in the management reviews. The reports, which combine the insights of the stakeholders, focus on key areas such as environmental responsibility, employee well-being and community relations. Regular reviews of these areas and regular dissemination of information allow the management to make the relevant adjustments to the strategy and action plans and address the stakeholders' interests and concerns.

Own workforce **SBM-2 S1**

Being an employer of choice is a key objective outlined in the SIJ Group Business Strategy. SIJ Group companies build their reputation as an employer of choice by providing stable employment and long-term career opportunities, and by respecting the interests, views and rights of the employees and their family members. SIJ Group has special teams in place whose task is to promote health and safety in the workplace, to implement the actions required under the Family-Friendly Enterprise certification, and to monitor employee satisfaction with the quality of the food provided.

Our employees are a key part of our business model. Most of our employees work in Slovenia and other European Union countries, so working conditions are regulated in accordance with all legislative provisions and in compliance with the standards applicable in Europe.

Local Communities **SBM-2 S3**

The key topics of SIJ Group's Sustainability Strategy are based on stakeholder needs as identified during the strategy development process. The approaches used to gain an understanding of the stakeholders' interests – from regular meetings to research and analysis – were further extended in the course of the ResponsibleSteel certification. Additional stakeholder analysis has become the basis for the even more systematic involvement of local communities and for systematic and transparent communication with them.



MANAGING IMPACTS, RISKS AND OPPORTUNITIES RELATED TO SUSTAINABILITY

IRO 1-2 SBM-3

DESCRIPTION OF THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES

IRO-1

In 2025, we additionally included in the process of identifying and assessing significant impacts, risks and opportunities all SIJ Group companies that were previously not included in the first assessment of 2024. We applied a double materiality approach in the assessment, encompassing an impact perspective (positive or negative impacts on the environment, society and human rights) and a financial perspective (potential material effects on the Group's financial position, performance or cash flows). Reporting includes topics that are relevant in at least one of these aspects.

We set out to identify the positive and negative, actual and potential impacts of SIJ Group operations by conducting analyses and considering the facts we describe below. These, together with the chapters [Impact assessment procedures](#) and [Procedures for assessment of risk and opportunities](#), describe the overall IRO assessment process.

Analysis of context and facts

The analysis took into account the business environment and the broader environment in which SIJ Group operates. We incorporated the findings of regular analyses of the

competition, customer requirements and industry trends, as well as factors that have a significant impact on the materiality of individual topics:

- most SIJ Group companies are registered in Europe, while companies operating outside the EU are sales representatives;
- the production of steel and steel products accounts for 82% of the Group's sales and involves more than 80% of SIJ Group's employees;
- according to data from the International Energy Agency (IEA), the steel industry is responsible for approximately 8%¹ of carbon dioxide emissions in the energy sector (including process emissions);
- steel production from scrap generates approximately three times less greenhouse gas emissions² compared to steel production from iron ore;
- SIJ Group is one of Slovenia's largest employers;
- our value chain extends over different geographical regions due to the diversity of our suppliers and customers.

Analysis of environmental and community impacts

Part two of the assessment included a review of the impacts arising from SIJ Group's own operations and from upstream and downstream parts of the value chain. We paid particular attention to impacts relevant to the immediate environment and local communities, in particular in relation to noise and other potential impacts on human health. In assessing the severity of impacts, we also used data from

¹ International Energy Agency (IEA). *Emissions Measurement and Data Collection for a Net Zero Steel Industry. Executive summary*. Available at the following [link](#) (22 October 2025).

² World Steel Association. *What is the average CO2 intensity for the BF-BOF and EAF*. Available at the following [link](#) (22 October 2025).

the European Environment Agency (EEA) and feedback from local communities, with which we engage on a regular basis.

Analysis of risks and opportunities and inclusion of stakeholders

Parallel to conducting the assessment of impacts, we analysed the risks and opportunities and the financial significance of their potential consequences, including those arising from dependence on external factors. We sorted the stakeholders most affected by our business activities into two categories:

- internal stakeholders (shareholders, employees, the Management Board and executive directors, the Supervisory Board),
- external stakeholders (financial institutions, customers, suppliers and various local community representatives).

We prepared questionnaires on the perceived impacts for each category of stakeholder. While questionnaires are not an ideal method, they allowed for a comprehensive inclusion of the insights of a wide range of stakeholders in the first IRO assessment. We received 61 completed questionnaires, which complemented the information gathered through regular interactions with stakeholders.

As one of the most important categories of internal stakeholders, employees were included in the IRO analysis based on information and data gathered in the course of employee satisfaction surveys (2021–2023), regular informal communications and annual interviews conducted in 2024.

Particular attention was given to the environment as a unique (“silent”) stakeholder. For the purposes of the impact

assessment we used data from external sources, such as official data from the Slovenian Environment Agency (ARSO), to interpret our data in a broader Slovenian context. We also drew on the answers we received from the local branch of the international environmental NGO Alpe Adria Green.

The significance of sustainability topics, both from an impact and financial perspective, is illustrated in the chapter [ESRS disclosure requirements covered by the company’s Sustainability Strategy IRO-2](#). Analysis has shown that the scope of reporting is largely aligned with our previous reporting practices.

Involving internal teams and expert services

The list of impacts, risks and opportunities was also reviewed from the perspectives of the different business levels and teams (e.g. production, purchasing, sales, HR). The relevant sectors and departments were involved in the IRO analysis over a series of individual interviews, own assessments and presented opinions, joint workshops and training seminars. Executive Directors also provided their own inputs. Each team provided the input data for compiling the IRO list and provided comments on its own assessments of the impacts, risks, and opportunities that fall within its purview. Both positive and negative, actual and potential impacts were included in the assessment.

The IRO assessment is centrally managed and decentral-ly implemented. The Sector for Quality, Sustainability and Corporate Governance provides the methodology and internal controls, while the expert services and companies contribute the input assessments. The Sector for Quality, Sustainability and Corporate Governance coordinated the implementation of the double materiality process. Internal

controls were carried out with parallel cross-checks with business risks, in the context of which ESG risks were managed prior to 2024.

Use of external resources

As we do not yet have a formal due diligence process in place across the entire value chain, we used the relevant available data and information from other reliable sources such as the WSA, ResponsibleSteel, the Encore tool, the European Environment Agency (EEA), the United Nations Statistics Division (UNSD) and the International Labour Organization (ILO). We used this information as an additional source of objective insights into our IROs and to support our assessment of the relevance of these IROs.

Preliminary findings with respect to materiality

Based on the procedures carried out, we made a preliminary assessment that three thematic categories hold key significance for SIJ Group:

- climate change (ESRS E1),
- own workforce (ESRS S1),
- business conduct (ESRS G1).

The list of IROs was compiled independently of this assumption.

Impact assessment procedures

In assessing the impacts, we took into account the severity and probability criteria, as defined in the ESRS standards. Qualitative and quantitative criteria were applied depending on the available resources and specifics of each impact.

For negative impacts, we assessed the magnitude, extent and potential irreversibility, while for positive impacts we focused only on magnitude and extent. For both effects, a probability threshold was applied.

Given the diversity of the impacts being considered, the criteria for assessing their magnitudes are different, as it is objectively impossible to apply the same criteria to all impacts across the board.

Impact assessment criteria

Scale	Different criteria (the same criteria cannot be applied due to the dissimilarity of the impacts being considered). To assess the materiality of the scale of our impacts, we have primarily used external sources to analyse and put the issue of sustainability in context and perspective.
Scope	A five-point scale (Very Low to Very High) with thresholds. We took into account the proportion of employees (depending on the impact – e.g. in the case of OHS and human rights, we can use the proportion which reflects the potentially affected group of employees) and the location of the companies.
Probability	A five-point scale (Very Low to Very High). The assessment was done in three time periods.

These are internal estimates based on past experience and available data. In estimating the extent, inputs were gathered from external sources, including stakeholder opinions. If the external findings showed that a particular impact was significant (particularly in the industry sector context), it was always included in the assessment.

Where the use of findings from external sources was not applicable due to the nature of SIJ Group's activities or for any other specific reason, we made our own assessment based on the specific circumstances of the impact concerned. To illustrate by way of an example: most sources associate water with steel production, but this holds true only where the production process involves the use of iron

ore and blast furnaces. SIJ Group ended this type of production decades ago. However, as the analysis showed that this is an important issue for certain stakeholders, we have committed to reporting on water use and recycling programmes.

Procedures for assessment of risk and opportunities

Risks and opportunities were analysed from the perspective of dependence and links with the identified impacts. SIJ Group's main dependency-related risks refer to raw materials, energy, people and technology. The risks and opportunities related to some impacts, and the potential or available measures to manage the identified risks, have been analysed together and with regard to each phase of the value chain. This approach will help us to reduce risk or implement opportunities.

We used the criteria of size and probability to assess materiality. As with the impacts, we applied qualitative and quantitative criteria to the maximum extent possible. We assessed the probability using the same thresholds and criteria as we used for the impacts.

The scale of risks and opportunities was determined by assessing their financial impact on operating profit, a key indicator of SIJ Group's financial performance. Risks and opportunities were classified as material, major, moderate, minimal or insignificant, depending on the estimated impact and time horizon. We considered as significant all risks and opportunities that were assessed as at least moderate over any time horizon (short, medium or long term).

We considered sustainability topics such as climate change, own workforce and business conduct (according to ESRS standards) as material throughout the assessment. To identify which of these topics have the most impact on our business, we also carried out an assessment of how they relate to IROs.

Individual environmental risks had previously already been included in the overall risk assessment process at the SIJ Group level, while most of the (previously identified) risks listed in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#) were included on the first IRO assessment. In 2026, we will integrate all sustainability-related risk assessments into a comprehensive risk management process at the SIJ Group level. As part of the overall risk assessment exercise, we also consider opportunities (arising predominantly from mitigating actions or as separate risk action points), as we have done specifically when addressing IROs, which we then analyse and take relevant action on behalf of the responsible organisational unit. As most of our risks are linked to or arise from our identified impacts, the impacts are also included in the risk management process. This process forms the basis for future IRO assessments and updates to the double materiality analysis.

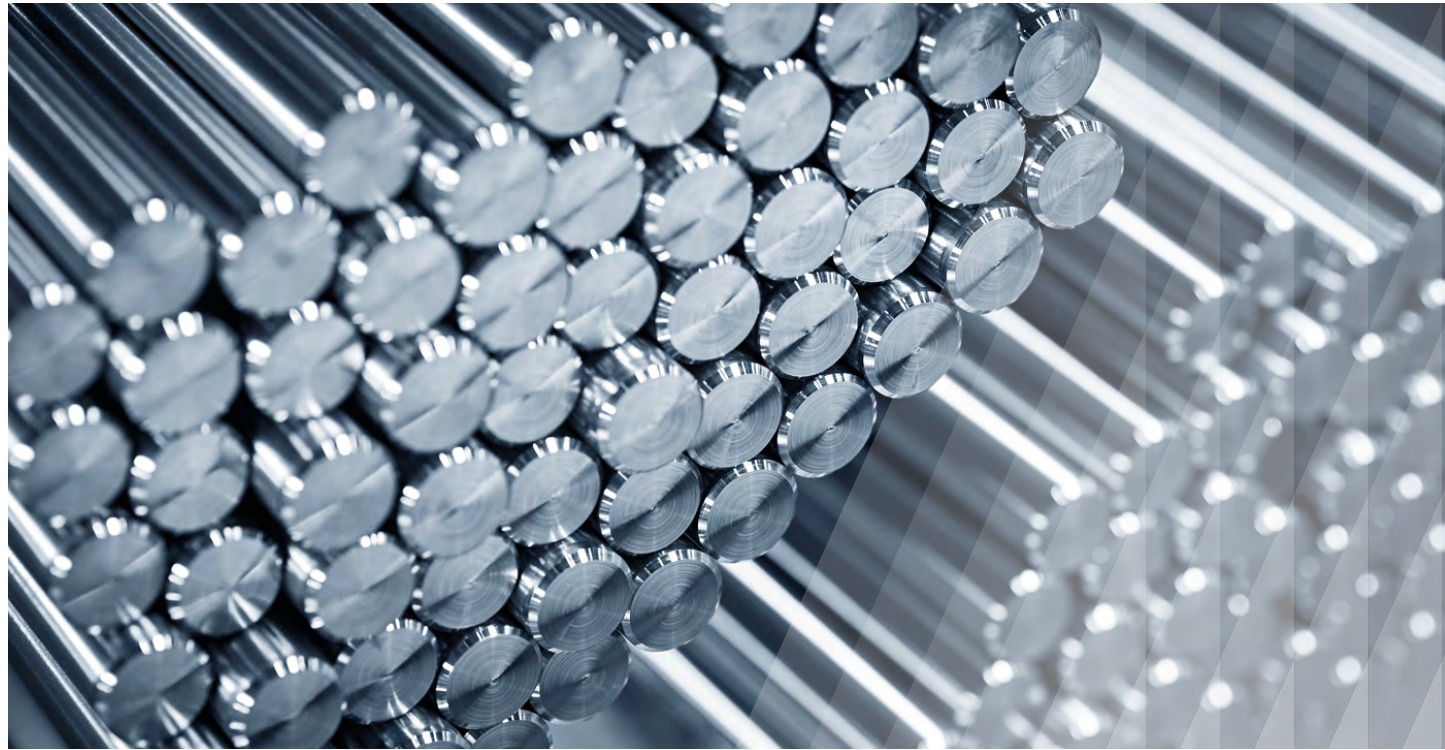
The topics of climate change, pollution, water, circular economy and business conduct, which are defined as separate IROs in Appendix C to ESRS 2, are reported later in this report. The topics of biodiversity and ecosystems have not been identified as material and relevant for reporting in the financial year 2025. Our production processes do not involve direct soil disturbance, and the effects of emissions do not approach regulatory thresholds that could have a significant impact on local ecosystems.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL SBM-3

The results of the double materiality analysis and a list of material IROs are presented in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#). It shows which impacts, risks and opportunities hold significance for SIJ Group, what their effects are, at which stages of the value chain they arise, and how they relate to our business model, business strategy, or both. For each IRO, we also assess the time periods over which the impact or risk is relevant or significant. As part of the IRO assessment, we also assessed the financial impacts of material risks and opportunities which could potentially affect the EBIT.

In previous years, significant business risks and the measures to manage them were assessed centrally through risk management and internal control processes. Prior to 2024, or prior to preparations to comply with the CSRD Directive, we did not formally analyse individual impacts and opportunities, although they were systematically identified at both the Group level and the individual subsidiary levels. The impacts were related to challenges that are common and expected in our line of business – from production noise and potential pollution, which are a source of disturbance for the local community, to climate change risks or the shortage of steel scrap.

These challenges were managed with investments in the increased use of waste raw materials and in EAF technologies, and by assessing the potential financial consequences that specific impacts and opportunities could have. SIJ Group's business model and business strategy have been significantly adjusted to address the impacts and risks identified.



The IROs identified have disparate impacts on our business model, value chain, strategy and decisions. These effects are presented in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#).

Our response to IROs linked to greenhouse gas emissions and the circular economy is to pursue investments in R&D and deploy low-carbon technologies and solutions. IROs relating to air and water pollution affect strategic decisions in engaging with local communities and in day-to-day operations. By addressing these on an ongoing basis, we are improving relations with the local environment, as evidenced by the fact that we had no major environmental incidents in 2025. Our value chain is also affected by the requirement to diversify the recovery of steel scrap, which we have al-

ready effectively met. Social IROs have the strongest impact on our strategy, as they are reflected in the challenges of maintaining and developing our workforce, while governance IROs influence the day-to-day decisions related to the implementation of our strategy. These risks are addressed on a regular basis.

The risks and opportunities which have been identified as material were assessed based on their impact on EBITDA in different ranges. Risks with an impact falling in the 25% to 50% range were classified as significant risks, and risks with an impact exceeding 50% were classified as very significant risks. The same approach was applied in assessing the potential impacts of the risks associated with the investment part of the Decarbonisation Plan, which will be fi-

nanced through sustainability-linked financial instruments. SIJ Group already established the Sustainability Financial Framework for this purpose in 2023.

Analysis of SIJ Group strategy's resilience to climate change SBM-3 E1

As part of the Sustainability Strategy 2020–2030, SIJ Group has conducted an analysis of the resilience of its business model to climate change and climate change-related risks. Due to the global nature of the steel industry, the analysis focused on the entire cycle – from raw materials to end-products – with a focus on energy, supply chains and regulatory impacts.

Methodologically, we used a scenario analysis with two development paths:

1. maintaining European steel production through the use of low-carbon technologies, and
2. decreasing European production and more dependence on imports.

In both scenarios, we took into account the energy costs, the price of emission allowances, technological progress and the availability of financing.

Among climate risks we include both physical risks (e.g. disruption of energy supply due to extreme weather events) and transitional risks (e.g. regulatory changes, cost of emission allowances, transition to low-carbon technologies). This classification allows for a better understanding of the nature of the risks and the appropriate adjustment of strategic actions.

Key measures to increase resilience include a higher share of recycled steel, a switch to renewable energy sources and diversification of supply sources.

Active participation in the discussions on the European Emissions Trading System (EU ETS), as well as taking into account the Carbon Boundary Adjustment Mechanism (CBAM) and the EU Taxonomy for sustainable activities, allows us to make timely adjustments to accommodate for regulatory changes.

The analysis included short-term impacts (up to the year 2025), medium-term impacts (up to the year 2030) and long-term impacts (up to the year 2050). The primary focus is on energy efficiency, secondary sources of steel, the development of low-carbon technologies and the transition to carbon-neutral products. Our strategic direction is consistent with the EU's 2050 climate neutrality target and based on a scenario of limiting global warming to 1.5°C.

Own workforce SBM-3 S1

As SIJ Group business operations are highly dependent on a skilled and loyal workforce with the necessary qualifications, the IROs identified also involve employees to a substantial extent. The analysis included all employees of SIJ Group and both employment groups: production workers and office workers, as well as non-employees complementing our own workforce (contract workers and students). In the area of Occupational Health and Safety in the chapter [Health and safety](#) S1-14 we also include contractors and subcontractors working on our sites. The chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#) presents all the identified impacts, risks and opportunities associated with our own workforce.

Our analysis was prepared using resources such as:

- analytical reports of the Institute of Macroeconomic Analyses and Development of the Republic of Slovenia (UMAR);
- analytical reports and data reports published by Statistical Office of the Republic of Slovenia;
- SIJ Group employee satisfaction surveys – SiOK 2016, 2020, 2023;
- job interviews with new candidates for employment and exit interviews for employees leaving the company;
- regular meetings and conversations with individual employees and trade union representatives;
- focus group discussions with employees (2020–2024), as organised by the Corporate Communications Department in cooperation with an external contractor.

The list of IROs shows that most of our negative impacts are systemic in nature and apply to the entire workforce. However, some impacts apply predominantly to production workers – for example, working conditions and the four-shift work process. Positive impacts are based on an established social dialogue and actions providing support and care for the well-being of employees, which are implemented across SIJ Group and not limited to any specific group of employees.

SIJ Group has identified persons with disabilities and migrant workers as vulnerable groups of employees. Migrant workers come from a different culture, lack proficiency in the Slovenian language and are unfamiliar with Slovenian labour law. At the same time, they have a limited social circle outside the workplace. As a result, they require more attention and support from their employer during the peri-

od of their integration. Persons with disabilities are already widely recognised as a vulnerable group in our environment and protected by law. We provide assistance to both vulnerable groups according to their specific needs and in compliance with the regulations, helping to integrate them in the workplace with regard to their specific capabilities and limitations.

Our analysis did not identify any material potential impacts on our own workforce in terms of environmental impacts. For decades, we have been investing in environmental solutions and reducing greenhouse gas emissions, and the SIJ Group's business model has been adapted accordingly. We have also not identified any risks of violations related to forced or compulsory labour and child labour. The SIJ Group Code of Ethics emphasises a zero tolerance policy to labour performed by children under the age of 15, and to all forms of modern-day slavery or other forms of forced or compulsory labour, or human trafficking.

Local communities SBM-3 S3

At SIJ Group, we identify local communities where we can have a significant impact through our own activities. As SIJ Group companies operate in urban environments, and our impact mainly involves the communities located in the immediate vicinity of our production facilities, in Ravne na Koroškem and Jesenice.

Our impact on local communities is mostly positive. We create jobs and contribute to economic development and are involved in investments in local sporting, cultural, educational facilities and other amenities. The stakeholders, with whom we work in a planned way, draw attention to is-

suues that could affect communities in the event of adverse changes in the company's operations, such as a potential reduction in activity, moving production elsewhere due to an uncompetitive business environment in the face of increased global competitive pressures, inadequate transport connections and high energy prices.

Our assessment of impacts on local communities included reviewing responses from our various stakeholders: the neighbours of our facilities, cultural institutions, schools, hospitals, NGOs, associations and societies. These stakeholders help us to identify any potential negative impacts and highlight areas where particular parts of communities or groups may be disproportionately affected.

Relevant IROs related to local communities, together with more detailed information and our responses, are presented in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#).

Climate Change E1 IRO-1

The identified impacts of SIJ Group related to climate change and GHG emissions are presented in the [Table of Material Impacts, Risks and Opportunities \(IRO\)](#), and emissions data are presented in the chapter [Gross Scope 1, 2, 3 and total GHG emissions](#) E1-6.

In the analysis of physical risks arising from climate change, we used the Climatic tool to assess the climate risks for the Jesenice and Ravne na Koroškem production sites. The analysis covered short-term (2024–2040), medium-term (2041–2070) and long-term (2071–2100) scenarios, based on the Intergovernmental Panel on Climate Change (IPCC)

C)'s RCP8.5 scenario and historical data. Risks from heavy rainfall, heat waves, drought, wind, frost, forest fires and other acute and chronic climatic events were assessed. The calculations are performed at high spatial resolution (up to ten metres) and quantified on a scale of 0 to 100, taking into account the vulnerability and exposure of assets. The results of these analyses can be found on the SIJ Group's website.

The calculation indicates that over the next three decades (2025–2054), the highest risk factor for both sites is heavy rainfall (a score of 58/100 for the Ravne location, and 60/100 for the Jesenice location). In the case of Ravne, the second-highest rated risk is late frost, and in the case of Jesenice, it is the risk of strong winds. The average exposure to climate hazards is 22 in Ravne and 23 in Jesenice.

In the context of the Sustainable Strategy 2020–2030, we also identified key climate risks associated with the transition to a low-carbon economy. We applied a scenario analysis consistent with the EU's scenario of limiting global warming to 1.5°C without overshooting. The analysis showed the exposure of the business operations to regulatory changes (EU ETS, CBAM), prices of emission allowances, availability of sustainable financing and technological shifts towards low-carbon production.

In our own activities, the risks are more pronounced in the area of transition to renewable energy, increasing the share of recycled steel and the optimisation of production processes. In the value chain opportunities have been identified in the development of carbon-neutral products, diversification of supply sources and strengthening cooperation with stakeholders who support sustainable transitions.

However, for the high-level risks and opportunities associated with the transition to a low-carbon economy, we have carried out an analysis (based on experience), the results of which are shown in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#).

The additional analysis of physical climate risks, which was carried out specifically for the Jesenice and Ravne na Koroškem sites, provides a basis for planning measures to protect infrastructure, for further cooperation with local communities and for adapting the business model to climate risks.

Pollution E2 IRO-1

We assess material risks and opportunities associated with our environmental impacts by assessing the dependencies and interactions between our business/production operations and natural systems. SIJ Group regularly analyses key impacts which may arise from steel production. We regularly review, assess and evaluate if our activities have had any actual adverse impacts on the environment (pollution, waste, impacts on water and on the local community). We focus on our two production sites located in Jesenice and Ravne na Koroškem, where the potential for such impacts is greatest.

Our analyses are based on statutory thresholds for environmental monitoring and reporting practices to government institutions, in particular the Slovenian Environment Agency. We take into account physical and transient risks and incorporate the findings from regular discussions with local communities, which take place once or twice a year, as a rule. Engagement with local stakeholders is presented in more detail in the chapter [Local Communities](#) SBM-2 S3 .

Water and marine resources E3 IRO-1

An internal assessment of the impacts, risks and opportunities related to water and marine resource management was carried out in 2023 at the production sites in Jesenice and Ravne na Koroškem. The assessment showed that SIJ Group does not have a material impact on marine resources, while its impact on water resources near the production sites is low. The assessment is based on analyses of surface and groundwater, local hydrology, water collection and discharge systems, water balance, emissions to water and water management.

Analysis of the stakeholder questionnaires has confirmed that neither the local communities nor state institutions have noticed any significant impacts or risks related to SIJ Group in terms of the management of water resources. Nevertheless, the topic holds relevance for reporting to financial institutions.

Resource use and circular economy E5 IRO-1

The focus of our IRO analysis was on the resources used in our production process (steel scrap processing) and the upstream part of our value chain, particularly the supply of key input materials.

A significant risk for SIJ Group is the risk of decarbonisation of competing integrated steel mills, which produce steel from iron ore in blast furnaces. In the course of transitioning to low-carbon technologies, these steel mills will introduce electric arc furnaces and increase the use of steel scrap, which may result in increased prices and reduced availability of this raw material. This could force SIJ Group

to begin using hot briquetted iron for the production of steel in the electric arc furnaces, which would increase the carbon footprint (Scope 1 and Scope 3).

Our analysis was based on known operational data and surveys on the availability of steel scrap. More details about the associated IROs are presented in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#).

The process of involving stakeholders, as described in the chapter [Description of the processes for identifying and assessing material sustainability impacts, risks and opportunities IRO-1](#) , included consultations with local communities. These stakeholders did not raise any concerns related to resource use or the circular economy.

Business conduct G1 IRO-1

Our analysis of operational impacts, risks and opportunities identified other related material impacts, risks and opportunities. SIJ Group is one of the largest employers in Slovenia, where most of its companies operate. We operate in a highly regulated sector where environmental and occupational health and safety regulation greatly impacts our business operations.

These factors increase the importance of an effective corporate governance structure. Due to the wide range of topics, we did not analyse all potential impacts, risks and opportunities related to business conduct separately, but we included them in a list in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#). They are reported in accordance with the requirements of the Code of Business Conduct.

ESRS DISCLOSURE REQUIREMENTS COVERED BY THE COMPANY'S SUSTAINABILITY STRATEGY

IRO-2

SIJ Group identified its material topics by conducting a double materiality analysis. The results are presented in a table, which shows which topics are material in terms of the impact and/or financial relevance, and which are included in the reporting.

In 2025, all SIJ Group companies were included in the assessment. Despite having performed a detailed assessment of their impacts, there have been no changes in the double materiality table or among the identified IROs compared to 2024.

We present a description of the processes for identifying and assessing material sustainability impacts, risks and opportunities in the chapter [Description of the processes for identifying and assessing material sustainability impacts, risks and opportunities](#) **IRO-1**.

Important sustainability topics with relevance for SIJ Group arising from the double materiality analysis **ESRS 2 SBM-3**

Sustainability-related topics	Impact relevance	Financial relevance	Relevance for reporting
E1 Climate change	•		•
E2 Pollution	•		•
E3 Water and marine resources	•		•
E4 Biodiversity and ecosystems			
E5 Resource use and circular economy	•	•	•
S1 Own workforce	•	•	•
S2 Workers in the value chain			
S3 Local communities	•		•
S4 Consumers and end-users			
G1 Business conduct	•	•	•
Topics with specific relevance to SIJ Group:			
Pollution and local communities / Noise	•	•	•
Local communities / Job opportunities	•	•	•
Business conduct and corporate governance / Unforeseeable business events	•	•	•

ANTICIPATED FINANCIAL EFFECTS FROM PHYSICAL AND TRANSITIONAL CLIMATE RISKS

E1-9

SIJ Group has carried out an assessment of the physical and transient climate risks for the production sites in Jesenice and Ravne na Koroškem. Smaller companies were not included in this analysis as their potential impacts are not material. The assessment includes the identification of risks, an assessment of their potential financial impact and a review of adaptation measures.

Physical risks

Key physical risks include heavy rainfall, flooding, drought, heat waves, wind and hail. The total estimated value of the assets exposed to these risks is approximately EUR 33 million, where exposure is split into:

- 0.1% in the short term,
- 22% in the medium term,
- 78% in the long term.

A more detailed disaggregation of acute (e.g. floods, hail, wind) and chronic risks (e.g. drought, heat waves) is presented in the chapter [Transition plan for climate change mitigation](#)

E1-1 of SIJ Group.

Approximately 80% of these funds are already covered under adaptation measures such as reinforcement of roofs, drainage systems maintenance, air-conditioning, working hours adjustments and water management plans.

Net operating revenues exposed to physical risks comprise:

- 15% in the short-term horizon,
- 18% in the medium-term horizon,
- 20% in the long-term horizon.

Transitional risks

Material transitional risks include decarbonisation requirements, EU Taxonomy compliance, energy price volatility and changes in legislation. The estimated value of the assets exposed to these risks is EUR 70 million, of which

- exposure in the short-term horizon is 25%,
- exposure in the medium-term horizon is 75%.

Most of these funds are already covered under the existing risk mitigation measures, including the Decarbonisation Plan and the transition to renewables.

A breakdown of the carrying amount of real estate assets by energy class is not available at SIJ Group.

EUR 70 million in liabilities has been allocated towards meeting the decarbonisation targets set for the year 2030. The financial plan for achieving climate neutrality (Net Zero) by the year 2050 has not yet been prepared. SIJ Group does not yet have a full reconciliation between the of assets and net revenues line items in the financial statements which are exposed to physical and transitional risks.

Potential to take advantage of climate-related opportunities

Expected savings from climate change mitigation and adaptation measures include reduced water consumption, lower repair costs and improved energy efficiency. These effects are qualitatively relevant, although not yet quantitatively material.

The potential market for low-carbon products remains stable. Gradual growth is expected mainly in the special steels segments.

ANTICIPATED FINANCIAL EFFECTS FROM POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES E2-6 **AND FROM MATERIAL WATER AND MARINE RESOURCES-RELATED RISKS AND OPPORTUNITIES** E3-5

SIJ Group has not yet defined the financial impacts for material water and marine resources-related risks and opportunities.

ANTICIPATED FINANCIAL EFFECTS FROM RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS E5-6

SIJ Group has not yet analysed and quantified the anticipated financial measures linked to the use of resources and the circular economy. The data basis for conducting such an analysis has not yet been established, as SIJ Group's use of resources and the circular economy is monitored mainly in the context of operational indicators and IROs, and not yet in the form of financial models. In the coming years, we will re-evaluate the options for implementing a suitable financial model, through development of in-house IT solutions and based on additional ESRS guidelines.

MINIMUM DISCLOSURE REQUIREMENTS

POLICIES ADOPTED FOR THE PURPOSE OF MANAGING MATERIAL SUSTAINABILITY ISSUES

MDR-P

In 2022, SIJ Group adopted the SIJ Group Sustainability Strategy with an Action Plan, which forms the basis for the clearly defined operational policies and codes of ethical conduct described below. The implementation of the Action Plan is reviewed and updated annually. Within this framework, we manage significant impacts, risks and opportunities in the areas of the environment (E1-E5), own workforce (S1), affected communities (S3) and business conduct (G1). The overall policy objectives are: business compliance and ethics, the protection of human rights, health and safety, decarbonisation and the efficient use of resources, pollution prevention, the circular economy, quality and innovation, and responsible supply chain management. Monitoring implementation: the Action Plan is subject to regular annual reviews and updates; the implementation process is supported by certified management systems (e.g. ISO and ResponsibleSteel), internal oversight and internal evaluations, and regular progress reporting based on internal key performance indicators (KPIs) defined for each area.

Framework policies and the ethical framework

The SIJ Group Business Conduct Policy, together with the SIJ Group Code of Ethics, sets out the rules of conduct

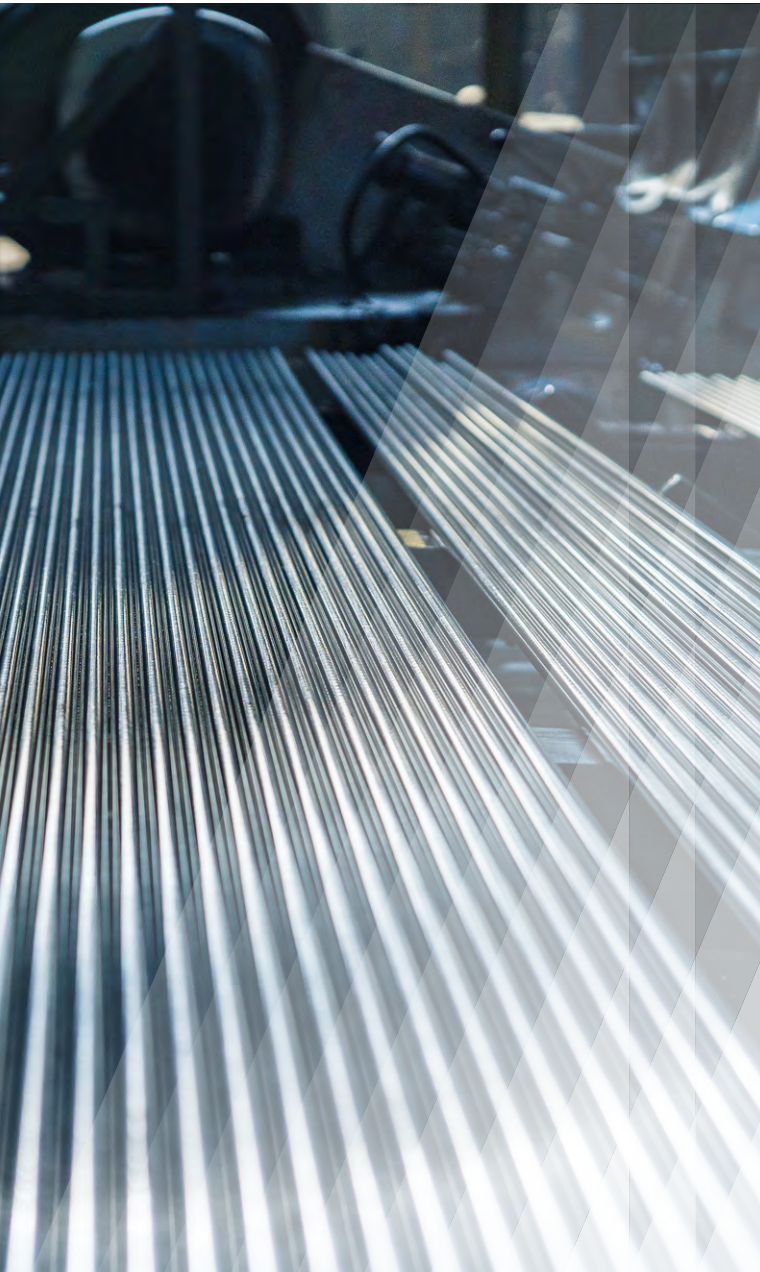
across all business operations of SIJ Group and across all SIJ Group companies, and is linked to all the IROs presented in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#). The area-specific policies and codes, as well as other plans, certifications, systems, regulations and guidance related to the implementation of the framework policy for each IRO point, are also presented in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#).

Our Code of Ethics requires employees and our external contractors to create an inclusive working environment and to protect the dignity of our employees, respect diversity and ensure equal opportunities for all. It also binds us to respect the law, human and labour rights and agreements with our employees, and to refrain from illegal business practices. This document prohibits corruption, discrimination, forced or compulsory labour, child labour, trafficking in human beings and all forms of modern slavery.

The key covenants of the adopted SIJ Group Operating Policy are:

- focus on the customer,
- sustainable management and governance,
- protection of the environment,
- occupational health and safety, and
- responsible energy management.

The policy further outlines the commitments with regard to employees, social responsibility, sustainable sourcing, quality and development, and anti-corruption efforts. A section of the policy is also dedicated to the complaints reporting mechanism which SIJ Group has put in place.



Area-specific policies and codes

Besides the overarching framework policy and the Code of Ethics, SIJ Group has also adopted:

- The Sustainable Procurement Policy, which also sets out the principles of sustainable sourcing.
- The Code of Conduct for Suppliers of SIJ Group, which requires all suppliers to conduct their operations in an honest, ethical and respectful manner.
- The Sanctions Policy, which defines and regulates the observance of international sanctions and national restrictive measures.
- The Corporate Tax Policy, which sets out the principles for compliance with tax obligations and regulates their relations with the tax authorities.
- The Policy for Remuneration of Members of Management and Supervisory Bodies, with guidelines for setting the remuneration of the members of SIJ Group’s Management Board and Supervisory Board.
- Policies governing our own workforce have not yet been adopted. SIJ Group plans to adopt them in the coming years.

These policies also apply to all external contractors performing work on a regular basis on these companies’ premises, or to those involved in SIJ Group projects. The upstream part of the value chain is subject to SIJ Group’s Sustainable Procurement Policy and Code of Conduct for Suppliers of SIJ Group; strategic suppliers of inputs (tier-1) are made aware of the requirements and submit their acceptance, signed by the relevant responsible person.

Responsibilities and integration of policies

The President of the Management Board of SIJ d.d. is responsible for implementation of the SIJ Group’s Operating Policy, while the Vice-Presidents, executive officers and directors of SIJ d.d. and the directors of its subsidiaries are responsible for integration within their respective areas of responsibility. In accordance with the SIJ Group’s corporate rules, the Operating Policy is prepared at the highest level and is directly subordinated hierarchically to the SIJ Group Strategy. Based on the applicable policy, SIJ d.d. adopts the relevant corporate regulations, while the subsidiaries’ operations are governed by internal regulations.

Compliance with standards and involvement of stakeholders

The Operating Policy, Code of Ethics and sectoral policies satisfy all the requirements of the ResponsibleSteel standards, ISO 9001, AS/EN 9100, ISO 14001, ISO 45001, ISO 50001 and IATF 16949. We follow the GHG Protocol and the WSA methodology in our emissions reporting. In the preparation of these documents, we took into consideration the requirements and expectations of key stakeholders – employees, the local community and the environment – identified in the preparation of the Sustainability Strategy.

Accessibility and implementation of policies along the value chain

The SIJ Group’s Operating Policy and SIJ Group Code of Ethics and sectoral policies are published on the websites of individual SIJ Group companies. In 2024 and 2025, the Sustainable Procurement Policy and the Code of Conduct

for Suppliers of SIJ Group were presented to strategic (Tier-1) suppliers of input materials. These are implemented through contractual covenants, written confirmations and participation in supplier assessment procedures.

The staff were informed about the obligations arising from the policies through internal communication channels and training seminars.

Policies related to climate change mitigation and adaptation E1-2

The SIJ Group's Operating Policy fosters improvements in energy, environmental and safety efficiency, as well as encourages efforts to prevent pollution, reduce noise and preserve biodiversity. SIJ Group is making efforts towards decarbonising the business model incorporating recycled steel production, with a focus on reducing greenhouse gas emissions across all scopes, increasing the share of green energy and continuously improving energy efficiency. The key instruments involved in achieving these goals are the SIJ Group Decarbonisation Plan up to the year 2050, renewable energy contracts, process improvements and technological innovation, and physical risk management through climate risk exposure assessments and preventive measures.

The SIJ Group's Decarbonisation Plan 2020–2030-02050 sets out actions to mitigate climate change through the management of emissions across all scopes. It includes measures to reduce direct emissions (Scope 1), indirect emissions (Scope 2) and supply chain emissions (Scope 3). The implementation of the actions is monitored through an annual review of the Action Plan, KPIs defined for specific scopes and projects, and consistent carbon footprint cal-

culatation in compliance with international standards. Our products' carbon footprint is calculated using established international methodologies (ISO 14044, EN 15804, WSA) and in accordance with the GHG Protocol for ESRS reporting purposes.

SIJ Group's Transition Plan combines measures to mitigate climate risks and adapt to physical and transient climate risks.

Policies related to pollution E2-1

In the area of pollution, the focus is on ongoing prevention of air, water and soil pollution, regulatory compliance and observance of prescribed thresholds, and on strengthening circular economy practices. Under the SIJ Group's Operating Policy and the SIJ Group Code of Ethics we are committed to environmental responsibility, which we consider as key to public health, and to the preservation of the natural environment and resources. All relevant companies maintain an established and certified environmental management system (ISO 14001), use advanced filtration and treatment technologies, monitor emissions in real time and actively engage with stakeholders. We are also working to reduce our environmental impact by making improvements to energy efficiency and by acting in accordance with the principles of the circular economy.

The Code of Conduct for Suppliers of SIJ Group also requires the suppliers of strategic raw materials to make efforts to protect the environment and prevent pollution, and so they are required to take measures to reduce their negative environmental impacts. The requirements for responsible conduct thus extend along the entire value chain. We see pollution prevention as an innovation opportunity, which is

an important part of SIJ Group's goal of business excellence. Through innovation and adhering to strict quality standards, we foster a sustainable corporate culture and mitigate adverse impacts. By reducing pollutant emissions, we help improve air quality, which in turn affects the health of the population and reduces stress on natural ecosystems.

SIJ Group does not use either substances of concern or substances of very high concern. In addition, SIJ Group manages all incidents, including environmental incidents, in the context of a corporate incident response system. In the event of an emergency, we act in accordance with predefined procedures that ensure a rapid response as well as the containment and remediation of impacts on people and the environment. The findings from such events are used for further improvements of the system. More detailed emergency management procedures are defined in the corporate acts of the SIJ Group. Regular monitoring procedures are followed, with transparent reporting and cooperation with the relevant institutions.

Policies related to water and marine resources E3-1

The SIJ Group Code of Ethics, which places an obligation on all employees, guides us in applying sustainable practices, including by reducing water consumption and protecting aquatic ecosystems. The two largest production companies, SIJ Acroni and SIJ Metal Ravne, have a publicly accessible Water Management Plan in place, with clearly defined targets for reducing water consumption in the future. As they do not have a material impact on water, the smaller companies do not have such a plan in place, but nevertheless conduct their activities in accordance with the SIJ Group Code of Ethics. The sustainable management of freshwater and

marine resources is driving innovation and improvements in efficiency. Through use of advanced technologies for wastewater treatment and reduced water consumption, we are contributing to the sustainable development of SIJ Group and to greater environmental efficiency. The SIJ Group's Operating Policy places responsible resource management among the company's key strategic objectives.

Inadequate management of water resources poses a risk to human health. Contamination of water resources can lead to ecological and health issues, which could adversely impact local communities and biodiversity. The SIJ Group Code of Ethics emphasises a safe and healthy working environment, including the protection of water resources.

Reducing water consumption and preventing the pollution of water resources contribute to the preservation of local ecosystems and the availability of clean drinking water for the local communities. The Code of Conduct for Suppliers of SIJ Group is also binding for our suppliers of strategic raw materials, requiring them to implement practices for the efficient use of resources, including water.

According to the European Environment Agency's (EEA) cartographic data, SIJ Group has no production facilities located in areas of high water stress.³

SIJ Group does not have a specific policy on the protection of the seas and oceans due to its remoteness from the sea. We have an indirect impact on marine resources through the management of other water resources and pollution prevention activities.

³ European Environment Agency (EEA). *Water stress in Europe, 2000 and 2030*. Available at the following [link](#) (22 October 2025).

Policies related to resource use and circular economy

E5-1

In the SIJ Group's Operating Policy, we made a commitment to encourage activities for the continuous improvement of energy and environmental efficiency, which are inextricably linked to the circular economy and the rational use of resources.

The SIJ Group's Operating Policy includes waste minimisation, recycling and reuse of materials. This helps reduce our environmental footprint and increases the efficient use of resources.

Sustainable development, the circular economy, improving energy efficiency, protecting the environment, preventing environmental pollution and preserving biodiversity are the key principles outlined in the SIJ Group Code of Ethics.

The Code of Conduct for Suppliers of SIJ Group obliges suppliers of strategic raw materials to produce products with the least possible impact on the environment, thus conserving natural renewable resources, reducing or eliminating all types of waste or unsustainable consumption of resources (including energy and water), and to introduce various measures for the efficient use of resources and the recycling or reuse of raw materials.

The circular economy is the cornerstone of the SIJ Group's business model, which is based on a high share of steel scrap, waste reduction, recycling and reuse of materials. Our operational practices include reducing waste, separating and recovering material flows and developing by-products, and these principles also extend to our suppliers.

Efficiency is monitored through tracking KPIs on waste generation and treatment, recycling rates and resource efficiency.

Policies related to own workforce

S1-1

The SIJ Group's Operating Policy and Code of Ethics, which apply to all employees of the six key companies of SIJ Group, require us, inter alia, to create an inclusive work environment and protect our employees' dignity.

We treat all current and potential employees fairly, without prejudice and equally, regardless of nationality, race or ethnic origin, national or social origin, gender, sexual orientation, marital or parental status, pregnancy, health, disability, religion or belief, age, family status, trade union membership, financial means or other personal circumstances.

SIJ Group follows the United Nations principles on human rights and certain key points from the OECD Guidelines. Our goal is to formally integrate these principles and guidelines into SIJ Group's internal bylaws and policies by 2027.

We have [a complaints procedure](#) and an anonymous complaints system for reporting compliance violations with regard to deviations from the SIJ Group's Operating Policy or the SIJ Group Code of Ethics, which also ensures whistleblower protection.

The SIJ Group's Operating Policy clearly defines our commitment to controlling and reducing occupational health and safety risks, preventing work-related injuries and health impairments, and developing safe, healthy and creative work-

ing conditions, which we achieve in consultation or cooperation with our employees or their representatives.

The SIJ Group's Operating Policy and Code of Ethics, which came into force in the first quarter of 2023, are published on the websites of SIJ d.d. and its subsidiaries. The binding commitments set out in the Operating Policy and Code of Ethics are communicated to employees through internal communications channels, and they are also given their own physical copies of both documents as part of attending special training courses.

The implementation of the policy is supported by the Code of Ethics and an Operating Policy, occupational health and safety procedures, annual interviews, career opportunities and internal complaints procedures. Monitoring includes KPIs for health and safety, training, employee satisfaction and turnover, as well as the active involvement of employees and their representatives. SIJ Group member companies are committed to respecting the human rights of their workers, including the rights of workers under all applicable laws.

Policies relating to affected communities S3-1

SIJ Group's Operating Policy and Code of Ethics are based on high ethical standards and principles of responsible business conduct and respect for human rights, which also applies to our cooperation with communities affected by our operations.

Suppliers are required to comply with the Sustainable Procurement Policy, all applicable laws and regulations and fundamental human rights, including the prohibition of forced and child labour. In accordance with the SIJ Group



Supplier Code of Conduct, they must ensure a safe and healthy working environment for all workers in the value chain. By enforcing these demands and practices, we affect not only the workers, but also the local communities in the first tier of our value chain. In accordance with the SIJ Group Supplier Code of Conduct, we explicitly require our suppliers to implement sustainable practices in their respective environments, which includes responsible treatment of employees and local communities. By so doing, they contribute to furthering the sustainable development of their business environments.

At SIJ Group, we conduct our business in accordance with the values of honesty, responsibility and respect. We promote socially responsible behaviour and contribute to

improving the quality of life in the community. We are opposed to involuntary relocations for business reasons and our companies do not engage in these types of practices.

SIJ Group companies do not operate in areas with indigenous communities and therefore we do not have a specific policy dedicated to this.

In case of any deviations from the SIJ Group's Operating Policy or the SIJ Group Code of Ethics, local communities can voice their concerns directly to the subsidiaries, through the formal [complaints procedure](#) or via the anonymous reporting system for compliance violations, which also provides whistleblower protection.

SIJ Group follows the United Nations’ guidelines on working with affected communities, as well as the key points from the OECD Guidelines. Our goal is to formally integrate these principles and guidelines into SIJ Group’s internal bylaws and policies by 2027.

With regard to engagement with local communities, SIJ Group’s approach is based on the principles of responsible business conduct and respect for human rights, community values and improving the quality of life. Engagement with local governments and stakeholders and open channels for submitting complaints allow for discussions and handling of complaints, and foster peaceful coexistence with the local community.

Business conduct policies and corporate culture G1-1

Our policies on business conduct and corporate culture are based on high ethical standards, responsible business conduct and respect for company values. The framework level, which defines the company’s corporate culture and values modelled on the Management Board’s example, is represented by the Code of Ethics and the SIJ Group’s Operating Policy. The SIJ Group’s Operating Policy places emphasis on employee satisfaction and development as the key to success. Incentives for innovation and maintaining a high standard of quality are a key part of SIJ Group’s corporate culture.

Both employees and external stakeholders can report any suspected irregularities in terms of wrongdoing or violations of adopted policies and codes through established mechanisms (the [complaints procedure](#) and [anonymous reporting via the whistleblower hotline](#)). The procedures involved in these

mechanisms are clearly defined in the corporate guidelines. The submitted reports are reviewed by dedicated staff, who have undergone appropriate training in aspects of the law, sustainability and human rights in particular.

In addition to follow-up procedures for whistleblower reports and complaints received, SIJ Group has defined procedures for the timely and objective investigation of incidents related to business conduct, including incidents involving corruption and bribery. This domain is handled by the Corporate Security Department.

In 2024, we also adopted an internal SIJ Group Corruption Prevention Manual, which defines in more detail the anti-corruption and anti-bribery policy. We have not yet adopted a specific policy on internal training on business conduct, but we have carried out an evaluation of the functions which are most at risk of corruption and bribery. These areas are procurement, logistics and project offices.

ACTIONS AND RESOURCES IN RELATION TO MATERIAL SUSTAINABILITY MATTERS MDR-A

Based on the 2025 Climate Risk Assessment, SIJ Group has adopted a detailed Transition Plan due to Climate Change, which outlines site-specific measures to address physical risks. The measures are mainly aimed at reducing the risks of damage to infrastructure, production outages, water shortages and ensuring a safe working environment for employees. The Transition Plan due to Climate Change also includes the SIJ Group’s Decarbonisation Plan 2020–2030–2050 as part of the measures to reduce greenhouse gas emissions and support climate change mitigation. This supports the implementation of our policies in all key sus-

tainability topics. All key actions of the Transition Plan are being implemented between 2025 and 2050.

The SIJ Group Sustainability Strategy 2022–2030 includes an action plan with 32 actions for all sustainability topics. Specific KPIs and targets have been set for the actions referring to each topic. The main objectives of the Sustainability Strategy are aligned with the objectives of the SIJ Group’s Business Strategy 2019–2025.

List of key topics of the Sustainability Strategy, with actions, targets and metrics

TOPICS						
Circular economy	Corporate leadership	Employees		Cooperation with the local community	Environment	
SUBJECT MATTER						
Circular economy (recycling, waste management)	Corporate culture (governance, powers and responsibilities, ethical and transparent governance, compliance)	Motivated and competent employees (organisational competences, tutorship)	Occupational safety and health (clean and tidy workspaces)	Relations with the local community (social responsibility)	Carbon footprint (energy efficiency, emissions)	Care for natural resources (water stewardship, environmental disasters)
RESULTS						
Reduced use of resources	Improved leadership	Upgraded HR management	Fewer workplace accidents	Positive environment	Honouring the Paris Agreement	Statutory compliance
Increase in added value per employee	Operational transparency	More competent and more motivated employees	More pleasant working environment	Improved reputation of SIJ Group	Meeting customer requirements	Meeting the specifications set by standards
	Uniform the SIJ Group's corporate culture	More efficient operational processes within the company	Better organisational climate measurement results	Increase in added value per employee		
GOALS						
Good business performance of SIJ Group			Employer of choice		Protecting the environment	

Sustainable Strategy Action Plan, with actions, metrics and targets

Measure no.	Sustainability topic	Sustainable strategy measures	Metric	Status at project start	Target	Status	End of measure (year)
1	S1	Clean and safe workplaces – introduction of a workplace assessment system	Workplace assessment system introduced	0%	80% of all job positions	Completed	2025
2	S1	Introduction of ISO 45001 in key manufacturing subsidiaries	Number of companies with ISO 45001 / Number of all key subsidiaries (6)	33%	100% of all key subsidiaries	In progress / annual milestones reached	2027
3	S1	Investments to improve the working environment	Achievement of legally required conditions in workplaces and common areas – number of deviations	Individual deviations	No deviations (0)	In progress / annual milestones reached	2030
4	S1	Talent management	1: Percentage of senior employees from foreman level up to directors of companies/ sectors included in the Talent Management programme (senior employees 15% of total SIJ Group employees) 2: Developing career and development plans and improvements for all key employees / talents Percentage of prepared career plans (target 5% of all employees)	0%	20% of all employees	In preparation	2030
5	S1	Improving skills transfer from trained staff to new employees	1: Number of new recruits under the standard rules – percentage of new employees who pass all required assessments or exams by the end of their probationary period	0%	70% of employees go through a single process	In preparation	2030
6	S1	Improving employee satisfaction, loyalty and engagement	1: Employee satisfaction rating 2: Engagement rating 3: Percentage of undesired departures of employees	We are not certified under the Family-Friendly Enterprise certificate 1.(2020): 66% (rated 3.3 out of 5, SiOK) 2. (2020): 15% according to SiOK methodology 3: not monitored	Family-Friendly Enterprise certificate 1: rated 3.5 out of 5 2: 25% 3: < 3%	In progress / annual milestones reached	2030
7	S1	Creating a programme to promote innovation and useful suggestions	Number of ideas, useful suggestions and technical improvements reviewed	Different systems	Increased percentage of approved technical improvements, and increased percentage of calculated economic benefits from technical improvements	In progress / annual milestones reached	2028
8	S1	Establish a single annual interview system for all management and key staff	1: Number of employees who have completed an annual performance review	We do not have a systemic solution in place, the issue is left to the directors and managers of the companies	30% of managers, employed in key positions	In progress / annual milestones reached	2030

Continuation of the table →

Continuation of the table

Measure no.	Sustainability topic	Sustainable strategy measures	Metric	Status at project start	Target	Status	End of measure (year)
9	E1	Carbon footprint and decarbonisation	CO ₂ carbon footprint, relative to 2020	Site monitoring (SIJ Acroni, SIJ Metal Ravne)	51% reduction, relative to 2020	In progress / annual milestones reached	2030
10	E1	Carbon footprint and decarbonisation	CO ₂ carbon footprint, Scope 2	Reporting for the WSA site (SIJ Acroni, SIJ Metal Ravne)	30% reduction, relative to 2020	In progress / annual milestones reached	2030
11	E1	Carbon footprint and decarbonisation	CO ₂ carbon footprint, Scope 3	Reporting for the WSA site (SIJ Acroni)	In preparation	In preparation	2030
12	E1	Promoting the sustainable internal mobility of employees	Reducing the number of private cars in the Integrated Industrial Zone Ravne	/	In preparation	In preparation	2030
13	E1	Reuse of excess heat	Rate of reused excess heat relative to total energy consumed (electricity + natural gas)	6.30%	4%	In progress / annual milestones reached	2030
14	S1	Workshops on compliance with environmental regulations	Number of employees participating in the workshop / Total number of employees	0%	80%	In preparation	2030
15	E1	Energy Management System-ISO 50001	Reduction of energy consumption per tonne of finished products	3.48 MWh/t	3.13 MWh/t	In progress / annual milestones reached	2030
16	E1, E2	Environmental investments-investment plan	Amount of funding approved for environmental investments.		In preparation	In progress / annual milestones reached	2030
17	E5	Optimising the reuse of materials reclaimed from our own industrial waste or by-products from the production process	Percentage of use of metal inputs reclaimed from own waste or by-products, relative to total use of our own internal scrap	0.063	8.30%	In progress / annual milestones reached	2030
18	E5	Proper waste segregation (zero waste)	Number of sanctions for incorrectly segregated municipal waste	Average 12 per year	0 t	In preparation	2030
19	E5	Responsible supplier commitments	Number of signed codes of ethics for suppliers. No. of suppliers of strategic raw materials with sustainability commitments / Total no. of suppliers of strategic raw materials	0.1	100%	In progress / annual milestones reached	2028
20	S3	Community Partnership Day	Number of volunteers and number of donated hours of charity work	102 volunteers and 204 hours of work	180 volunteers and 360 hours of work	In progress / annual milestones reached	2030
21	S3	Regular meetings of the company management with the local community	Number of meetings or regular written communication with local community representatives	6 (SIJ Acroni)	4 meetings per year	In progress / annual milestones reached	2030
22	S3	System for handling local community complaints and initiatives	Number of resolved local community complaints / Total number of complaints Number of local community initiatives implemented	/	100%	In progress / annual milestones reached	2027

Continuation of the table →

Continuation of the table

Measure no.	Sustainability topic	Sustainable strategy measures	Metric	Status at project start	Target	Status	End of measure (year)
23	S3	Cultural heritage	Impact – number of events	1	6	In progress / annual milestones reached	2030
24	E1	Supply of affordable heating energy (district heating – excess heat)	Increasing the share of excess heat for district heating	0.1632	50%	In progress / annual milestones reached	2030
25	G1	Systematic senior management visits to production	Number of processes included / Total number of processes	0	100%	In progress / annual milestones reached	2030
26	G1	Training employees on the SIJ Group's ethics.	Percentage of employees trained in ethical conduct and percentage of employees with a signed statement of ethical conduct	0	100	In progress / annual milestones reached	2028
27	G1	Training employees about the contents of the SIJ Group's Code of Ethics	Number of whistleblower reports solved / Total number of reports registered in the whistleblower system	0	100%	In progress / annual milestones reached	2028
28	G1	Stakeholder complaints management system – complaints mechanism	Number of resolved complaints / Total number of complaints	0	100%	In progress / annual milestones reached	2027
29	G1	Gender equality	Number of women directors / Total number of director positions (up to the level of directors of the seven key companies)	0.21	30%	In progress / annual milestones reached	2030
30	G1	Establishing a system to collect and conduct reviews of employee complaints free of bias	Number of workers trained to use the complaints system / Total number of employees	0	100%	In progress / annual milestones reached	2027
31	G1	Adoption of a company code of ethics / corporate code of conduct	Number of workers trained in the code / Total number of employees.	0	100%	In progress / annual milestones reached	2027
32	G1	Adoption of the rules of conduct for the companies, The SIJ Group Operating Policy	Number of employees with completed training on the SIJ Group's Operating Policy and Corporate Rules / Total number of employees.	0	100%	In progress / annual milestones reached	2027

All relevant IROs are directly linked to the actions of the Sustainable Strategy, as can be clearly seen in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#). This link ensures that the impacts, risks and opportunities identified are adequately addressed through actions that support achieving the strategic sustainability targets.

In 2025, one measure was completed, 25 measures are being implemented, and six measures are currently in preparation and are expected to be launched in either 2025 or 2026.

Funding for the action plan has been secured through sustainable financing raised through the issue of sustainable bonds.

Actions and resources in relation to climate change policies E1-3

SIJ Group's investments which also contribute to reducing greenhouse gas emissions are primarily focused on improving efficiency by lowering specific energy consumption. As the economic case for such investment projects is increasing as energy prices rise, raising funds to finance these projects is not problematic (in SIJ Group's normal course of business).

The reduction of greenhouse gas emissions and the resulting mitigation of climate change are primarily linked to the modernisation of technologies and shifting to new energy sources. The two key actions in this area are:

- we opt for more efficient burners in the production process,
- natural gas is being replaced by electricity and hydrogen.

These actions directly support the achievement of the objectives set out in SIJ Group's Decarbonisation Plan 2020–2030–2050 and the implementation of the climate policy commitments defined in the SIJ Group's Operating Policy.

The actual and expected reductions in greenhouse gas emissions are presented in the chapter [Transition plan for climate change mitigation](#) E1-1. We present the amounts of operating expenditure and capital expenditure in the financial statements – [Notes 8 and 9](#) in the notes to the individual line items of the consolidated financial statements.

Actions and resources related to pollution and to water and marine resources E2-2 E3-2

The measures related to pollution and water and marine resources are linked to SIJ Group's investment plan in the field of ecology, which is expected to be adopted within the next two years.

Actions and resources related to resource use and the circular economy E5-2

With regard to use of resources and the circular economy, SIJ Group has developed measures in the areas of the reuse of internal scrap, waste segregation and the introduction of responsible supplier commitments. These measures mostly involve optimisation of existing processes and therefore no significant financial resources are needed for implementation. These measures support the implementation of the commitments set out in SIJ Group's Operating Policy and the SIJ Group's Sustainability Strategy 2022–2030.

Slag is the most important secondary material in SIJ Group companies. This mixture of metal oxides, produced in the process of remelting steel, is used to produce secondary products, which can replace natural building materials and asphalt mixes. Part of the slag is reused in the remelting of steel, where it partly replaces the metallic additive.

One of the most important measures to promote the circular economy at SIJ Group has been the introduction of a central industrial waste database with information as to where the waste is generated and how it is managed across all production sites in Slovenia. It was introduced in 2021. It

provides a comprehensive resource supporting the proper handling of waste, waste prevention and closing circuits. By assessing opportunities for the re-use of materials, we are reducing the percentage that is headed to landfills, transport and recovery processes. We increase the ratio of recycled material in our products through use of internal scrap and by remelting steel scrap.

The circular economy is promoted at all levels by implementing measures to ensure the efficient use of resources. By using steel scrap and internal steel returns from our own production, as well as slag as a secondary raw material, we reduce the consumption of primary resources and thereby apply circular design principles in our production. At the same time, we are reducing the quantity of all types of waste (inert, non-hazardous and hazardous) through recycling. Measures related to the circular economy take into account environmental performance, economic viability, state-of-the-art technology, complexity of processes, enrichment potential and the possibility of returning raw materials to the production process.

SIJ Group companies operate in accordance with the Waste Framework Directive and the waste hierarchy, and implement optimisation measures.

METRICS IN RELATION TO MATERIAL SUSTAINABILITY MATTERS MDR-M

The SIJ Group's Sustainability Strategy, which the President of the Management Board and Vice-Presidents also participated in the preparation of, defines two key sustainability metrics. Key performance indicators have also been defined for these metrics, subject to verification by an independent institution. The KPIs were derived from the results of the assessment of material impacts, risks and opportunities (IROs). KPI 1 – Carbon Footprint and Decarbonisation – was selected because it represents the most important environmental KPI, as it directly measures progress in mitigating climate change and implementing measures to reduce greenhouse gas emissions, which is a central objective of SIJ Group's sustainability strategy. KPI 2 relates to the area of our own workforce, where occupational health and safety, workplace conditions and employee competencies are included in the certification under the ISO 45001 standard. These factors in particular have been identified in the IRO assessment process as key contributors to the satisfaction of production employees, as they are often the cause for dissatisfaction or employee turnover. This ensures a direct connection between the selected KPIs and the material sustainability issues identified in the assessment of material impacts, risks and opportunities in SIJ Group.

Other metrics required under the ESRS, which are also the result of IRO assessments, are presented in detail in the sections of the annual report dedicated to the relevant topics.

The achievement of the targets is monitored in the course of direct reporting at SIJ d.d. operational meetings and through established processes used to track the achievement of sustainability strategy targets.

KPI 1: Scope 1 emissions intensity reduction

Definition of the metric

The intensity of direct carbon dioxide emissions (Scope 1) from steel production is measured in tonnes of carbon dioxide per tonne of cast steel. The KPI 1 calculation is performed according to the WSA methodology.

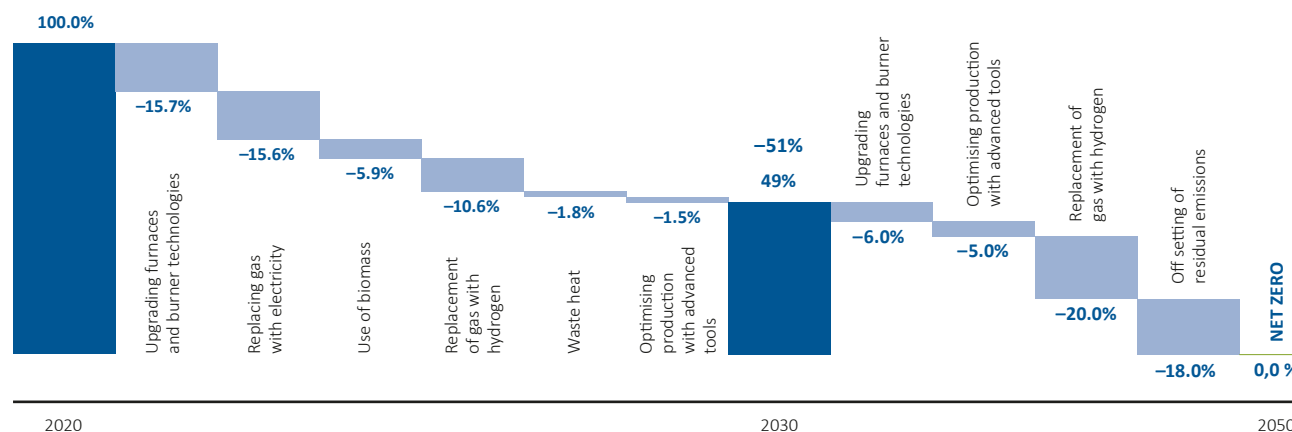
KPI 1 applies to both steel companies of SIJ Group. Of all the SIJ Group's emission sources (sources in companies un-

der SIJ Group ownership or control), the steel companies generate the majority of direct emissions.

Reporting

In our emissions reporting using the WSA method, we report indicators for the steel-producing companies SIJ Acroni and SIJ Metal Ravne. In accordance with the law and relevant methodology, the data on these companies' direct emissions are further reviewed by verifiers. SIJ Group reports on these indicators once per year, in its annual report.

Scope 1 emissions intensity (tonnes CO₂/t of steel cast)



KPI 2: Introduction of ISO 45001 standard certification in production companies

Definition

KPI 2, which is directly related to the key sustainability issue of occupational health and safety, is measured as the percentage (%) of ISO 45001-certified production companies. The principles laid out in the international standard ISO 45001, which pertain to Occupational Health and Safety Management Systems, are already implemented in many SIJ Group companies. SIJ Group’s sustainability target (KPI 2) is for all manufacturing companies to be certified under this standard by 2026.

Reporting

In our disclosures, we report the KPIs of SIJ Group’s production companies that ensure occupational safety in accordance with the relevant standards and are also certified under these standards. SIJ Group reports on these indicators once per year, in its annual report.

TRACKING EFFECTIVENESS OF POLICIES AND ACTIONS THROUGH TARGETS MDR-T E1-4

The actions outlined in the Sustainable Strategy Action Plan are tracked periodically – at the end of each year. The achievement of key action targets is subject to independent verification by an external institution. Achievement of the targets of the remaining 28 actions is tracked internally and reported to the President of the Management Board.



Besides checking if the targets have been achieved, checks are also made to determine whether the actions of the Action Plan are still relevant. If the actions or their targets have changed, the Action Plan is adjusted accordingly.

The key performance indicators are determined based on the WSA methodology, which has been systematically used

in SIJ Group since 2012. This approach allows for consistent performance tracking and ensures comparability of data over time, which is essential for reliably assessing progress towards reaching the sustainability goals.

In setting targets for each KPI, the stakeholders were included in the double materiality analysis.

Sustainable development targets under KPI 1

The data for 2020 serve as a baseline for tracking emission intensity reductions. The KPI 1 value at that time was 0.403 tonnes of carbon dioxide per tonne of cast steel. By 2030

our plan is to achieve a 51% reduction in emissions compared to the baseline year.

Sustainable development targets under KPI 1

Metric/year		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Scope 1: reduction in CO ₂ emissions in %	Planned	-0.7	-0.8	-2.1	-7.7	-11.7					
	Actual figure	-3.9	-4.2	-6.2	-11.7	-11.9	-20.8	-25.1	-32.6	-43.8	-51

Sustainable development targets under KPI 2

The baseline for comparison is 2022, when two of the six production companies of SIJ Group (SIJ Acroni and SIJ Metal Ravne) became ISO 45001-certified, meaning that the KPI 2 value was 33%. By 2026, we plan to have all production companies ISO 45001-certified. By meeting this target, SIJ Group aims to ensure the systematic management of occupation-

al safety and health, improve the working environment and raise the competence of production workers. ISO 45001 certification provides an internationally recognised confirmation that our processes and working environment comply with the highest standards of safety, which contributes to greater employee satisfaction, reduces the risks of accidents and employee turnover and, in the long term, to improved productivity and increased reputation of SIJ Group.

Sustainable development targets under KPI 2

Metric/year	2022	2023	2024	2025	2026
% of production companies with ISO 45001 certification	33	50	67	83	100
(certified production companies/all production companies)	(2/6)	(3/6)	(4/6)	(5/6)	(6/6)

Achievement of sustainable development targets from KPI 1 and KPI 2

KPI 1: Reduction of CO2 emissions – Scope 1

Metric/year		2021	2022	2023	2024	2025
Reduction of CO2 emissions in Scope 1	Planned (cumulative reduction in %, by year)	-0.7	-0.8	-2.1	-7.7	-11.7
	Planned (year-on-year cumulative reduction, in %)	-3.9	-4.2	-6.2	-11.7	-11.9
Target achieved				yes	yes	yes
Certified by external verifier				SIQ	SIQ	SIQ

KPI 2: ISO 45001 certification for SIJ Group's production companies

Metric/year		2022	2023	2024	2025
% of production companies with ISO 45001 certification	Planned (%)	33	50	67	83
	Achieved (%)	33	50	67	83
Target achieved			yes	yes	yes
Certified by external verifier			TÜV SÜD SAVA	TÜV SÜD SAVA	TÜV SÜD SAVA



PROCESSES FOR ENGAGING WITH OUR OWN WORKERS S1-2 AND LOCAL COMMUNITIES

S3-2 ABOUT IMPACTS

Processes for engaging with our own workers and workers' representatives S1-2

Employee participation in decisions and activities aimed at managing actual and potential impacts on employees in Slovenia is regulated under the respective collective agreements and laws – in particular the Worker Participation in Management Act (ZSUD, Official Gazette of the Republic of Slovenia, No. 42/07 and 45/08) and the Health and Safety at Work Act (ZVZD, Official Gazette of the Republic of Slovenia, No. 43/11).

SIJ Group companies operate in accordance with Slovenian legislation and meet their obligations related to regular social dialogue, communication with employees and consulting with employees. Company directors are operationally responsible for ensuring social dialogue and considering the interests, views and opinions of their own workers.

For the purposes of maintaining social dialogue, SIJ Group companies:

- hold meetings with employee representatives at least once per month (and multiple times, if necessary);
- hold staff meetings at least twice a year;
- inform employees on a regular basis through internal communication channels;
- hold monthly open-door sessions with company directors meant for one-on-one discussions with employees;
- assess the organisational climate using the SiOK method;

- ensure that the Complaints Committee handles complaints submitted by employees and trade unions as part of the complaints mechanism.

The impacts related to our own workforce are addressed as part of the various thematic meetings with employees listed above, where employees can ask questions and make suggestions. Examples include the Food Quality Group and its meetings, where issues related to IRO ID 20 are discussed, or the quarterly meetings of Occupational Health and Safety engineers to discuss issues related to IRO ID 19. More detailed information about the material impacts on our own workforce are presented in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#).

SIJ Group employs an International Mobility Specialist, who is available on a daily basis and visits the locations of the subsidiaries on a monthly basis to personally contact foreigners in order to address their paperwork and localisation needs. HR specialists in sheltered companies operate in compliance with the applicable legislation and the recommendations of medical or disability assessment committees, and adapt workplaces to the needs of persons with disabilities or reassign them to other, more suitable positions.

Procedures for engagement with local communities S3-2

Slovenia is the primary local environment of the international SIJ Group, where its production companies operate. Three of SIJ Group's production companies operate in Ravne na Koroškem, two are based in Jesenice, while the parent company SIJ d.d. is based in Ljubljana. The largest production companies operate in the Gorenjska and Koroška regions. The majority of our employees and their fami-

ly members are residents of these two regions, where we are the largest economic operator and a key employer. In these areas, we take particular care to engage with local communities and work with them to assess the actual and potential impacts of our operations.

We are involved in the development of local communities through various projects, partnerships and being open to new ways of cooperation. We organise and attend meetings with representatives of local communities, local authorities (municipalities), the nearest district associations and non-governmental organisations active in fields such as the protection of the environment, cultural and technical heritage, education and humanitarian activities. We also liaise with organisations catering to socially vulnerable groups.

There are no populations in the local environments where SIJ Group companies operate which would be considered or treated as indigenous peoples.

Assessment of local community response

We test the local community response in different ways. In 2024, local community representatives also graded our impacts in the context of the dual materiality analysis. In 2025, they were directly involved in due diligence procedures as part of the ResponsibleSteel certificate control audit. The feedback was consistent with the feedback we receive in our regular stakeholder engagement activities.

We regularly measure the local community perceptions of the impacts of our business operations, the impacts on the environment and infrastructure, the effectiveness of our communication channels, and the issues that the local

community considers to be the most important. The results confirm that the most relevant areas for communities are business performance and job creation, protection of the environment and support for community activities. The conclusions provide guidance for designing and implementing our plans for stakeholder engagement.

Engagements with local community representatives

We hold meetings with representatives of the local community once or twice a year. In 2025, we held six meetings with representatives of local community councils, three of which were also attended by representatives of local authorities. We discussed topics related to business operations, environmental impacts, support for community activities (sponsorships), and the stabilisation measures undertaken by the SIJ Group during the period of challenging business conditions.

These meetings usually include:

- the managements of companies,
- the corporate communications representatives from our subsidiaries,
- a representative of SIJ Group responsible for community engagement,
- expert services in the fields of ecology, investments, production and other relevant areas, etc.

Supporting local community development

We promote sustainable development of the local environment by organising various projects and events. Highlights for 2025 include:

• Sustainable sports infrastructure

We opened two new steel outdoor training courses With 26 steel gyms, developed and manufactured by SIJ Group, we are increasing the quality of life for local communities and promoting an active lifestyle. The project is implemented in cooperation with the Olympic Committee of Slovenia – Association of Sports Federations (OKS). We promote it in partnership with 28 Slovenian Olympic athletes/ambassadors.

• Volunteering and working with vulnerable groups

Ninety-nine employees donated 198 hours of voluntary work to the local community. Now in its sixth year, volunteer campaigns focus on inclusion of vulnerable groups from the local environment. In 2025, 86 users of institutions for persons with disabilities and residents of retirement homes were involved in the Local Community Partnership Day.

• Preservation of technical heritage

In October, an important monument to our industrial cultural heritage, the renovated Old Ironworks, was brought back to life. On the occasion of the opening, we took part in the 17th International ERBE Symposium and presented the Ravne Museum with a Slovenian torch made with our steel, which also serves a symbol of the centuries-old tradition of steelmaking in the Mežiška dolina valley. We have also supported several art exhibitions, which offer contemporary artistic interpretations of the ironworking heritage.

Sponsorships and donations

We support the local community social activities through sponsorships and donation projects, which are carried out under the “Mind of Steel” brand, following uniform internal

rules. While several sponsorship and donor projects were on hold due to the difficult business climate in 2025, we still supported:

- Slovenian Sportsman of the Year, presented by the Slovenian Sports Journalists' Association; the winners received sculptures made of steel;
- four children of our employees received sports scholarships for young athletes in cooperation with the Olympic Committee of Slovenia;

The amounts of sponsorships and donations are disclosed in the financial statements – [Note 4](#) in the notes to the individual line items of the consolidated financial statements.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR EMPLOYEES AND AFFECTED COMMUNITIES TO RAISE CONCERNS

S1-3

S3-3

The complaints mechanism and whistleblowing, which allows our own employees to raise concerns

S1-3

Launched in May 2023, the complaints mechanism allows community members, organisations, employees and other interested parties to report any concerns, violations and irregularities they become aware of in SIJ Group companies. The implemented complaints mechanism encourages the reporting of breaches of company policies, codes of ethics, deficiencies in occupational safety, environmental protection, personal data protection, non-compliance with governance standards which cannot be resolved internally, conflicts of interest in decision-making processes, human and labour rights violations, etc.



The systematic receipt, investigation, and resolution of reported complaints in a timely, fair and consistent manner is set out in the Rules on the Complaints Procedure. These stipulate, inter alia, that employees who report in good faith violations of laws, the Code of Conduct or other internal rules and regulations will not be subject to retaliation or suffer any negative consequences as a result of their actions.

Complaints handling and independent committee

Reported complaints are handled by an independent committee of ten SIJ Group employees. The committee members are appointed by the President of the Management Board of SIJ Group and are bound by an obligation to confidentiality and secrecy. The committee dealt with one complaint in 2025.

Anonymous reporting line (whistleblowing)

SIJ Group also provides an anonymous reports/whistleblowing channel. Concerned individuals may submit their report via the external FaceUp platform. In accordance with Slovenian law, the report is then handled by the designated company confidant. In 2025, we dealt with 12 such report.

The Rules on Whistleblowing also outline measures to protect the whistleblowers' identity and prevent retaliation. The employer is prohibited from attempting to identify the whistleblower, intermediary, or any related persons. When submitting an anonymous report via the IT-supported reporting channel, the applicant's identity is not disclosed to anyone, not even the designated company confidant.

Access to information and raising awareness among employees

Information about channels for internal reporting and complaints is provided to employees via:

- the intranet portal,
- the company newsletter,
- regular memos about the whistleblowing channel,
- information about designated whistleblower confidants, which is always available through internal channels.

Confidants are appointed in accordance with the Whistleblower Protection Act and have undergone mandatory training on the appropriate handling of incoming reports.

Channel accessibility and staff training

The complaints mechanism and whistleblower channel can also be accessed via the SIJ Group's website, where the relevant instructions are provided. The complaints mechanism also allows complaints to be submitted by email and standard post. Complaints or reports received via either of these mechanisms are reported to SIJ Group management. More than 80% of our employees have already received training on how the complaints mechanism works. All other employees will receive this training over the next two years.

Complaints mechanism and whistleblowing channels where local communities can raise concerns S3-3

Local communities can address questions, concerns and complaints to SIJ Group companies by way of:

- directly contacting the company (by phone, email and other form of communication),
- SIJ Group's complaints mechanism,
- the anonymous whistleblower system.

In the interest of ensuring faster response times, we encourage directly contacting the company. The possibility of direct contact, which is also the most frequently used channel for this type of communication, is thus promoted at local community meetings.

SIJ Group's companies keep a record of the complaints received:

- records of reports submitted through the whistleblowing system are maintained by the respective companies,
- records of reports received through the complaints mechanism are kept by SIJ d.d.

In 2025, we directly received seven complaints from local communities. In the Gorenjska region, SIJ Acroni recorded an additional 38 complaints during the reporting period, all submitted by residents from the same street. Due to their substantive similarity, the complaints were treated as a single case. The company conducted an in-depth review and implemented additional corrective measures. All complaints received were primarily related to dust emissions, noise, and low-frequency disturbances. Of these, seven complaints have already been successfully resolved.

No complaints have been received in 2025 through the SIJ Group complaints mechanism or via the anonymous [whistleblower](#) platform.

Assessment of the effectiveness of cooperation

We evaluate the effectiveness of our engagement with local communities:

- based on assessments of local community representatives,
- based on the percentage of successfully resolved complaints.

Assessments of the community representatives were obtained once again as part of the due diligence review for the ResponsibleSteel certification. Published in August, the report includes assessments submitted by representatives of sports and cultural organisations, local authorities and NGOs from the field of environmental protection. SIJ Group scored highly positive in the due diligence review (28 out of 34 points).

Companies receive concerns and complaints through the designated and recommended communication channels. SIJ Group therefore considers that community representatives are well-informed about the procedures for expressing their needs or concerns.

4 ResponsibleSteel. ResponsibleSteel Public Summary Audit Report. Available at the following [link](#) (20 October 2025).



Environmental Information

TAXONOMY

SIJ Group also performed a taxonomic assessment of our economic activities in 2025. We analysed all activities that can contribute to the EU's environmental objectives and checked if the results fall within the criteria of acceptability and alignment.

REPORT ON ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES AND INVESTMENTS FOR SIJ GROUP FOR THE YEAR 2025

For SIJ Group in 2025, we disclose the extent to which our operations are linked to economic activities that are considered environmentally sustainable according to the EU Taxonomy. We take into account all the requirements of the EU Taxonomy – from the definition of sustainable activities to the rules for preparing the key KPIs and the disclosures accompanying them.

We prepare the disclosures in accordance with:

- the Taxonomy Regulation,⁵
- the delegated acts specifying the contents and reporting methods,⁶
- and the technical criteria⁷, which determine when an activity makes a substantial contribution to environmental objectives without harming other environmental objectives.

These rules apply to all companies included in the consolidated accounts of SIJ Group.

In preparing the 2025 report, we have taken into account the Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of eligible economic activities and assets 2022/C 385/01, published in the Official Journal of the EU on 6 October 2022, and the Commission notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Climate Delegated Act establishing technical screening criteria for economic activities that contribute substantially to climate change mitigation or climate change adaptation and do no significant harm to other environmental objectives (C/2023/267), published on 20 October 2023. In 2025, the EU adopted the Omnibus Package, which introduced simplifications and reduced the burden of sustainability reporting. In preparing this report, the SIJ Group took into account the changes to Taxonomy reporting as set out in Commission Delegated Regulation (EU) 2026/73, including the updated reporting templates, which was published in the Official Journal of the EU on 8 January 2026.

⁵ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Articles 3 and 9).

⁶ In line with Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU, and Commission Delegated Regulation (EU) 2026/73 of 4 July 2025 amending Delegated Regulation (EU) 2021/2178 as regards the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities, as well as Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 as regards the simplification of certain technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives, we analysed all activities that can contribute to the EU's environmental objectives and verified whether the results fall within the criteria of acceptability and alignment.

⁷ Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities "cause no significant harm" to any of the other environmental objectives.

DISCLOSURES ACCOMPANYING KEY PERFORMANCE INDICATORS, INCLUDING ACCOMPANYING INFORMATION TO BE DISCLOSED IN ACCORDANCE WITH ANNEXES I AND II TO THE REGULATION ON DISCLOSURES

Annex I to the Disclosures Delegated Act (EU 2021/2178, as subsequently amended) clarifies that undertakings must use the same accounting principles that apply to the preparation of their consolidated annual financial statements to calculate their Taxonomy-aligned turnover. This requirement ensures comparability between the revenue reported in the annual financial statements and the revenue used to calculate the KPIs.

As a result, when a consolidated non-financial statement is prepared, the accounting principles of consolidation would exclude intercompany sales and turnover from own consumption. The indicators are calculated on the basis of the definitions found in in Annex 1 – KPIs of Non-Financial Undertakings of the Commission Delegated Regulation (EU) 2021/2178.

SPECIFICATION OF THE DISCLOSURES ACCOMPANYING THE KPIS

The Taxonomy-eligible activity of SIJ Group is iron and steel production, which is defined as a transitional activity in the taxonomy and is covered in Section 3.9 of Delegated Regulation (EU) 2021/2139.

This activity is classified under the following NACE codes:

- C24.10 Manufacture of basic iron and steel and of ferro-alloys
- C24.20 Manufacture of tubes, pipes, hollow profiles and related fittings, of steel
- C24.31 Cold drawing of bars
- C24.51 Casting of iron

An economic activity is considered to be taxonomically aligned when:

- it makes a substantial contribution to one or more environmental objectives,
- does no significant harm to other environmental objectives (the DNSH principle),
- is being implemented in accordance with the minimum safety measures,
- meets the technical screening criteria in Delegated Regulation (EU) 2023/2485 and, for certain requirements, in Delegated Regulation (EU) 2021/2139.

Among its activities, SIJ Group has assessed as Taxonomy-eligible the iron and steel production activities operated by the key production subsidiaries SIJ Acroni and SIJ Metal Ravne. This is SIJ Group's core business activity, all other activities are auxiliary activities and do not pass the material materiality threshold. The main activity is defined in the Taxonomy as a transitional activity referred to in Article 10(2) of Regulation (EU) 2020/852. In our assessment, it meets the technical screening criteria as set out in Chapter 3.9 of EU Regulation 2021/2139, in the most recent consolidated version.

The Taxonomy-eligible revenues are generated from processes directly or indirectly related to electric arc furnaces,

secondary metallurgy, casting and cutting, post-combustion plants, dedusting units, vessel heating racks, ingot preheating racks, slow cooling pits, and drying and preheating of scrap material.

After a careful review of the technical criteria, we consider that not all Taxonomy-eligible activities that we carry out are also Taxonomy-aligned. We divided our steel production into Taxonomy-aligned and non-Taxonomy-aligned activities.

Our classification was made based on:

- individual grades according to their content of alloying elements, and
- the percentage of steel scrap used to produce slabs of each grade.

A Taxonomy-aligned activity with the environmental objective of climate change mitigation was classified as any activity which meets the technical screening criteria prescribed for iron and steel production for both objectives.

In accordance with Delegated Regulation (EU) 2021/2139, the activity makes a substantial contribution to the environmental objective of climate change mitigation when steel is produced in electric arc furnaces – both in the production of carbon steel and high alloy steel. According to Delegated Regulation (EU) 2013/331, the proportion of scrap steel in the input must be at least 70% for the production of high alloy steel, and at least 90% for the production of carbon steel. SIJ Group meets these criteria and is thus making a substantial contribution to climate change mitigation.

For the climate change adaptation objective, in the context of the requirement that the activity does no significant

harm to other environmental objectives, we checked compliance with the criteria set out in Appendix A to Annex I of Delegated Regulation (EU) 2021/2139. An assessment of climate risks and vulnerabilities was prepared for both steel companies of SIJ Group. The assessment identified physical climate risks which holds relevance to the operations of our industrial facilities, and rated their materiality. Based on the findings, an adaptation plan was prepared, setting out mitigation and adaptation measures and an estimate of the required investments. Based on this, we consider that we meet the criteria of causing no significant harm to climate change adaptation.

SIJ d.d. regularly monitors surface and groundwater quality, thus reducing the risk of potential water contamination. We regularly monitor the identified risks and provide all the required measurement data to the competent authorities. As our production facilities have valid environmental permits, the activity thus meets the criteria set out in Appendix B of Annex I of the EU Delegated Regulation 2021/2139 and does not significantly harm the objective of the sustainable use and protection of aquatic and marine resources.

SIJ Group does not engage in activities that would include the production, placing on the market or use of substances listed in Appendix C to Annex I of the EU Delegated Regulation 2021/2139, meaning that the activities do no significant harm to the objective of pollution prevention and control.

SIJ Group regularly carries out environmental impact assessments. In 2022, an assessment of the impact on biodiversity of the two largest production companies was carried out and, although it did not show significant adverse impacts, it defined certain measures to reduce risks. In



2025, SIJ Group companies implemented these measures and monitored their implementation. SIJ Group therefore meets the criteria set out in Appendix D of Annex I of the EU Delegated Regulation 2021/2139 and does not significantly harm the objective of the protection and restoration of biodiversity and ecosystems.

KEY INDICATORS FOR REVENUES, CAPEX AND OPEX

The KPI for revenues is calculated as a fraction of the net revenue derived from products or services, including intangibles, linked to Taxonomy-aligned economic activities (the numerator), divided by the net revenue (the denominator).

Revenue comprises revenue recognised in accordance with paragraph 82(a) of the International Accounting Standard (IAS) 1, as adopted by Commission Regulation (EC) No 1126/2008.

Updated EU Taxonomy legislation allows for the application of the so-called materiality threshold. Article 1 of Commission Delegated Regulation (EU) 2026/73, which amends Article 1a of Commission Delegated Regulation (EU) 2021/2178, defines the possibility for non financial undertakings to refrain from assessing whether their activities are taxonomy aligned or taxonomy eligible if the revenues from those activities amount to less than 10% of the denominator of the key performance indicator for revenues

set out in Section 1.1.1 of Annex I to Commission Delegated Regulation (EU) 2021/2178. This means that all economic activities which cumulatively account for less than 10% of revenues, CapEx and OpEx, may be reported as non-material. We report as non-material all economic activities of SIJ Group other than its main business activity. All other revenues that do not arise from the core activity are namely not financially material to its performance, as they do not exceed 10% of total revenue. Therefore, these revenues are assessed as Taxonomy-ineligible, and no eligibility or alignment assessment is performed for them.

Furthermore, the amendment introduced by Article 1b of Commission Delegated Regulation (EU) 2021/2178 allows non financial undertakings, with respect to the key performance indicator for CapEx, to refrain from assessing whether their activities are taxonomy eligible or taxonomy aligned when the total CapEx related to those activities amounts to less than 10% of the denominator of the capital expenditure KPI set out in Section 1.1.2.1 of Annex I to Commission Delegated Regulation (EU) 2021/2178.

The year 2025 was marked by numerous business challenges for the SIJ Group, which required appropriate adjustments to its CapEx. Total CapEx amounted to only 3% of the Group's total realisation, and consequently, this low level of investment does not have a material impact on the taxonomy indicators. Therefore, for 2025 the SIJ Group refrains from conducting the above mentioned assessment, while it will continue to evaluate the materiality of CapEx as part of each annual taxonomy reporting cycle.

The amendment introduced by Article 1c of Commission Delegated Regulation (EU) 2021/2178 enables non finan-

cial undertakings to omit the assessment of whether OpEx related to all company activities is taxonomy eligible or taxonomy aligned in relation to the key performance indicator for operating expenditure from Section 1.1.3 of Annex I (OpEx), when operating expenditure is not material to the company's business model. In such cases, the Regulation requires undertakings to disclose the total value of the denominator of the OpEx KPI and to explain why they consider the operating expenditure not to be material to their business model.

SIJ Group considers OpEx to be non-material to its business model, and therefore reports it only in aggregate. OpEx is considered non-material due to its limited impact on the achievement of medium- and long-term environmental objectives, in particular the objective of gradual decarbonisation, and because it represents a relatively small share of total financial expenditures.

SIJ GROUP

Share of turnover, capital expenditure and operating expenditure linked to products or services associated with economic activities that are Taxonomy-eligible or Taxonomy-aligned – disclosure for the year 2025 – Summary of key performance indicators

Financial year 2025	Criteria for substantial contribution														
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
KPI	Total in EUR	Share of Taxonomy-eligible activities	Taxonomy-aligned activities in EUR thousands	Share of Taxonomy-aligned activities	Climate change mitigation	Climate change adaptation	Water resources	Circular economy	Pollution	Biodiversity	Share of enabling activities	Share of transitional activities	Activities not assessed, considered non-material	Taxonomy-aligned activities in the previous reporting year (N-1) in EUR	Share of Taxonomy-aligned activities in the previous reporting year (N-1) in EUR
Revenues	929,971,725	70%	598,530,609	64%	100%	0%	0%	0%	0%	0%	0%	70%	30%	0	0%
CapEx		%		%	%	%	%	%	%	%	%	%	%		%
OpEx		%		%	%	%	%	%	%	%	%	%	%		%

Share of turnover generated from the sale of products or services associated with economic activities that are Taxonomy-eligible or Taxonomy-aligned – disclosure for the year 2025 – classification of activities

Reported KPIs (revenues)		Environmental objectives of Taxonomy-aligned activities												
Financial year 2025														
Economic activities	Activity SKD classification	Share of Taxonomy-eligible revenues	Absolute turnover, in EUR thousand	Share of Taxonomy-aligned revenues	Climate change mitigation	Climate change adaptation	Water resources	Circular economy	Pollution	Biodiversity	Category (enabling activity)	Category (transitional activity)	Share of Taxonomy-aligned revenues within Taxonomy-eligible revenues	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
Iron and steel production (Taxonomy-aligned input of steel scrap)	CCM 3.9	70%	929,971,725	64%	100%	0%	0%	0%	0%	0%	/	P	93%	
Total alignment with regard to the environmental target (%)					100%	0%	0%	0%	0%	0%				
Total relative to the KPIs (revenues)		70%	929,971,725	64%	100%	0%	0%	0%	0%	0%	/	P	93%	

* 0, if applicable

**P, if applicable

CLIMATE CHANGE E1

Currently, the targets and the transition plan are based on data calculated using the WSA methodology for calculating greenhouse gas (GHG) emissions. SIJ Group does not yet have in place a comprehensive transition plan linked exclusively to the Scope 1, 2 and 3 GHG emissions metrics, as presented later on in the report under the disclosure [GHG emissions calculated in accordance with the GHG Protocol](#); GHG emissions the Scope 1, 2 and 3 are calculated in accordance with the GHG Protocol. The preparation of such a plan is intended in the next two years. It will be based on the ESRS standard and will take account of the regulatory requirements and the strategic priorities of SIJ Group.

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION E1-1

SIJ Group's transition plan combines measures to mitigate climate risks and adapt to physical and transient climate risks, and includes the SIJ Group's Decarbonisation Plan 2020–2030–2050, which serves as the foundational document for decarbonisation of the entire SIJ Group. These measures are being implemented in SIJ Acroni and SIJ Metal Ravne, the only two companies obliged to participate in the European Emissions Trading System (EU ETS). Together, they account for 97% of SIJ Group's total greenhouse gas (GHG) emissions (according to the WSA methodology). A plan to reduce GHG emissions has been prepared in these two companies, which even now have significantly lower emissions compared to the steel industry in other parts of the world.



SIJ Group's business strategy is focused on increasing the production of steel and steel products while further reducing specific emissions. We aim to reduce our own Scope 1 CO₂ emissions by 51% and Scope 2 emissions by 30% by 2030, compared to the baseline year 2020. SIJ Group does not yet have a clear Scope 3 emissions reduction plan in place, as a comprehensive data collection methodology is still being established in the supply chain, as suppliers are not yet reporting consistent data. Calculation methodologies need to be harmonised and priority emission categories need to be set. Targets related to reducing GHG emissions are presented in more detail in the chapter [Targets related to climate change mitigation and adaptation](#) E1-4 and

in chapter [Analysis of SIJ Group strategy's resilience to climate change](#) SBM-3 E1.

At SIJ Acroni and SIJ Metal Ravne we developed a plan to reduce direct CO₂ emissions, which is based mainly on replacing the burners and modernisation of the heating furnaces. No additional operational expenditure is foreseen due to the reduced natural gas consumption, as the operating costs after the implementation of the measures will be under the original baseline level. Capital expenditure of EUR 70 million has been projected for implementing these measures during the period from 2021 till 2030.

Due to the replacement of fixed assets, which we intend to retire altogether and which we will not be selling, the associated GHG emissions will no longer be generated. Specific emissions are reduced by modernising and optimising production and by increasing energy efficiency in accordance with the Decarbonisation Plan 2020–2030–2050.

SIJ Group is not included in the EU benchmarks aligned with the Paris Agreement.

As part of the broader investment cycle, we allocated EUR 1.966 million to 2025 in investments that directly reduce environmental impacts, which represents 6.6% of the total investment budget of the three largest metallurgical

companies. In line with the Best Available Technology (BAT) principles, these investments complement the measures under the Decarbonisation Plan.

The total value of investments we are making in accordance with the Decarbonisation Plan up to the year 2030 adequately reflects the financial projections mentioned above, including the adjustments to the implementation dynamics. The Decarbonisation Plan has been approved by the President of the Management Board.

The transition plan has been prepared in accordance with the WSA methodology for calculating GHG emissions.

Progress on implementation of the transition plan

Disclosure	Unit	2020	2021	2022	2023	2024	2025
Scope 1 emission reduction plan relative to the year 2020		0%	-1%	1%	-2%	-7.7%	-11.7%
Cast steel	t	451,574	495,346	437,551	378,602	456,743	433,115
CO ₂ emissions, per WSA	t	181,967	191,785	168,851	144,234	162,497	153,844
Specific emissions	t of CO ₂ per tonne of cast steel	0.403	0.387	0.386	0.375	0.356	0.355

SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES AND HOW THEY RELATE TO THE STRATEGY AND BUSINESS MODEL SBM-3 ARE PRESENTED IN THE CHAPTER ANALYSIS OF SIJ GROUP STRATEGY'S RESILIENCE TO CLIMATE CHANGE

SBM-3 E1

THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES IRO-1, ARE DESCRIBED IN THE CHAPTER DESCRIPTION OF THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES

IRO-1

POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION TO CLIMATE CHANGE E1-2 ARE PRESENTED IN THE CHAPTER POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

E1-2

ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES E1-3 ARE PRESENTED IN THE CHAPTER ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

E1-3

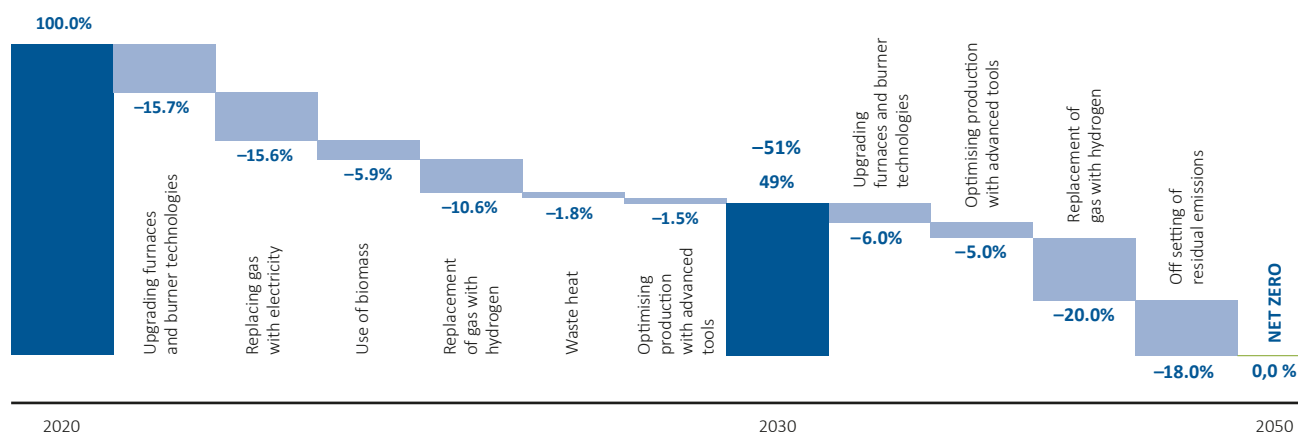
TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION E1-4

The targets for reducing greenhouse gas (GHG) emissions were set based on a selection of possible investments in technological changes and substituting energy sources. In particular, we considered the possibility of upgrading the combustion equipment on the heating furnaces, and examined the viability and feasibility of replacing natural gas with electricity. The potential for reducing GHG emissions was assessed for each investment.

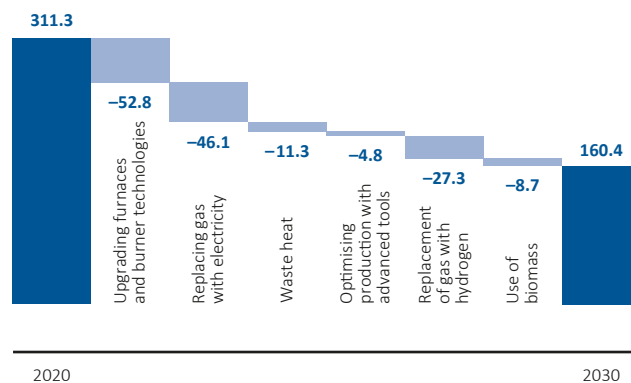
Besides the measures to reduce direct CO₂ emissions through investments in upgrading heating furnaces, we are also planning additional measures for which the investment levels have not yet been set. We are monitoring the development of new technologies for the production of hydrogen, which could potentially be used as a substitute for natural gas. We are also exploring ways to capture excess heat and convert it into electricity. The first attempts to implement induction heating (replacing natural gas with electric power) were carried out at SIJ Acroni by installing inductors in the CRNO line for preheating cold-rolled strips, and at SIJ Metal Ravne by introducing induction heating of the billets on the middle line in the hot-rolling mill. As these alternatives are accompanied by high investment and operating costs, we are not yet considering them because they could have a negative impact on the companies' business results.

Overview of the Scope 1 GHG Specific Emissions Reduction Plan 1

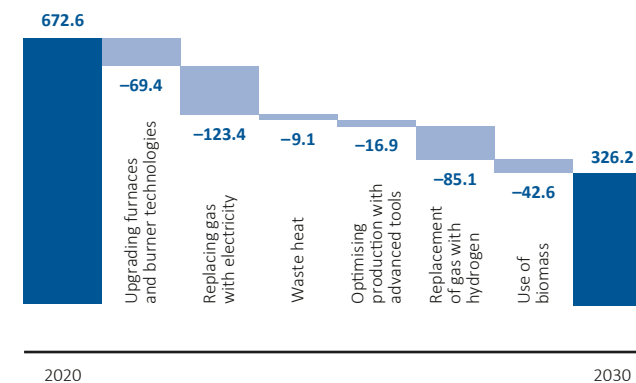
Reduction of CO₂ Intensity of the SIJ Group, Scope 1 (in percent)



Reduction of CO₂ intensity of the company SIJ Acroni, scope 1 (kg CO₂/t crude steel)



Reduction of CO₂ intensity of the company SIJ Metal Ravne, scope 1 (kg CO₂/t crude steel)





The Decarbonisation Plan was prepared in accordance with the WSA methodology for calculating GHG emissions. The baseline year is 2020. For Scope 2 emissions, SIJ Group has a 30% reduction plan, which was already achieved in the first year of the plan. If customer demand so requires, we can further exceed the target by purchasing electricity from renewable energy sources. For Scope 3 emissions, SIJ Group does not yet have a clear plan for their reduction, but is currently working on simulations for reducing these, focusing on Scope 3 Category 3.

The baseline emissions were determined based on the reports on GHG emissions (calculated according to the WSA methodology) in SIJ Acroni and SIJ Metal, which, as ETS-regulated entities, are required to regularly report on their emissions and have their reports verified by independent verifiers. To verify the achievement of our GHG reduction targets, we enrolled in the Science Based Targets initiative (SBTi) programme in 2024. In 2025, we carefully reviewed the requirements in detail and suspended activities due to the difficult market conditions in the steel industry. We expect that in the coming years this programme will enable us to demonstrate the scientific validity of the targets and their consistency with the 1.5°C global warming limit.

The Decarbonisation Plan includes the reduction of GHG emissions by the year 2025. Under the Paris Agreement, we are committed to achieving carbon neutrality by 2050. The objectives are described in the Decarbonisation Plan, which is based on measures to reduce direct emissions (Scope 1), indirect emissions (Scope 2) and supply chain emissions (Scope 3).

The most important measures to reduce our own specific emissions include upgrading our furnaces and combustion techniques, replacing natural gas with hydrogen, utilising excess heat, using biomass and digitising the production process.

ENERGY CONSUMPTION AND MIX E1-5

Total energy consumption

Disclosure	Unit	2024	2025
Total energy consumption related to own activities:	MWh	1,174,906	1,176,324
Total electricity consumption		No data	484,472
• Total energy consumption from fossil sources	MWh	953,304	1,012,891
<i>Share of fossil sources in total energy consumption</i>	%	81.1	86.1
• Fuel consumption from coal and coal products	MWh	0	64
• Fuel consumption from crude oil and petroleum products	MWh	37	6
• Fuel consumption of fuels from natural gas	MWh	698,944	685,805
• Fuel consumption from other fossil sources	MWh	0	40
• Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh	0	326,976
• Total nuclear energy consumption	MWh	100,545	66,221
<i>Share from nuclear sources in total energy consumption</i>	%	8.6	5.6
• Total energy consumption from renewable energy sources	MWh	121,057	97,212
<i>Share of renewable sources in total energy consumption</i>	%	10.3	8.3
• fuel consumption for renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources, etc.;	MWh	0	0
• consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources; and	MWh	121,057	91,310
• consumption of self-generated non-fuel renewable energy.	MWh	0	5,902
Energy production from non-renewable sources	MWh	2,030	1,744
Energy production from renewable sources	MWh	166	162
Energy intensity (total energy consumption per net revenue*), associated with activities in high climate-impact sectors.	Numerical index, in %	0.14	0.22

* In the calculation of energy intensity, we include SIJ Acroni and SIJ Metal Ravne, which are classified in the high impact climate sector based on the fact that their activities are classified as C – manufacturing activities, with steel production.

** The share of net revenues of SIJ Acroni and SIJ Metal Ravne factored into the calculation of energy intensity is included in the financial statements.

The disclosure of energy consumption for 2025 includes SIJ Group's production companies, which, in aggregate, account for more than 95% of electricity consumption and 99% of natural gas consumption. The remaining companies have no production activities and are therefore minor energy consumers.

GROSS SCOPE 1, 2, 3 AND TOTAL GHG EMISSIONS E1-6

Methodologies for calculating GHG emissions

SIJ Group uses two different methodologies to calculate its GHG emissions. The first methodology is aligned with the GHG Protocol Corporate Standard, and the second is the WSA methodology. The latter is a supplementary disclosure and is not subject to the auditor's assurance.

Methodology applied

In our calculation of GHG emissions we followed the GHG Protocol. This methodology was applied for the first time in 2024, and in 2025 it was upgraded in the calculation of Scope 2 and Scope 3 – Category 3. New emission factors were used in the calculation.

- Scope 1 emissions are based on process and combustion emissions generated in the reporting year.
- Scope 2 emissions are calculated based on publicly released factors from the Jožef Stefan Institute for 2025, and internal data from the balancing group or the suppliers; the calculation is based on metered consumption. A more significant difference in the data compared to the previous year in the Scope 2 calculation occurred due to the use of a different source for the emission factor.
- Scope 3 emissions include all other significant indirect emissions (purchased goods and services, investments, transport, travel, services, etc.) and make up more than 95% of SIJ Group's total costs of materials, goods and services. The criteria for excluding individual categories

GHG emissions calculated in accordance with the GHG Protocol

GHG emissions

Disclosure	Unit	2024	2025
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions	t CO ₂ e	166,248	158,034
Share of Scope 1 GHG emissions from regulated emissions trading schemes	%	97.4	97
Scope 2 GHG emissions*			
Gross location-based Scope 2 GHG emissions	t CO ₂ e	228,050	122,564
Gross market-based Scope 2 GHG emissions	t CO ₂ e	240,911	203,530
Material Scope 3 GHG emissions**			
Total gross indirect GHG emissions (Scope 3)	t CO ₂ e	407,606	354,675
1) Purchased goods and services	t CO ₂ e	310,077	284,756
Optional subcategory: Cloud computing and data centre services	t CO ₂ e	not relevant	not relevant
2) Capital goods	t CO ₂ e	22,956	7,107
3) Fuel- and energy-related activities (not included in Scope 1 or 2)	t CO ₂ e	16,724	18,833
4) Upstream transportation and distribution	t CO ₂ e	6,427	307
5) Waste generated in operations	t CO ₂ e	1,745	630
6) Business travel	t CO ₂ e	1,508	641
7) Employee commuting	t CO ₂ e	1,533	1,769
8) Upstream leased assets	t CO ₂ e	647	401
9) Downstream transportation and distribution	t CO ₂ e	28,105	24,930
10) Processing of sold products	t CO ₂ e	not relevant	not relevant
11) Use of sold products	t CO ₂ e	not relevant	not relevant
12) End-of-life treatment of sold products	t CO ₂ e	17,866	15,151
13) Downstream leased assets	t CO ₂ e	18	150

Continuation of the table →

from Scope 3 are defined in the greenhouse gas calculation methodology for the SIJ Group:

- Category 10 – Processing of sold products: Steel is an intermediate product used in a wide range of industries, and steel producers do not have insight into the processes of our customers due to business confidentiality and the diversity of their processes.
- Category 11 – Use of sold products: Steel products (e.g., construction elements, machine parts, etc.) are passive materials that do not emit greenhouse gases during their use phase.
- Category 14 – Franchises: The SIJ Group does not have franchises in which external operators would operate under the brand as franchisees.
- Category 15 – Investments: SIJ treats all investments in equipment, production lines, infrastructure facilities, or technologies as capital investments. In accordance with the methodology, these are fully included under Category 2. SIJ does not have an investment portfolio that would generate emissions under Category 15.

The net revenues used in the calculation of the GHG emissions intensity are disclosed in the chapter [Consolidated Statement of Comprehensive Income](#).

Continuation of the table

Disclosure	Unit	2024	2025
14) Franchises	In tonnes of CO ₂ equivalent		
15) Investments	In tonnes of CO ₂ equivalent		
Total GHG emissions			
Total GHG emissions (location-based)	In tonnes of CO ₂ equivalent	801,904	
Total GHG emissions (market-based)	In tonnes of CO ₂ equivalent	814,765	
GHG emissions intensity			
GHG emissions intensity (location-based)	In kilogrammes of CO ₂ over net revenue	0.74	
GHG emissions intensity (market-based)	In kilogrammes of CO ₂ over net revenue	0.75	

* In 2025, the SIJ balancing group consumed 475,321 megawatt-hours of electricity. Of this, 64,327 MWh were covered by Guarantees of Origin (GOs), representing 13.53 percent of electricity consumption under the market-based method. The remaining 410,994 MWh, or 86.47 percent of consumption, were not covered by contractually linked instruments.

A bundled renewable electricity product supported by Guarantees of Origin, cancelled on behalf of SIJ Group production companies, was bought. Under the GHG Protocol, Guarantees of Origin are explicitly included among contractually linked attributes—whether directly linked to purchased renewable electricity or purchased separately as unbundled attributes.

For the 64,327 MWh of renewable electricity backed by Guarantees of Origin, the emission share amounts to 0 percent. The share of linked instruments is 13.53 percent, as the Guarantees of Origin were obtained together with the electricity purchase. The share of unlinked instruments is 0 percent. No separately purchased, unlinked instruments were used in 2025.

For the remaining 410,994 MWh of electricity not covered by Guarantees of Origin, the market-based method relied on the officially published document of the Energy Agency of the Republic of Slovenia, providing data on the residual mix of production sources in Slovenia for 2024. According to the Agency, the residual mix comprises 67.52 percent fossil sources, 13.69 percent nuclear sources, and 18.79 percent renewable sources, while the published emission factor amounts to 0.479 kilograms of CO₂ per kilowatt-hour.

** For all relevant Scope 3 categories, SIJ Group collected data from all SIJ Group companies. A total of 99.9 percent of Scope 3 emissions (354,327 tCO₂e) were calculated using primary data obtained from SIJ Group companies, while only 0.1 percent of emissions (348 tCO₂e) from Category 7 (employee commuting) and Category 1 (refrigerants) were estimated through extrapolation and are therefore not considered primary data.

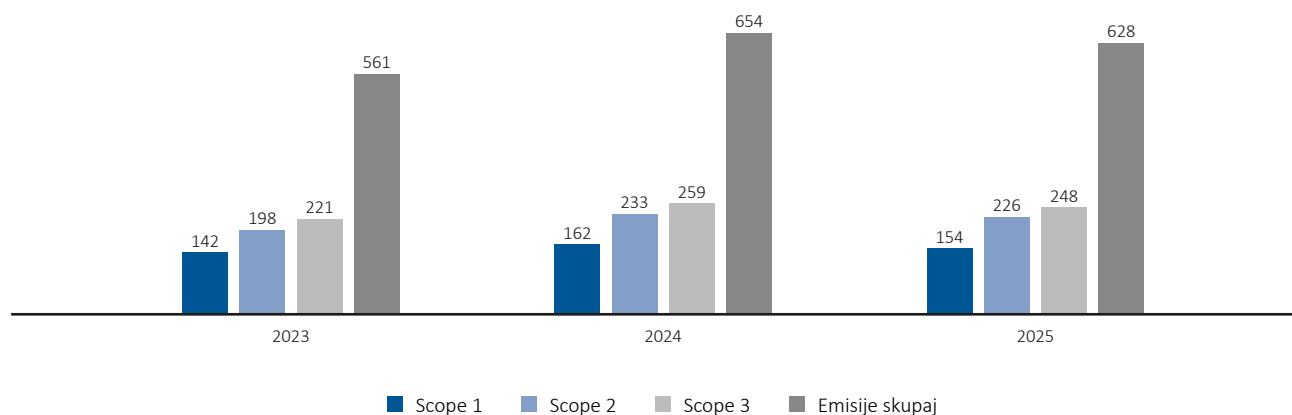
GHG emissions according to WSA methodology

SIJ Group maintains the reporting of greenhouse gases (GHG) from previous years for the sake of historical comparability of the data, uniform reporting by steel producers around the world participating in the WSA, and for the sake of linking these data to financial instruments.

According to the WSA,⁸ 70.4% of global steel production in 2024 is still based on smelting of crude iron ore and technology with higher CO₂ emissions rather than on the less polluting electric arc furnaces and steel production using secondary raw materials. Although both SIJ Group steel companies produce steel using this environmentally friendlier technology, they still have significantly higher GHG emissions compared to other companies of SIJ Group due to being steel production-type companies. For this reason, we report GHG emissions for these two companies only, without significant changes in the definition. We report GHG in three scopes according to the WSA methodology. The figures for Scope 1 are also subject to verification by the CO₂ monitoring verifier.

Due to higher steel production in 2024, the volume of CO₂ emissions was higher, while slightly lower production in 2025 resulted in lower emissions across all three scopes compared to 2024.

Scope 1, 2 and 3 emissions according to the WSA methodology (in thousands of tonnes of CO₂)



1. Direct greenhouse gas emissions (Scope 1, GHG)

CO₂ emissions generated by the process are calculated based on the mass balance of carbon and the required combustion and process energy, which are calculated in accordance with the CO₂ monitoring plan contained in the Greenhouse Gas Emissions Permit.

2. Indirect greenhouse gas emissions (Scope 2, GHG)

Our Scope 2 calculations are based on the WSA factors.

3. Other indirect greenhouse gas emissions (Scope 3, GHG)

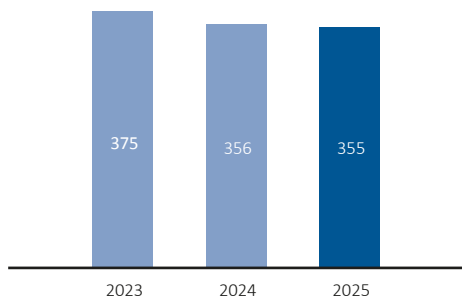
Our Scope 3 calculations are based on the WSA factors.

⁸ World Steel Association. World Steel in Figures 2025. Crude steel production by process. Available at the following [link](#) (27 October 2025).

GHG emissions intensity calculated according to the WSA methodology

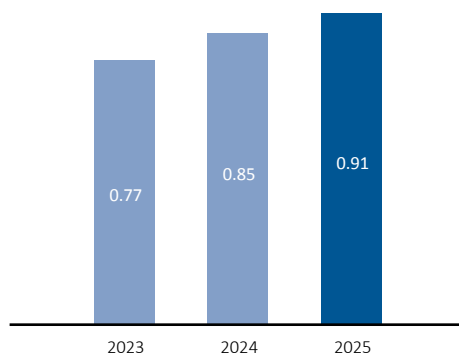
An indicator of improvement associated with the investment(s) is the intensity of direct CO₂ emissions per tonne of steel produced (slabs, ingots).

Intensity of Scope 1 greenhouse gas emissions
(in kilogrammes of CO₂ per tonne of cast steel)



Based on these investments to reduce CO₂ emissions, the downward trend is in line with the Decarbonisation Plan 2020–2030–2050.

Intensity of greenhouse gas emissions
(in kilogrammes of CO₂ over net revenue)



Net revenue is presented in Note 1 to individual line items in the consolidated financial statements.

Investments related to reducing CO₂ emissions contributed to a decrease in GHG emission intensity in 2025.

In line with the Decarbonisation Plan 2020–2030–2050, which includes major investments (primarily the modernization of burner technology and the transition from gas-fired to electric furnaces), we are currently on track to meet the set targets. Based on the investments still underway, we expect a further reduction in CO₂ emissions. With the implementation of the projects, we reduced CO₂ emissions in 2025 by 11.9 percent compared to the planned 11.7 percent, relative to the 2020 baseline year. This reduction is largely the result of projects completed at SIJ Acroni (Wellman furnaces), as in the company SIJ Metal Ravne the induction project will not be fully implemented in 2026 due to ad-

ditional remediation and investment works. Following the replacement of two heating furnaces in the forging shop, CO₂ emissions have so far decreased by only 10 percent, as the old furnaces, which are significantly less efficient, are still operating at a high capacity.

GHG REMOVALS AND GHG MITIGATION PROJECTS FINANCED THROUGH CARBON CREDITS E1-7

GHG removals are a new technological process that has not yet been implemented in SIJ Group. SIJ Group does not carry out emissions removals, nor does it reduce greenhouse gas emissions through mitigation projects outside its value chain, and it does not finance such projects through the purchase of carbon credits.

INTERNAL CARBON PRICING E1-8

SIJ Group does not apply internal carbon pricing schemes. We use the price of emission allowances in our calculations of the economic viability of investment projects. For example: if we reduce natural gas consumption through a particular investment, we will also reduce the emission allowance.

ANTICIPATED FINANCIAL EFFECTS FROM PHYSICAL AND TRANSITIONAL CLIMATE RISKS E1-9, ARE PRESENTED IN THE CHAPTER ANTICIPATED FINANCIAL EFFECTS FROM PHYSICAL AND TRANSITIONAL CLIMATE RISKS E1-9



POLLUTION E2

POLICIES RELATED TO POLLUTION E2-1 ARE PRESENTED IN THE CHAPTER POLICIES RELATED TO POLLUTION E2-1

ACTIONS AND RESOURCES RELATED TO POLLUTION E2-2 ARE PRESENTED IN THE CHAPTER ACTIONS AND RESOURCES RELATED TO POLLUTION E2-2 AND TO WATER AND MARINE RESOURCES E3-2

POLLUTION OF AIR, WATER AND SOIL E2-4

In Jesenice, used and treated water is discharged in a controlled manner into the Sava River, and in Ravne na Koroškem into the Meža River. At both sites we have good communication with the local community and with fishermen's associations, who are important stakeholders in monitoring the status of the watercourses.

The wastewater quality is defined in environmental permits issued by the Ministry of the Environment, Climate and Energy (with the Slovenian Environment Agency acting on its behalf). The environmental permits incorporate the regulatory requirements of Slovenian and European regulations. Oversight of wastewater quality is provided by certified institutions through regular monitoring activities, in compliance with the requirements set out in the environmental

permits. The figures on water-related impacts are available to the public on the website of the Slovenian Ministry of the Environment, Climate and Energy.

We monitor emissions of nitrogen oxides (NOx), sulphur oxides (SOx) and volatile organic compounds (VOCs) every third year in accordance with the legislation, and some air emissions are measured on an ongoing basis. We measure emissions to water annually, and the number of measurements depends on the volume of wastewater.

The methodology for measuring emissions to air and water is based on direct measurement of discharges, which are converted into operating hours. First, the concentration of each substance is measured, then the amount of emitted matter is calculated. We measure emissions to air every third year. In years when no measurements are taken, the last measured value is used and converted to operating hours for the year for which the report is being prepared.

On the topic of water, air and soil pollution, SIJ Group only reports data on companies and substances that exceed the threshold levels.

Water, air and soil pollution data is reported for SIJ Acroni, SIJ Metal Ravne and SIJ Ravne Systems, which account for the majority of pollution of water, air and soil. We conduct monitoring in these companies. All other companies, including smaller production companies, do not pollute water, air and soil, as they do not produce emissions that would have a significant impact on the values presented in the table.

SIJ Group does not use substances of concern or substances of very high concern.

Pollution of water, air and soil

Description	Unit	2024*	2025
Emissions to air			
Carbon monoxide (CO)	kg/year	1,538,046	1,132,991
Chromium (Cr)	kg/year	250.49	346
Fluorides (F)	kg/year	/	1
Fluorides (HF)	kg/year	/	285
Manganese (Mn)	kg/year	/	33
Nickel (Ni)	kg/year	84.00	75
Nitrogen oxides (NOx)	kg/year	/	67,004
Sulphur oxides (SOx)	kg/year	/	86
TOC	kg/year	/	32,161
Emissions to water			
Ammonia nitrogen	kg/year	/	13
BPK5 (biological oxygen demand)	kg/year	/	60
COD (chemical oxygen demand)			6,437
Chlorine (free)	kg/year	/	4
Nickel	kg/year	54.47	61
Nitrite nitrogen	kg/year	/	1
Sulphate	kg/year	/	857
Low-volatility lipophilic substances	kg/year	/	64
Total hydrocarbons (mineral oils)	kg/year	/	6
Toxicity	kg/year	/	42
Zinc	kg/year	/	196
Diffuse emissions			
	kg/year	12,254	12,000
Emissions to soil			
There are no direct emissions to soil in SIJ Group. In accordance with the law, soil quality is monitored through measurements conducted every ten years. We only analyse the current state of the soil, not the annual emissions to soil, so we are not able to report on these. Microplastics are not produced by SIJ Group companies and so the quantity is 0.			

Over the past three years, a clear trend of gradually decreasing air pollution has been observed, as emissions of major pollutants—such as nitrogen oxides, sulfur oxides, and volatile organic compounds—have declined due to technological upgrades and more efficient combustion. Impacts on water are also stabilizing: key parameters indicating the presence of hazardous substances have remained under control in recent years, and some show a gradual decrease as a result of process improvements and more effective treatment. Total greenhouse gas emissions from production have been decreasing over the years, driven by continuous investments in energy efficiency, the replacement of combustion equipment, process optimization, and the transition to more environmentally friendly technologies. There are no emissions to soil during this period, as such releases do not occur within the SIJ Group, meaning there are no changes over time in this area.

- These data include only the emissions from facilities for which the applicable threshold value specified in Annex II of Regulation (EC) No 166/2006 is exceeded.
- '/' means that the emissions from the installations do not exceed the thresholds set out in Annex II to Regulation (EC) No 166/2006.
- We report releases of substances for which we measure emissions in accordance with the environmental permit of the Republic of Slovenia for each site; data is not available for all pollutants listed in Annex II to Regulation (EC) No 166/2006.
- The consolidation of the data reported in the table above includes only the emissions for which the applicable threshold value specified in Annex II of Regulation (EC) No 166/2006 is exceeded.

WATER AND MARINE RESOURCES

E3

POLICIES RELATED TO WATER AND MARINE RESOURCES **E3-1** ARE PRESENTED IN THE CHAPTER POLICIES RELATED TO WATER AND MARINE RESOURCES **E3-1**

ACTION AND RESOURCES RELATED TO WATER AND MARINE RESOURCES **E2-2** ARE PRESENTED IN THE CHAPTER ACTIONS AND RESOURCES RELATED TO POLLUTION **E2-2** AND TO WATER AND MARINE RESOURCES **E3-2**

WATER CONSUMPTION **E3-4**

Intakes and supplies of process and drinking water

At Jesenice, the manufacturing companies are supplied with process water from intakes on the Sava River, the Javornik stream and the Trebež reservoir. We supply cooling water via pipeline to the energy station, where the water is filtered and distributed among the users. The company is supplied with drinking water through a public utility company.

In Ravne na Koroškem, cooling and drinking water is provided to the production companies by a partner supplier. The cooling water flows from an abandoned mine in Mežica to the Prevalje catchment, and from there it travels to the filtering station located on the industrial compound of the



former Ravne Ironworks (Železarna Ravne). Once the rough particles are filtered out, the water is routed to the cooling facilities. In cases where more pressure is required in individual facilities, accelerator pumps are fitted at off-take points. We continuously measure our water consumption. Any deviation from the anticipated consumption level is checked and measures are taken to normalise the situation, as necessary.

Drinking water is sourced from wells operated by a partner supplier. The wells comply with all HACCP standard requirements, referring to Hazard Analysis and Critical Control Points. The wells are connected to a circular feeding system. The metering stations are located at the points of entry where the water is introduced into the production halls.

Other SIJ Group companies use a negligible share of water due to the nature of their activities.

Capture and release management and consumption

By developing internal projects, we constantly make improvements and efforts to reduce water consumption in our technological processes. We are implementing sustainable solutions, which are also communicated to the local community. We coordinate the potential effects of water consumption with our suppliers.

Ongoing water level monitoring has been put in place at the Trebež catchment, which is a priority water source for SIJ Acroni due to the water quality. If water levels are low, we do not use the water from this catchment.

Water consumption

Disclosure	Unit	2024	2025
Total water withdrawal – water abstraction	m ³	4,314,268*	4,329,082
Total water discharge – wastewater	m ³	No data	2,751,902
Water discharge- cooling water	m ³	No data	67,021
Total water consumption	m ³	No data	1,510,159
Total water consumption in water-risk areas, including areas of highwater stress	m ³	0	0
Total volume of recycled and reused water	m ³	No data	255,155
Total volume of stored water and changes in storage*	m ³	0	0

* The data for total water abstraction was mistakenly reported as 'total water consumption' in the previous reporting period.

**Some quantities of water are stored in the closed cooling systems of the production equipment. There is no available data on water volumes in these systems.

Water intensity

Disclosure	Unit	Company	2024	2025
Net revenue	EUR million	Total	769.1	930
Total water consumption in own activities in proportion to net revenue	m ³ /EUR million	Total	5,609	1,624

The Group's production companies use the majority of the water, mainly in technological processes. We have assessed that the inclusion of non-production companies in the total water consumption and water intensity indicators does

not have a significant impact on the overall results, as these companies (e.g. in the Steel Processing and Distribution Division) consume virtually no water in their processes.

RESOURCE USE AND CIRCULAR ECONOMY E5

A DESCRIPTION OF THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES ASSOCIATED WITH THE USE OF RESOURCES AND THE CIRCULAR ECONOMY ESRS 2 IRO-1 IS PRESENTED IN THE CHAPTER DESCRIPTION OF THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES IRO-1

POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY E5-1 ARE PRESENTED IN THE CHAPTER POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY E5-1

ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY E5-2 ARE PRESENTED IN THE CHAPTER ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND THE CIRCULAR ECONOMY E5-2

TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY E5-3

SIJ Group has not yet defined verified targets related to resource use and the circular economy. The targets are not yet in place as SIJ Group is developing a Life Cycle Assessment methodology that will provide the basis for setting measurable and verified targets. Across all Group companies, we monitor the efficiency of material use and tech-

nological processes through a system that enables monthly and annual monitoring of yields at each stage of the production process. Achievement of voluntarily set internal targets also affects the remuneration of department leads and the middle management teams.

RESOURCE INFLOW E5-4

Key categories in SIJ Group's resource inflow include the input materials and packaging

Disclosure	Unit	2024	2025
Total weight of products and technical and biological materials used during the reporting period	tonnes	473,296	433,899
Percentage of biological materials (and biofuels used for non-energy purposes) used to manufacture the undertaking's products and services (including packaging) that is sustainably sourced, with the information on the certification scheme used and on the application of the cascading principle	%	0	0
Weight, in both absolute value and percentage, of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging)	tonnes	350,185	315,126
Percentage of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging)	%	74	72.6

We obtain the data on resource inflows using SIJ Group's integrated system for production companies (SIJ Acroni, SIJ Metal Ravne, SIJ Ravne Systems and SIJ SUZ), in which inflows are managed directly and separately for each material. Traceability is ensured across various categories, material types and weights.

Data on secondary materials can be presented both nominally and in percentages. The accuracy and reliability of the calculated data is ensured through direct measurements of the monitoring of the inflow of the resources.

RESOURCE OUTFLOW E5-5

Products and materials

SIJ Group is one of Europe's leading producers of stainless steels, tool steels, electrical steels and special steels. The main products are flat-rolled products of different steel grades and thicknesses, as well as forgings and rolled products of various shapes.

The primary input material in the Group's steelmaking companies is steel scrap, which is remelted using modern recycling processes into new steel products, largely tailored to the specific requirements of customers.

The most important by-product is slag. The production of carbon steels produces black slag, while the production of stainless steels produces white slag. In the past, these by-products were considered industrial waste, but today they are recycled into materials used for a variety of purposes. Part of the processed slag is reused in the steel remelting process in our own steelworks, while some is sold to other industries as a by-product.

Life expectancy of steel products, by field of application

Industrial use of steel	Share ⁹ (percentage)	Lifespan ¹⁰ (in years)
Buildings and infrastructure	52	30–50
Automotive industry	12	8–10
Other transport	5	15–30
Mechanical equipment	16	20
Metal products	10	12
Electrical equipment	3	40
Household appliances	2	12

⁹ World Steel Association. World Steel in Figures 2023. Available at the following [link](#) (27 October 2025).

¹⁰ Science Direct. Component level strategies for exploiting the lifespan of steel in products. Available at the following [link](#) (27 October 2025).

The lifetime of steel products is affected by regular inspections and testing, cleaning and protection from surface corrosion. Defects can be restored using various processes, such as cleaning, painting, and welding.

The most common factors reducing functionality, efficiency and safety are as follows:

- Corrosion is caused by surface oxidation and is the main cause of degradation of steel products. The extent and severity of corrosion depends on exposure to moisture, salt, acids, chemicals and other environmental factors. As long as corrosion does not weaken the structure, it is possible to make partial repairs.
- Mechanical overload (short- and long-term) leads to diminished safety and functionality.
- Steel fatigue can cause cracks and defects. Fatigue occurs with cyclical loads (e.g. cranes). We prevent potential consequences by conducting regular inspections of structural integrity and maintaining safety levels. Partial repairs are possible.
- Welding defects can cause weakening of individual segments, corrosion and material failure. We prevent various defects such as cracks, porosity, melt spatter and incomplete melting.
- Wearing-down of steel leads to structural weakening and diminished efficiency. As steel wears down, repairs are usually pointless and ineffective.

Use of recycled input materials

Disclosure	Unit	2024	2025
Share of recycled materials in products	%	78.8	76.1
Share of recyclable materials in product packaging	%	No data	No data*

*The packaging used by the SIJ Group for its products consists of wood, paper, metals, and plastics. The SIJ Group is committed to systematically obtaining and collecting data on recyclability and the share of recyclable materials in the future.

Waste

Total quantity of waste generated

Disclosure	Unit	2024	2025
Total quantity of waste generated	tonnes	34,143	37,302
Total quantity of waste diverted from disposal	tonnes	27,974	32,555
Hazardous waste diverted from disposal	tonnes	8,976	7,974
Hazardous waste diverted from disposal due to preparation for reuse	tonnes	0	0
Hazardous waste diverted from disposal due to recycling	tonnes	8,661	7,744
Hazardous waste diverted from disposal due to other recovery operations	tonnes	315	230
Non-hazardous waste diverted from disposal	tonnes	18,998	24,581
Non-hazardous waste diverted from disposal due to preparation for reuse	tonnes	114	113
Non-hazardous waste diverted from disposal due to recycling	tonnes	16,240	17,952
Non-hazardous waste diverted from disposal due to other recovery operations	tonnes	2,644	6,516
Total quantity of waste slated for disposal	tonnes	6,169	4,747
Hazardous waste slated for disposal	tonnes	3,143	3,483
Hazardous waste slated for disposal – incineration	tonnes	38	20
Hazardous waste slated for disposal – landfilling	tonnes	0	13
Hazardous waste slated for disposal – other disposal operations	tonnes	3,105	3,451
Non-hazardous waste slated for disposal	tonnes	3,026	1,149
Non-hazardous waste slated for disposal – incineration	tonnes	4	4
Non-hazardous waste slated for disposal – landfill	tonnes	2,191	827
Non-hazardous waste slated for disposal – other disposal operations	tonnes	831	319
Total quantity of non-recycled waste	tonnes	9,242	11,605
Percentage of non-recycled waste	%	27	31
Total quantity of hazardous waste	tonnes	12,119	11,457
Total quantity of radioactive waste	tonnes	0	0

All waste is weighed directly, and the quantities are recorded in a central industrial waste database based on weighing records, enabling full traceability of waste flows. Due to the nature of their operations, companies without manufacturing activities do not generate industrial waste.

Waste composition

Since 2021, SIJ Group has maintained a central industrial waste database, which contains information about the origin and handling of waste for all production sites in Slovenia.

Black and white slag make up the largest share of the waste we consider as a by-product. These materials are processed into a certified product suitable for use in other industries on separate production lines. Other major categories of waste generated in steel production are filter dusts from electric arc furnaces, slag, sludge, shavings, and worn refractories.

Various processes (sorting, screening, separating, compacting and grinding) are used to extract metals and alloying elements such as chromium, nickel, molybdenum and tungsten from the waste and feed them back to the production process. By increasing the proportion of metal recycled back into the internal cycle, we increase the efficiency of raw material utilisation and reduce the amount of waste going to landfill.

ANTICIPATED FINANCIAL EFFECTS FROM RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS **E5-6** **ARE PRESENTED IN THE CHAPTER ANTICIPATED FINANCIAL EFFECTS FROM RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS** **E5-6**



Social Information

OWN LABOUR S1

INTERESTS AND VIEWS OF STAKEHOLDERS
ESRS 2 SBM-2 ARE PRESENTED IN THE CHAPTER
OWN WORKFORCE SBM-2 S1

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES
AND THEIR INTERACTION WITH THE STRATEGY
AND BUSINESS MODEL **ESRS 2 SBM-3** ARE PRESENTED
IN THE CHAPTER **OWN WORKFORCE** SBM-3 S1

POLICIES RELATED TO OUR OWN WORKFORCE
S1-1 ARE PRESENTED IN THE CHAPTER
POLICIES RELATED TO OWN WORKFORCE S1-1

PROCESSES FOR ENGAGING WITH OUR OWN
WORKERS AND WORKERS' REPRESENTATIVES
ABOUT IMPACTS **S1-2** ARE PRESENTED IN THE
CHAPTER **PROCESSES FOR ENGAGING WITH OUR**
OWN WORKERS AND WORKERS' REPRESENTA-
TIVES S1-2

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OUR OWN WORKFORCE TO RAISE CONCERNS **S1-3** **ARE PRESENTED IN THE CHAPTER THE COMPLAINTS MECHANISM AND WHISTLEBLOWING, WHICH ALLOWS OUR OWN EMPLOYEES TO RAISE CONCERNS** **S1-3**

TAKING ACTION ON MATERIAL IMPACTS ON OUR OWN WORKFORCE, AND APPROACHES TO MITIGATING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OUR OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS **S1-4**

As part of the double materiality analysis for the year 2024, SIJ Group identified IROs which affect or arise in relation to our own workforce. We identified the actual and potential positive and negative impacts, and we present the response on these in the IRO table.

The actions and performance targets, which also include mitigating and reducing material risks related to our own workforce, are presented in the table [Actions and resources in relation to material sustainability matters](#) **MDR-A**.

At SIJ Group, we systematically identify potential negative impacts of business practices on our workers and work to reduce them. Measures to address these impacts are presented in the chapter [Table of Material Impacts, Risks and Opportunities \(IRO\)](#) and in the chapter [Actions and resources in relation to material sustainability matters](#) **MDR-A**. The effects

are monitored through annual employee satisfaction surveys, among other things.

SIJ Group's business practices do not cause any negative impacts for our own workforce deriving from procurement, sales or use of data.

TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES **S1-5**

The target related to our own workforce is described in the chapter [KPI 2: Introduction of ISO 45001 standard certification in production companies](#). The monitoring of the targets is described in the chapter [Achievement of sustainable development targets from KPI 1 and KPI 2](#).

CHARACTERISTICS OF EMPLOYEES IN THE COMPANIES **S1-6**

Specific characteristics of own workforce

The share of foreign workers among the numbers of SIJ Group employees has been steadily increasing over the past six years. In 2018, the number was 5%, and it grew to 20% by the end of 2025. The growth is in line with the trends reported by the Statistical Office of the Republic of Slovenia and reflects the demographic changes in the country.

The average age of SIJ Group employees is relatively high. With skilled workers retiring, we do not have a sufficient inflow of younger and suitably qualified workers from Slove-

nia. Analytical reports by the Statistical Office of the Republic of Slovenia¹¹ indicate that the Slovenian labour market is increasingly relying on the employment of migrant workers from countries of the former Yugoslavia and from other more distant countries. We project that SIJ Group's need to employ foreign workers will continue to increase due to the decline in the share of the working-age population in the Republic of Slovenia.

¹¹ Statistical Office of the Republic of Slovenia. The share of foreign nationals in the labour force is the highest to date. Available at the following [link](#) (11 November 2025).

Number of employees by gender, by country and by type of contract as at 31 December

Disclosure	Unit	2024	2025
Total number of employees	number	3,661	3,517
Men	number	3,010	2,908
Men	%	82.2	82.7
Women	number	651	609
Women	%	17.78	17.3
Other	number	n/a	n/a
Other	%	n/a	n/a
Slovenia	number	3,443	3,300
Croatia	number	25	24
Serbia	number	33	38
United Kingdom	number	2	2
Italy	number	68	61
Other countries	number	6	8
United Arab Emirates	number	4	3
USA	number	10	12
Germany	number	63	57
Austria	number	2	0
Czech Republic	number	2	2
Spain	number	8	9
France	number	1	1
Men, employed on an open-ended employment contract	number	2,786	2,732
Men, employed on a fixed-term employment contract	number	224	176
Men, without a guaranteed number of work hours	number	0	0
Women, employed on an open-ended employment contract	number	621	590
Women, employed on a fixed-term employment contract	number	30	21

Continuation of the table →

Continuation of the table

Disclosure	Unit	2024	2025
Women, without a guaranteed number of work hours	number	0	0
Others, employed on an open-ended employment contract	number	n/a	n/a
Others, employed on an fixed-term employment contract	number	n/a	n/a
Others, without a guaranteed number of work hours	number	n/a	n/a

Number of employees who left SIJ Group until 31 December

Disclosure	Unit	2024	2025
Employees who have left the company	number	441	462
Employees who have left the company	%	14.1	12.9

The calculation is based on the following methodology: the number of departures at 31.12. divided by the number of employees on 1.1. in a particular year x 100.

Number of employees by gender and working time

Disclosure	Unit	2024	2025
Men employed on a full-time basis	number	2,534	2,851
Women employed on a full-time basis	number	520	561
Others employed on a full-time basis	number	n/a	n/a
Men employed on a part-time basis	number	42	56
Women employed on a part-time basis	number	38	63
Others employed on a part-time basis	number	n/a	n/a

These figures refer to the number of employees as of the last day of the reporting year (31 December 2025) and not to full-time equivalents – FTE. The most representative figure for the total number of employees is presented in the financial statements, in the table [Average Number of Employees by Level of Education](#).

CHARACTERISTICS OF NON-EMPLOYEE WORKERS IN THE UNDERTAKING'S OWN WORKFORCE S1-7

These figures refer to the number of employees as of the last day of the reporting year (31 December 2025) and not to full-time equivalents (FTEs) defined as the number of working hours per month, assuming a 40-hour work week.

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE S1-8

All workers employed in SIJ Group's five production companies are covered by three collective agreements at the industry level:

- Collective Agreement for the Metal Products and Foundry Industry of Slovenia,
- Collective Agreement for the Slovenian Metal Sector, and
- Collective Agreement for the Timber Industry of Slovenia.

In addition to these agreements, each of the five individual production companies is subject to company-specific collective agreements between the individual employers and the workers' representatives.

In addition to the companies in Slovenia, SIJ Group also owns smaller companies based in other EEA countries. Among these, only one has more than 50 employees and are not bound under the terms of the collective agreements. These do not reach 10% of total SIJ Group employees in both countries combined, meaning that these are not countries with a significant number of employees. Nevertheless, the rights of employees are regulated under the respective national labour laws. SIJ Group has no collective agreements outside the EEA.

Employees who are not part of SIJ Group's own workforce, as at 31 December

Disclosure	Unit	2024	2025
Total number of employees who are not part of own workforce	number	198	163
Self-employed persons (with sole proprietor status)	number	0	0
Self-employed persons (with sole proprietor status)	FTE	0	0
Temp agency workers*	number	0	2
Temp agency workers	FTE	0	2
Workers working under a service contract	number	49	55
Workers working under a service contract	FTE	9.3	13
Workers working under a student service contract	number	149	106
Workers working under a student service contract	FTE	27.4	25

*The two agency workers are employed at SIJ Americas in the United States.

Employees in SIJ Group companies covered under collective agreements, as at 31 December

Disclosure	Unit	2024	2025
Percentage of employees covered by collective agreements	%	93	89
Percentage of employees represented by employee representatives	%	93	74

Collective bargaining coverage and social dialogue as at 31 December

Disclosure	Collective bargaining coverage		Social dialogue	
	2024	2025	2024	2025
Coverage rate (%)				
0–79	/	Other countries	/	Other countries
80–100	Slovenia	Slovenia, Italy	Slovenia	Slovenia, Italy

SIJ Group does not have an agreement in place with its employees for representation by a European Works Council

(EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

DIVERSITY S1-9

Under the company's corporate bylaws, extended management team is comprised of the President and Members of the Management Board, the Senior Vice-President, and Sector Directors.

ADEQUATE WAGES S1-10

The gross monthly income of SIJ Group employees either reaches the or exceeds the statutory minimum wage in Slovenia and other countries where the companies are headquartered. Although Slovenia has not yet transposed the EU directive on adequate minimum wages in the European Union, which was adopted at the end of 2022, into its national law, it has already complied with the directive's key requirement that the minimum wage should be higher than 50% of the gross average wage in the country.

SOCIAL PROTECTION S1-11

SIJ Group complies with all laws and regulations on pension and disability insurance (ZPIZ-2), healthcare and health insurance (ZZVZZ), parental care and family benefits (ZSDP-1), labour market regulation (ZUTD) and social security contributions (ZPSV). Taken together, these rules provide a comprehensive legal framework for the social protection of employees.

All SIJ Group employees in Slovenia are entitled to social security benefits, as required by Slovenian law. We also maintain compliance with social protection laws and regulations in countries outside Slovenia and all our employees are covered with social insurance against loss of income due to major life events.

Gender representation at senior management level and distribution of employees by age group in the seven key companies of SIJ Group as at 31 December

Disclosure	Unit	2024	2025
Senior management staff	number	22	19
Senior management staff	%	0.7	1
Women in senior management	number	6	7
Women in senior management	%	27.3	37
Employees under 30 years of age	number	547	607
Employees under 30 years of age	%	17.5	17
Employees aged between 30 and 50	number	1,564	1,753
Employees aged between 30 and 50	%	49.9	50
Employees over 50 years of age	number	1,023	1,115
Employees over 50 years of age	%	32.6	32



PERSONS WITH DISABILITIES S1-12

Number of persons with disabilities in SIJ Group as at 31 December 2024

Disclosure	Unit	2024	2025
Employees with a disability	number	280	285
Employees with a disability	%	7.7	8.1

TRAINING AND SKILLS DEVELOPMENT S1-13

Employees with whom regular performance and career development reviews were conducted, and the average training hours per employee by gender in the seven key companies of SIJ Group as at 31 December

Disclosure	Unit	2024	2025
Men who have undergone performance and career development reviews	number	186	328
Men who have undergone performance and career development reviews	%	7.2	9
Women who have undergone regular performance and career development reviews	number	157	191
Women who have undergone regular performance and career development reviews	%	28.1	5
Average number of hours of training per employee	number	15.8	17
Number of hours of training – men	number	15.8	18
number of hours of training – women	number	15.9	10

In 2025, we introduced agile annual interviews with regular performance and career development reviews for all team leads and workers in manufacturing, who make up approximately 30% of the workforce.

HEALTH AND SAFETY S1-12

In the Annual Report for the year 2024 we reported on work-related injuries at SIJ Acroni, SIJ Metal Ravne and SIJ Ravne Systems. In 2025, we are extending the scope of our reporting to include data on work-related injuries in all companies of SIJ Group.

Work-related injuries in SIJ Group

Disclosure	Unit	2025
SIJ GROUP		
Percentage of persons in SIJ's own workforce covered by the ISO 45001 system	%	79
Number of fatal work injuries, employees who are part of SIJ's own workforce	number	0
Number of fatal work injuries, employees who are not part of SIJ's own workforce (other workers working on company premises)	number	0
Number of work-related accidents number of employees who are part of SIJ's own workforce	number	98
Frequency rate of all work-related injuries within SIJ's own workforce (F2)	factor	20
Severity of all work-related injuries within SIJ's own workforce (G1)	factor	1,063
Number of work hours	number	4,818,890
Number of recordable work-related illnesses within SIJ's own workforce	number	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health of employees within SIJ's own workforce	number	5,124
Percentage of employees covered by ISO 45001 and audited by an external certification body	%	79

Work related injuries are presented separately for SIJ Acroni, SIJ Metal Ravne and SIJ Ravne Systems in order to provide a clearer breakdown of the above disclosures.

Work-related injuries in the steel companies

Disclosure	Unit	2024	2025
SIJ ACRONI			
Percentage of persons in SIJ's own workforce covered by the ISO 45001 system	%	100	100
Number of fatal work injuries, employees who are part of SIJ's own workforce	number	0	0
Number of fatal work injuries, employees who are not part of SIJ's own workforce (other workers working on company premises)	number	0	0
Number of work-related accidents	number	17	12
Frequency rate of all work-related injuries (F2)	factor	7.8	6
Severity of all work-related injuries (G1)	factor	773	643
Number of work hours	number	2,189,987	2,168,319
Number of recordable work-related illnesses	number	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related illnesses and fatalities from illnesses	number	1,169	1,012
Percentage of employees covered by ISO 45001 and audited by an external certification body	%	100	100
SIJ METAL RAVNE			
Percentage of persons in SIJ's own workforce covered by the ISO 45001 system	%	100	100
Number of fatal work injuries, employees who are part of SIJ's own workforce	number	0	0
Number of fatal work injuries, employees who are not part of SIJ's own workforce (other workers working on company premises)	number	0	0

Continuation of the table →

Continuation of the table

Disclosure	Unit	2024	2025
SIJ METAL RAVNE			
Number of work-related accidents	number	56	47
Frequency rate of all work-related injuries (F2)	factor	37	32
Severity of all work-related injuries (G1)	factor	1,329	2,070
Number of work hours	number	1,512,847	1,449,299
Number of recordable work-related illnesses	number	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related illnesses and fatalities from illnesses	number	2,011	3,001
Percentage of employees covered by ISO 45001 and audited by an external certification body	%	100	100
SIJ RAVNE SYSTEMS			
Percentage of persons in SIJ's own workforce covered by the ISO 45001 system	%	100	100
Number of fatal work injuries, employees who are part of SIJ's own workforce	number	0	0
Number of fatal work injuries, employees who are not part of SIJ's own workforce (other workers working on company premises)	number	0	0
Number of work-related accidents	number	14	14
Frequency rate of all work-related injuries (F2)	factor	19.5	21
Severity of all work-related injuries (G1)	factor	1,010	670
Number of work hours	number	716,891	668,644
Number of recordable work-related illnesses	number	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related illnesses and fatalities from illnesses	number	724	448
Percentage of employees covered by ISO 45001 and audited by an external certification body	%	100	100

WORK-LIFE BALANCE S1-15

All employees of SIJ Group companies are afforded rights under the labour legislation, which applies to persons employed under a formal employment contract. Family-related leave – which includes, among others, maternity leave, paternity leave, parental leave and caregiver leave – is regulated under the Parental Protection and Family Benefits

Act (ZSDP-1) and the Employment Relationships Act (ZDR-1). SIJ Group complies with all statutory provisions related to work-life balance.

All employees are entitled to family leave in accordance with social policy and/or applicable collective agreements.

Employees who took family leave in the companies, by gender, as at 31 December

Disclosure	Unit	2024	2025
Men who took leave for family-related reasons	number	265	236
Men who took leave for family-related reasons	%	no data	8
Women who took leave for family-related reasons	number	50	56
Women who took leave for family-related reasons	%	no data	9

REMUNERATION (PAY GAP AND TOTAL REMUNERATION) S1-16

Pay gap

The gender pay gap is calculated as the difference between the average gross hourly rate of male and female employees and is expressed as a proportion of the average gross hourly rate of male employees. The calculation includes all full-time employees of SIJ Group as at 31 December 2025. The basis for the calculation is the average gross hourly rate for male and female employees, calculated on the basis of employees' total remuneration.

The calculation does not account for the differences in jobs, work experience or education, which may affect the final result. The statistics thus do not necessarily reflect actual gender equality or inequality, as they do not capture all the factors influencing the differences in average hourly rates.

In the largest companies SIJ Acroni, SIJ Metal Ravne, SIJ Ravne Systems and SIJ SUZ, the average hourly wage of female employees is higher compared to their male counterparts. Considering the nature of the production process, most female employees are employed in management or administrative roles with higher gross salaries compared to production workers, who are mostly male.

Wage gap between male and female employees in SIJ Group as at 31 December

Disclosure	Unit	2024	2025
Average gross hourly wages of male employees	EUR	17.30	18.46
Average gross hourly wages of female employees	EUR	18.34	19.83
Wage gap between women and men	%	-6.1	-7.4



The pay gap calculation did not include data for employees of SIJ Middle East, because due to different local employment conditions, remuneration structures, and data availability, this company is not comparable with other companies in the Group. Therefore, its inclusion could distort the representation of the actual pay gap calculated in accordance with the reporting methodology.

Ratio of the total annual remuneration of the highest-paid individual to the median total annual remuneration of all employees

The ratio between the total annual remuneration of the highest-paid individual and the median total annual remuneration of all SIJ Group employees (excluding the highest paid individual) is 24.66.

The calculation includes all employees who were employed as at 31 December 2025. The calculation includes all remuneration paid in the period from 1 January to 31 December 2025. In accordance with the standard, the following forms of remuneration are included: base salary, allowances, bonuses, the Christmas bonus, company performance bonuses, other forms of variable pay, compensation payments, supplementary health and pension insurance, and benefits in kind.

INCIDENTS, COMPLAINTS AND SERIOUS IMPACTS ON HUMAN RIGHTS S1-17

In 2025, there were no reported incidents of workplace discrimination or harassment in SIJ Group.

Employees may file their complaints through various channels, as described in the chapters [The complaints mechanism and whistleblowing, which allows our own employees to raise concerns](#) S1-3 and [Complaints mechanism and whistleblowing channels where local communities can raise concerns](#) S3-3.

The total amount of fines, penalties and compensation paid for disclosed incidents and complaints paid in 2025 is 0. The

figure is included in the Financial Report in the chapter [4. Other Operating Expenses](#) under the line item Compensation expenses.

In 2025 SIJ Group had no serious incidents involving human rights, such as forced labour, human trafficking or child labour.

LOCAL COMMUNITIES S3

INTERESTS AND VIEWS OF STAKEHOLDERS
ESRS 2 SBM-2 ARE PRESENTED IN THE CHAPTER
LOCAL COMMUNITIES SBM-2 S3

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL ESRS 2 SBM-3
ARE PRESENTED IN THE CHAPTER **LOCAL COMMUNITIES** SBM-3 S3

POLICIES RELATED TO LOCAL COMMUNITIES
S3-1 ARE PRESENTED IN THE CHAPTER **POLICIES RELATING TO AFFECTED COMMUNITIES** S3-1

PROCEDURES FOR ENGAGEMENT WITH LOCAL COMMUNITIES IN RELATION TO THE IMPACTS
S3-2 ARE PRESENTED IN THE CHAPTER
PROCEDURES FOR ENGAGEMENT WITH LOCAL COMMUNITIES S3-2

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR AFFECTED COMMUNITIES TO RAISE CONCERNS S3-3
ARE PRESENTED IN THE CHAPTER **COMPLAINTS MECHANISM AND WHISTLEBLOWING CHANNELS WHERE LOCAL COMMUNITIES CAN RAISE CONCERNS** S3-3



Governance Information

BUSINESS CONDUCT G1

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

ESRS 2 GOV-1

The role of the administrative, management and supervisory bodies and information on expertise is described in the section General disclosures in the chapter [The role of the administrative, management supervisory bodies related to business conduct](#) G1 GOV-1.

THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL IMPACTS, RISKS AND OPPORTUNITIES ESRS2 IRO-1 **ARE PRESENTED IN THE CHAPTER** [DESCRIPTION OF THE PROCESSES FOR IDENTIFYING AND ASSESSING MATERIAL SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES](#) IRO-1

BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE G1-1 **ARE PRESENTED IN THE CHAPTER** [BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE](#) G1-1

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS **G1-2**

Although we do not yet have a formal policy in place to prevent late payments to small and medium-sized enterprises (SMEs), SIJ Group is committed to treating all suppliers fairly and transparently. We apply the principles of fair dealing and responsible conduct in our relations with them.

Relationships with the key suppliers of SIJ Group's manufacturing companies are managed centrally. The procurement process is aligned with the Sustainable Procurement Policy, which includes ethical principles and addressing identified risks in the supply chain. Material risks include risks which impact the environment, society, and corporate governance (ESG). In choosing suppliers that have appropriate strategies in place to manage sustainability risks, we drive improvements in supply chain practices throughout the supply chain.

An important part of our procurement processes is involving local and certified suppliers, and by so doing we contribute to sustainable economic growth and strengthen reliable and sustainable supply chains.

Supplier assessments are conducted based on their materiality and cover input and auxiliary materials, packaging, and various services supporting the production process. In the case of strategic suppliers we conduct an additional evaluation of their environmental and social impact and of their corporate governance (ESG).

We formalised the assessment process in the document Supplier Environmental Assessment. Suppliers of SIJ Group

are also bound to uphold SIJ Group's sustainability principles, as outlined in the Code of Conduct for Suppliers of SIJ Group. Both documents are aligned with the internal rules of SIJ Group.

We carry out additional on-site assessments and evaluations at our suppliers' sites. This way we encourage our suppliers to meet the relevant technical requirements, as well as to reduce environmental impacts and improve working conditions in their own organisations.

By implementing these rules, assessments and purchasing practices, we enhance reliability, sustainability and promote responsible behaviour across the entire supply chain. We effectively manage risks and opportunities, and thus maintain a high level of compliance with international sustainability standards and the reputation of SIJ Group.

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY **G1-3**

Since 2024, the companies of SIJ Group have had the internal Corruption Prevention Manual in place, which serves as the framework document defining the measures to prevent and detect corruption. A key tool for managing corruption risks is the Benefits Registry, established in accordance with the SIJ Group Code of Ethics. The Registry is a collection of data about the benefits received or offered, such as gifts, hospitality, favours and other benefits which could influence the work or decision-making.

Employees and external stakeholders can report potential irregularities or suspicions of corruption through a complaints mechanism or an anonymous whistleblower line.

Suspicions of corruption are investigated by the Corporate Security Department, which is a centralised body operating at the level of the parent company SIJ d.d. After an investigation has been carried out, it proposes follow-up actions and reports its observations directly to the Chief Executive Officer of SIJ Group.

The Corruption Prevention Manual is available to employees at all times via the intranet portal, which also has a direct link to the Benefits Registry featured on the homepage. Employees are regularly provided information about the rules of appropriate behaviour through the SIJ newsletter and announcements on the intranet portal, especially during periods of heightened risk (e.g. at times where gifts are traditionally given).

Training in the prevention and detection of corruption is part of the SIJ Group's training programme. In 2025, the employees responsible for anti-corruption matters attended seminars organised by the Commission for the Prevention of Corruption, the Slovenian agency responsible for monitoring the implementation of the Integrity and Prevention of Corruption Act (ZIntPK). In conducting our internal training seminars, we placed particular focus on employees who are exposed to increased levels of risk. For these employees attendance was obligatory. Other employees had the opportunity to attend the training sessions on a voluntary basis. In 2025, the training seminars focused mainly on raising awareness about the giving and receiving of gifts.

Corruption risk have been identified in 3.7% of functions within SIJ Group. In 2025, the administrative, management and supervisory bodies attended one internal training seminar, which included the topic of the fight against corrup-

tion and bribery and was conducted by the relevant experts from SIJ d.d.

CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY G1-4

In 2025 no company within SIJ Group was convicted of a violation on corruption or bribery charges and no fines were imposed.

SIJ Group has disciplinary procedures in place in case of breaches of the internal Corruption Prevention Manual by employees.

POLITICAL INFLUENCE AND LOBBYING ACTIVITIES G1-5

SIJ Group does not make direct or indirect donations or political endorsements. We do not fund political parties, their elected representatives or the persons running for political office, nor do we have any lobbyists or lobbying organisations on our payroll.

PAYMENT PRACTICES G1-6

SIJ Group regularly meets its obligations to suppliers. This is made possible due to maintaining a stable financial structure and efficient working capital management. We achieve better payment terms by maintaining long-standing partnerships and establishing trust with suppliers. As at 31 December 2025, days payables outstanding stand at 72 days.

The longest payment terms are for the procurement of materials, which represents the largest share of the cost of goods, materials and services. These payment terms range, on average, between 90 and 120 days, which is a normal range in our industry. In the case of services mostly provided by SMEs, the payment terms are shorter, ranging between 30 and 60 days. The cost of services represents around 10% of the total cost of goods, materials and services. SIJ Group also pays these costs at maturity.

SIJ Group is not party to any legal actions associated with payment default.

Table of Material Impacts, Risks and Opportunities (IRO)

ID	AREA OF SUSTAINABILITY: topic, category	SPECIFICS	IRO DESCRIPTION and DESCRIPTION OF HOW THEY RELATE TO THE STRATEGY	Measures from the table of sustainability strategy measures related to IROs	LINK to SIJ Group's strategy and/or business model	IRO RATING
	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*specific relevance to SIJ Group	*DEPENDENCY (R/O) TYPE OF IRO				
1	CLIMATE CHANGE: mitigation, greenhouse gas emissions	Greenhouse gas emissions in production	We are reducing our greenhouse gas emissions with each year. Our input material now consists almost entirely of scrap steel, which we process using the more environmentally friendly electric arc furnace technology. While our emissions are still high due to our manufacturing activities, we aim to reduce them by 51% by 2030 relative to the baseline year of 2020. We reduce the negative impacts of emissions in cooperation with our customers. We identified opportunities in the demand for green steel and in further R&D and technological innovation. The risks are linked to the availability and affordability of technological solutions to reduce greenhouse gas emissions. This impact is directly linked to the SIJ Group Strategy, which includes the transition to low-carbon production, increasing the share of recycled raw materials and the development of green products among its key strategic topics.	9, 13, 15, 16, 24	Business strategy	Severity rating: material
	E1	(Impact)		SIJ Group Decarbonisation Plan 2020–2030–2050	Own operations	
		Actual negative			Lower level (downstream)	
2	CLIMATE CHANGE: mitigation, greenhouse gas emissions	Technology, research and development	By investing in technological solutions and research and development activities , we are reducing greenhouse gas emissions at various points – from production to waste management, etc., while at the same time establishing collaborations with various external experts. This impact is directly linked to the SIJ Group Strategy, which lists among its key strategic foci the transition to low-carbon production, increasing the share of green products and strengthening the circular economy. Investments in technology, research and development and cooperation with external experts are keystone measures to achieve the GHG reduction target.	15, 16	Business strategy	Severity rating: material
	E1	(Impact)		SIJ Group Decarbonisation Plan 2020–2030–2050	Own operations	
		Actual positive			Lower level (downstream)	

Continuation of the table →

Continuation of the table

ID	AREA OF SUSTAINABILITY: topic, category	SPECIFICS	IRO DESCRIPTION and DESCRIPTION OF HOW THEY RELATE TO THE STRATEGY	Measures from the table of sustainability strategy measures related to IROs	LINK to SIJ Group's strategy and/or business model	IRO RATING	
	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN		
	*DEPENDENCY (R/O)	TYPE OF IRO					
	*specific relevance to SIJ Group						
3	CLIMATE CHANGE: mitigation, energy intensity and affected communities	Excess heat supply for the local community	An innovative heat exchanger technology (ETEKINA project) has reduced natural gas consumption by 4%, and the excess heat used to supply heat to the town of Ravne na Koroškem has had a positive impact on the lives of the members of the local community . The impact is linked to SIJ Group's strategic orientation towards energy efficiency and sustainable development.	3	Business strategy	Severity rating: material	
	E1, S3	(Impact)		SIJ Group Decarbonisation Plan 2020–2030–2050			
		Actual positive			Lower level (local communities)		
4	CLIMATE CHANGE: mitigation, greenhouse gas emissions	Technology is not available on the market	In the context of the transition to a low-carbon economy, there is a possibility that in the long term there will be no economically viable technical solutions on the market that would allow the GHG emission reduction target to be met with an adequate level of profitability. This impact is directly linked to the SIJ Group Strategy, which is based on the transition to a low-carbon production and development of green products. As SIJ Group's business model includes the circular economy and sustainable technologies, the potential unavailability of economically viable technical solutions poses a strategic challenge to reaching the target reduction of GHG emissions.	9, 16	Business strategy and business model	Severity rating: material	
	E1	(Risk)		SIJ Group Decarbonisation Plan 2020–2030–2050	Own operations		
		Actual negative			Lower level (downstream)		
5	POLLUTION: water	Discharges into local waterways	In the SIJ Acroni Jesenice area, we have invested in waste-water treatment plants and set up monitoring systems to prevent incidents. In the SIJ Metal Ravne area, where the same solutions are foreseen, we are planning investments to close the water cycle and increase efficiency. Incidents and spills at our facilities can have a negative impact on the waterways. Although data from the WSA show that water returned to rivers and other sources from steelworks is often cleaner than the water originally drawn, emissions control also accounts for the possibility of the increased presence of chemicals and other unwanted substances. Discharging of cooling water can significantly increase the water temperature and affect aquatic ecosystems, so restrictions on the temperature of discharge water are in place wherever necessary. Investments in wastewater treatment plants, closing water loops and transparency in reporting support SIJ Group's business model, which is built around the circular economy and reduction of environmental impacts. The actions strengthen sustainable business and regulatory compliance.	16	Business model	Severity rating: material	
	E2	(Impact)		ISO 14001 corporate certificate			Likelihood rating: short term: very low
		Potentially negative			Lower level (local communities)		medium term: very low long term: low

Continuation of the table →

Continuation of the table

ID	AREA OF SUSTAINABILITY: topic, category	SPECIFICS	IRO DESCRIPTION and DESCRIPTION OF HOW THEY RELATE TO THE STRATEGY	Measures from the table of sustainability strategy measures related to IROs	LINK to SIJ Group's strategy and/or business model	IRO RATING	
	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN		
	*specific relevance to SIJ Group	*DEPENDENCY (R/O)					TYPE OF IRO
6	POLLUTION: air	Emissions to air	<p>In addition to greenhouse gases, other gases are also emitted in steel production processes. After detecting that threshold values were exceeded at the Ravne na Koroškem production site, we reduced the risk of exceeding allowable emission thresholds by conducting continuous monitoring over the past year. Emissions are within statutory limits.</p> <p>The production sites are directly connected to the Slovenian Environment Agency (ARSO). All incidents are immediately detected and mitigated so that any negative impacts can be prevented and addressed immediately. Continuous emission monitoring and transparency in reporting support SIJ Group's business model, which is based on sustainability, regulatory compliance and reducing environmental impacts.</p>	16	Business model	Severity rating: material	
	E2	(Impact)		ISO 14001 corporate certificate Emergency management system	Lower level (downstream)		
		Actual negative (irreversible)					
7	POLLUTION and affected communities: Noise	Noise pollution	<p>Production facilities operating around the clock are located near settlements. Local residents can therefore be exposed to noise both during the day and night. By conducting measurements and implementing mitigation measures, we keep noise levels within statutory limits. Because of the potential impacts on the populations, we work with local communities on a regular basis. Noise measurements and mitigation measures support SIJ Group's business model, which is based on sustainable operations, regulatory compliance and responsible treatment of local communities.</p>	16, 21, 22	Business model	Severity rating: material	
		(Impact)		ResponsibleSteel certificate ISO 14001 corporate certificate Emergency management system	Lower level (downstream)		
		*specific to SIJ Group		Actual negative (irreversible)	Complaints mechanism, FaceUp (whistleblowing)		
8	WATER AND MARINE RESOURCES- Water: consumption, abstraction, discharge	Water consumption	<p>In recycling steel mills, such as SIJ Group's two production companies, water is used primarily for cooling, rather than just the production process itself. Water abstraction and consumption are significantly lower compared to traditional steel mills. All water-related issues are managed in cooperation with the stakeholders from the local community. Reduced water consumption in recycling-based steel mills and cooperation with local stakeholders support SIJ Group's business model, which is based on the circular economy, sustainable resource management and social responsibility vis-à-vis the local community.</p>	16, 21, 22	Business model	Severity rating: material	
	E3	(Impact)		ResponsibleSteel certificate ISO 14001 corporate certificate Water management plan (the largest three production companies)	Own operations		Likelihood rating: short term: very low
		No impact detected Potentially negative			Lower level (downstream)		medium term: low
					Lower level (downstream)	long term: low	

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ID	AREA OF SUSTAINABILITY: topic, category	SPECIFICS	IRO DESCRIPTION and DESCRIPTION OF HOW THEY RELATE TO THE STRATEGY	Measures from the table of sustainability strategy measures related to IROs	LINK to SIJ Group's strategy and/or business model	IRO RATING
	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*specific relevance to SIJ Group	*DEPENDENCY (R/O)				
9	CIRCULAR ECONOMY: inflow and outflow of resources	Production of green steel from steel scrap	SIJ Group does not produce steel from iron ore . The primary raw material, which now makes up nearly 100% of the total, is scrap steel. Using this raw material allows us to avoid the energy-intensive extraction of iron ore and its impact on air and water pollution. The nearly 100% rate of use of scrap steel in place of iron ore supports SIJ Group's strategy for low-carbon production, the circular economy and reduction of environmental impacts.	17, 18, 19	Business strategy	Severity rating: material
	E5	(Impact)		SIJ Group Decarbonisation Plan 2020–2030–2050	Own operations	
		Actual positive			Lower level (downstream)	
10	CIRCULAR ECONOMY: steel scrap	Waste management strategies; zero waste	We landfill less than 2% of our total waste. More than 98% of waste is reused, recycled or repurposed into by-products. By developing innovative sorting, screening, grinding and separation processes, we are able to process the various types of waste generated in steel production processes. The reuse and recycling of more than 98% of our waste supports SIJ Group's strategy for the circular economy and the business model of sustainable production with the reduction of environmental impacts.	17, 18	Business strategy and business model	Severity rating: material
	E5	(Impact)		SIJ Group Decarbonisation Plan 2020–2030–2050	Own operations	
		Actual positive			Lower level (downstream)	
11	CIRCULAR ECONOMY: inflow of resources	Increase of prices of scrap steel	Higher scrap steel prices resulting from increased demand (due to the green transition and regulatory requirements) and stock shortages would have an impact on the pricing of final products. This risk and SIJ Group's exposure to scrap steel price volatility is mitigated by the supply of scrap steel within the vertically integrated SIJ Group . We have identified an opportunity in our own scrap steel collection division , which we also link to the expansion of our large customers' business. Managing the risk of volatility in scrap steel prices with its own Scrap Division supports SIJ Group's strategy of vertical integration, the circular economy and strengthening a sustainable business model.	17, 19	Business strategy and business model	Financial materiality: short term: immaterial medium term: minimal long term: material
	E3	(Risk)		SIJ Group Decarbonisation Plan 2020–2030–2050	Higher level (supply chain)	
		*Raw material / steel scrap			Own operations	
		Potential				

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	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*DEPENDENCY (R/O)	TYPE OF IRO				
	*specific relevance to SIJ Group					
12	BUSINESS CONDUCT	Stakeholder involvement	We see feedback from different stakeholder groups within SIJ Group as an essential resource for our decision-making and economic performance. That is why we involve stakeholders and their information in all our business operations . Stakeholders have rated this cooperation as mostly positive and have recognised the positive impact. However, we recognise the potential for negative impacts in the future. The integration of stakeholder feedback supports SIJ Group's strategy for sustainability, transparency and long-term economic success, which is the cornerstone of the business model.	21, 28	Business strategy and business model	Severity rating: material
	G1	(Impact)		ResponsibleSteel certificate Complaints mechanism FaceUp (whistleblowing)		Likelihood rating: short term: very low
						medium term: very low
		Potentially negative			Lower level (downstream)	long term: very low
13	OWN WORKFORCE: working conditions, job security	Job security and continuity	Satisfaction with job security and job continuity ranked first place among 11 KPIs in the Employee Satisfaction Survey (SiOK 2023). The positive impact of job security, which is a key value both for employees and local communities, is also recognised by the employees in focus groups. The importance of job security is also a particular topic of interest in our working with the local communities. The emphasis on job security, which employees consider to be the most important priority, supports SIJ Group's strategy towards sustainability, workforce stability and strengthening relations with local communities.	6, 7, 8	Business strategy	Assessment based on external sources: material
	S1-6	(Impact)		The policies will be developed over the coming years ResponsibleSteel certificate Family-Friendly Enterprise certificate	Own operations	
		Actual positive				
14	OWN WORKFORCE: working conditions, working hours	Working hours, including overtime	Satisfaction with working hours was rated second highest among the 11 KPIs measured by the Employee Satisfaction Survey (SiOK 2023). Although our work process is organised into four shifts, weekend work and 12-hour shifts, which dissuades many potential candidates from employment at SIJ Group manufacturing companies, the high level of satisfaction with working hours has been a constant, even among departing employees , for several years. The rating remains high despite the impact of staff turnover on the overtime of qualified staff, which ensures sufficient effective working hours are achieved each month. The high rate of satisfaction with working hours, despite the challenges of the work being organised in shifts, supports SIJ Group's strategy towards labour stability, productivity and sustainability	1, 2, 6, 8	Business strategy	Assessment based on external sources: material
	S1-1	(Impact)		The policies will be developed over the coming years Family-Friendly Enterprise certificate	Own operations	
		Actual negative				

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ID	AREA OF SUSTAINABILITY: topic, category	SPECIFICS	IRO DESCRIPTION and DESCRIPTION OF HOW THEY RELATE TO THE STRATEGY	Measures from the table of sustainability strategy measures related to IROs	LINK to SIJ Group's strategy and/or business model	IRO RATING
	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*DEPENDENCY (R/O)	TYPE OF IRO				
	*specific relevance to SIJ Group					
15	OWN WORKFORCE: equal treatment and opportunities for all, training and skills development	Employee training	Although satisfaction with training and skills development has been following a positive trend since 2016 (SiOK 2023), the actual current impact is negative due to lack of innovation, poor management of employee suggestions, lack of knowledge sharing, lower quality of training seminars, and poor knowledge examination tools and procedures. The negative impact is also linked to the recruitment of workers who lack the right skills and competences for the job. Employee training time, expressed in training days per employee, was very low in 2024 compared to the global benchmark. As training and skills development are key to SIJ Group's strategy, emphasis on innovation, development of competences and sustainable competitiveness, improvement in these areas is a strategic priority.	4, 5, 8	Business strategy	Assessment based on external sources: material
	S1-13	(Impact)		The policies will be developed over the coming years	Lastna dejavnost	
		Actual negative				
16	OWN WORKFORCE: equal treatment and opportunities for all, training and skills development	Career development and advancement	Career development (SiOK 2023) ranks second-to-last, or 10th among the 11 indicators measured by the Employee Satisfaction Survey (SiOK 2023). SIJ Group has not yet adopted a Career and Promotion Policy , or criteria for promotion and for defining the potential of employees. There is no career path model in place and managers do not yet advise staff on career opportunities. The situation is having an impact on employee turnover – despite employees having access to good salaries and career opportunities that they are not sufficiently aware of. As our employees' career development is key to SIJ Group's strategy, which emphasizes talent retention, raising competences and long-term competitiveness, putting career development policies in place is a strategic priority.	4, 5	Business strategy	Assessment based on external sources: material
	S1-13	(Impact)		The policies will be developed over the coming years	Likelihood rating: short term: high	
		Potentially negative		Own operations	medium term: moderate	
17	OWN WORKFORCE: working conditions	Quality of work equipment and working environment	Employees across all companies of SIJ Group have expressed general satisfaction with the work equipment and work-spaces . Because workspace satisfaction was included as part of a broader question, the rating is lowered slightly by the perceived cleanliness, temperature, light and other objective risk factors in the working environment (SiOK 2023). Care for appropriate working equipment and maintaining a suitable working environment supports SIJ Group's strategy towards a safe, healthy and productive working environment, which is a cornerstone of the business model.	1, 3, 7	Business strategy	Assessment based on external sources: material
	S1	(Impact)		Workplace assessment system ResponsibleSteel certificate	long term: low	
		*specific to SIJ Group		Actual negative	Own operations	

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ID	AREA OF SUSTAINABILITY: topic, category	SPECIFICS	IRO DESCRIPTION and DESCRIPTION OF HOW THEY RELATE TO THE STRATEGY	Measures from the table of sustainability strategy measures related to IROs	LINK to SIJ Group's strategy and/or business model	IRO RATING
	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
		*DEPENDENCY (R/O)				
	*specific relevance to SIJ Group	TYPE OF IRO				
18	OWN WORKFORCE: working conditions, adequate wages	Adequate wages: minimum wage with a decent wage in line with benchmarks	Among the 11 KPIs used to measure employee satisfaction, pay and benefits satisfaction was ranked the lowest (SiOK 2023). The rating has been improving since 2016 and showing a positive trend , but the current impact is negative . Employees are dissatisfied with the changes made to the variable pay model, where we have abolished individual monthly bonuses that were not linked to performance and target achievement. As we lack the data from other manufacturing companies, we are unable to evaluate whether employee satisfaction in SIJ Group companies is lower compared to other companies of a similar nature. Salaries and benefits are an important part of the SIJ Group's talent retention and competitiveness strategy, so improvement of the remuneration model constitutes a key strategic task.	8	Business strategy	Assessment based on external sources: material
	S1-10	(Impact)		Rules for allocating the monthly variable pay portion of employees' salaries	Own operations	
		Actual negative			Lower level (downstream)	
19	OWN WORKFORCE: working conditions, health and safety	Occupational health and safety	The ResponsibleSteel certification, which we obtained in 2024, confirms our operational compliance with global standards for occupational safety and health and respect for human rights in the steel industry. Nevertheless, working conditions in the steel industry remain challenging (compared to other industries). Some risk factors cannot be eliminated entirely over the short term. Occupational health and safety engineers lack the authority and formal responsibility to shut down the production process if significant health risks are identified. Lower-educated, less-skilled workers and non-Slovenian-speaking international workers are more exposed to work-related injuries. Managing risks and improving working conditions through the occupational health and safety system is a key part of our business and sustainability strategy, as it ensures the safety of our employees and allows for the company to stay stable and competitive over the long-term. Managing risks and improving working conditions through the occupational health and safety system is a key part of our business and sustainability strategy, as it ensures the safety of our employees and allows for the company to stay stable and competitive over the long-term.	2	Business strategy	Assessment based on external sources: material
	S1-14	(Impact)		ResponsibleSteel certificate ISO 45001 certificate	Own operations	
		Actual negative			Lower level (downstream)	

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	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*DEPENDENCY (R/O)	TYPE OF IRO				
	*specific relevance to SIJ Group					
20	OWN WORKFORCE: working conditions	Access to nutritious hot meals, water, sanitation	SIJ Group is continuously investing in renovations of facilities and improving sanitary facilities . In our production environments, we provide our employees with filtered and bottled water . In the period 2019-2021, we renovated the kitchens and canteens for workers. The catering service provider regularly checks the quality of hot meals provided . Regular investments in renovating the buildings, restrooms, and providing quality food and drinking water is part of our sustainability and business strategy, as looking after our employees' well-being fosters a safe, healthy and responsible work environment.	1, 3	Business strategy	Assessment based on external sources: material
	S1	(Impact)		Workplace assessment system ResponsibleSteel certificate	Own operations	
	*specific to SIJ Group	Actual negative		Lower level (downstream)		
21	OWN WORKFORCE: working conditions, training and skills development	Performance management	SIJ Group introduced annual performance review interviews in 2024, in which approximately 300 employees participated in 2024. In 2026, we will extend the scope of the annual performance interviews to include all office staff and production team leads. In our Employee Satisfaction Survey, we examine if a particular employee has been approached in the last year about the possibility of career advancement. The SiOK 2023 score is low (2.86 out of 5), but has been improving steadily since 2016 (where the score was initially 0.37 out of 5). Annual reviews and employee satisfaction monitoring are part of our business strategy for development of our staff and strengthening our organisational culture.	8	Business strategy	Assessment based on external sources: material
	S1-13	(Impact)		The policies will be developed over the coming years	Own operations	
		Actual negative				
22	OWN WORKFORCE: working conditions, social dialogue	Freedom of association, workers' councils, collective bargaining	Three representative trade unions are active across the seven key companies of SIJ Group. More than 25% of our employees are members of at least one trade union. SIJ Group fully complies with the terms of industry-level collective agreements and company-level collective agreements. In 2024, these contracts covered almost 93% of the employees of SIJ Group's key companies. The exception are employees of SIJ d.d. and SIJ Services, who are currently not covered under any collective agreement. Compliance with collective agreements and cooperation with labour unions is part of our business strategy to ensure stable workplace relations and sustainable development.	8	Business strategy	Assessment based on external sources: material
	S1-8	(Impact)		The policies will be developed over the coming years	Own operations	
		Actual positive				

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ID	AREA OF SUSTAINABILITY: topic, category	SPECIFICS	IRO DESCRIPTION and DESCRIPTION OF HOW THEY RELATE TO THE STRATEGY	Measures from the table of sustainability strategy measures related to IROs	LINK to SIJ Group's strategy and/or business model	IRO RATING
	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
		*DEPENDENCY (R/O)				
	*specific relevance to SIJ Group	TYPE OF IRO				
23	OWN WORKFORCE: working conditions, social dialogue	Employees' right to consultation and participation	Regular social dialogue is maintained among employees, social partners and the management teams of individual companies. Employee involvement is conducted in accordance with the Worker Participation in Management Act – ZSDU and other legal provisions in the Republic of Slovenia. The law requires employers to consult with employees about issues such as occupational health and safety, working conditions, protection of employees' rights in the event of conveyances of undertakings, collective layoffs, etc. Maintaining regular social dialogue and employee engagement in accordance with the law are part of our business strategy for building trust, cooperation and sustainability.	2, 6, 8	Business strategy	Assessment based on external sources: material
	S1-8	(Impact)		The policies will be developed over the coming years	Own operations	
		Actual positive				
24	OWN WORKFORCE: working conditions, work-life balance	Flexi-time arrangements	When working hours are satisfied, and within the time parameters set by management, employees may choose their preferred start and finish times of the working day and the preferred method and duration of taking lunch breaks , in accordance with the flexible work schedule. The opportunities for flexible working hours are significantly lower in the case of production workers, where the negative effects of working hours are therefore perceived. Flexi-time working hours are part of our business strategy for increasing flexibility and improving the well-being of our employees while ensuring the production process efficiency.	1, 6, 8	Business strategy	Assessment based on external sources: material
	S1-15	(Impact)		The policies will be developed over the coming years	Own operations	
		Actual positive			Lower level (downstream)	
25	OWN WORKFORCE: working conditions, work-life balance	Childcare leave to support childcare and family commitments	Seven SIJ Group companies in Slovenia are certified as Family-Friendly Enterprises and employees are entitled to benefits to support caring for children and family members with special health needs. In addition, SIJ Group fully respects the statutory rights to maternity leave (i.e. maternity, parental and paternity) and caregiver leave . Maternity leave is compulsory in Slovenia. Parental leave is a form of social insurance, which is partly funded by employers and employees and partly by the state. Fathers are entitled to take leave at the birth of their child, but both parents are also eligible for family leave or shared parental leave. The Family-Friendly Enterprise certificate and respect for our employees' right to parental and caregiving leave form part of our business strategy to support our employees and grow our position as an employer of choice.	6	Business strategy	Assessment based on external sources: material
	S1-15	(Impact)		Family-Friendly Enterprise certificate	Own operations	
		Actual positive			Lower level (downstream)	

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	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*specific relevance to SIJ Group	*DEPENDENCY (R/O)				
26	OWN WORKFORCE: working conditions, work-life balance	Access to social security benefits and protection	SIJ Group complies with all laws and regulations on pension and disability insurance, healthcare and health insurance, parental care and family benefits, labour market regulation and social security contributions. All SIJ Group employees are entitled to social security benefits, as required by Slovenian law. Compliance with social security regulations forms part of our business strategy to foster stability, trust and responsible treatment of employees.	6, 8	Business strategy	Assessment based on external sources: material
	S1-15	(Impact)		The policies will be developed over the coming years	Own operations	
		Actual positive			Lower level (downstream)	
27	OWN WORKFORCE: equal treatment and opportunities for all, gender equality and equal pay for equal work	Gender equality	Due to the specific nature of the metallurgical sector, the interest in employment in SIJ Group companies is significantly higher among men compared to women. Women make up 17.8% of all employees. This share is not expected to change significantly in the coming years due to the nature of the industry. At this time, we do not yet provide jobs in manufacturing that are specifically adapted to women due to physical intensity. When it comes to office jobs, recruitment and career advancement practices are gender-neutral. We do not make decisions based on gender. In the future, we intend to monitor gender equality by measuring the proportion of women in top and middle management positions. Monitoring gender equality and measures to promote inclusion of women form part of our business strategy aimed at fostering diversity and promoting sustainable development of our employees.	29	Business strategy	Assessment based on external sources: material
	S1-16	(Impact)		Code of Ethics Other policies will be developed over the coming years	Own operations	
		Actual negative				
28	OWN WORKFORCE: equal treatment and opportunities for all, employment and inclusion of people with disabilities	Employment and inclusion of persons with disabilities	In 2024, 7.7% of SIJ Group employees held the status of a person with disabilities. We provide stable employment for people with disabilities in our SIJ SUZ and SIJ ZIP Center subsidiaries. Both companies are included under the corporate governance corporate governance system of SIJ Group. Providing stable employment for persons with disabilities at SIJ SUZ and SIJ ZIP Center is part of our business strategy for including socially vulnerable groups and foster social responsibility.	30	Business strategy	Assessment based on external sources: material
	S1-12	(Impact)		Code of Ethics Other policies will be developed over the coming years	Own operations	
		Actual positive			Lower level (downstream)	

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	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*DEPENDENCY (R/O)					
	*specific relevance to SIJ Group	TYPE OF IRO				
29	OWN WORKFORCE: equal treatment and opportunities for all, action against violence and harassment in the workplace	Measures to prevent workplace violence and harassment	SIJ Group has a complaints mechanism in place with clear procedures for reporting violations and irregularities or raising concerns about compliance with the SIJ Group Code of Ethics and its adopted policies. The complaints mechanism, which can be accessed via the companies' websites, includes reports of mobbing or workplace harassment and any other violations (discrimination, non-compliance with rules, suspected corruption, inappropriate disciplinary practices, etc.). Having a complaints mechanism in place with clear procedures for reporting violations and misconduct forms part of our business strategy to foster ethical behaviour, transparency and trust within the organisation.	26, 27, 28, 30 Code of Ethics Other policies will be developed over the coming years	Business strategy Own operations	Assessment based on external sources: material
	S1-17	(Impact)				
		Actual positive				
30	OWN WORKFORCE: equal treatment and opportunities for all, diversity	Employee diversity	In 2024, the share of foreign workers working in SIJ Group's key companies based in Slovenia was 19%. This share has increased significantly in recent years (in 2018, only 5% of all employees were foreign workers). While most of these come from the former Yugoslavia, we started recruiting workers from Nepal and India in 2024. At present, the needs of these diverse nationalities are not taken into account in internal communication, training, observance of national and religious holidays, organised workplace meals, active inclusion in local communities, etc. Although we offer and facilitate Slovenian language courses for foreign workers, language barriers nevertheless remain. Diversity management and the integration of foreign workers is part of our business strategy to ensure equal opportunities, effective communication and sustainable development of our human resources.	26, 27, 28, 30 Code of Ethics Other policies will be developed over the coming years	Business strategy Own operations	Assessment based on external sources: material Likelihood rating: short term: moderate medium term: moderate long term: low
	S1-9	(Impact)				
		Potentially negative				
31	OWN WORKFORCE: other work-related rights, child labour, forced labour	Impacts on human rights	SIJ Group respects human rights in its business operations at all levels. Child labour, which is prohibited by law in Slovenia, is also explicitly prohibited in the SIJ Group Code of Ethics. We do not employ anyone under the statutory age limit and comply with all applicable regulations governing the employment of minors. Respect for human rights and the prohibition of child labour are part of our business strategy to foster ethical business conduct and ensure compliance with applicable legislation and corporate standards.	26, 27, 28, 30 Code of Ethics Other policies will be developed over the coming years	Business strategy Higher level (supply chain) Own operations Lower level (downstream)	Assessment based on external sources: material
	S1-17	(Impact)				
		Actual positive				

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ID	AREA OF SUSTAINABILITY: topic, category	SPECIFICS	IRO DESCRIPTION and DESCRIPTION OF HOW THEY RELATE TO THE STRATEGY	Measures from the table of sustainability strategy measures related to IROs	LINK to SIJ Group's strategy and/or business model	IRO RATING
	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*DEPENDENCY (R/O)	TYPE OF IRO				
	*specific relevance to SIJ Group					
32	OWN WORKFORCE: other work-related rights, adequate housing	Adequate housing for migrants and mobile workers	SIJ Group companies assist workers in finding accommo- dation and partially subsidise their rent . Foreign workers are provided decent quality housing. Most single workers agree to shared accommodation with their colleagues . If a worker wishes to bring his or her family with them to Slovenia, existing options for single workers are not sufficient. Rent levels are high, and the housing market in regions such as Koroška and Gorenjska (the regions with the largest manufacturing companies) is not prepared for the growing number of foreign workers. Providing assistance with accommodation and subsidised rent are part of our business strategy to attract and retain foreign workers and ensure decent living conditions.	1, 6	Business strategy	Assessment based on external sources: material
	S1	(Impact)		Other policies will be developed over the coming years		Likelihood rating: short term: low
				Own operations		medium term: low
	*specific to SIJ Group	Potentially negative		Lower level (downstream)		long term: low
33	OWN WORKFORCE: availability of productive labour	Inability to compete and attract new workers	SIJ Group is facing staff shortages , especially in the produc- tion processes, which may affect its business continuity and financial performance. Managing staff shortages in produc- tion processes is part of our business strategy to ensure uninterrupted operation and stable financial results.	1, 6	Business model	
	S1	(Risk)		Other policies will be developed over the coming years	Higher level (supply chain)	Assessed materiality: short term: material
		*People		Own operations		medium term: moderate
	*specific to SIJ Group	Actual figure		Lower level (downstream)		long term: moderate

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	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*specific relevance to SIJ Group	*DEPENDENCY (R/O)				
34	AFFECTED COMMUNITIES	Employment opportunities	By providing secure employment, we improve social standards at the local level and have a positive impact on the broader local community. Ensuring safe employment supports SIJ Group's strategy for sustainability of business operations and fostering social responsibility, which is a cornerstone of the business model.	20, 21, 22	Business strategy and business model	Severity rating: material
	S3	(Impact)		Code of Ethics Complaints mechanism FaceUp (whistleblowing)		Likelihood rating: short term: moderate
					Own operations	medium term: low
	*specific to SIJ Group	Actual positive			Lower level (downstream)	long term: low
35	BUSINESS CONDUCT	Supply chain management	While SIJ Group does not yet have a comprehensive due diligence system in place for the entire value chain, we are conducting Tier 1 supplier due reviews , where no major incidents have been identified to date. Actual positive effects are linked to the foreseen replacement of any suppliers failing our assessment. We encourage all suppliers to operate sustainably and to comply with the Code of Conduct for Suppliers of SIJ Group . Tier 1 supplier reviews and the promotion of sustainable practices support SIJ Group's strategy for a responsible value chain and a business model based on compliance and sustainable operations.	19	Business strategy and business model	Severity rating: material
	G1	(Impact)		SIJ Group Sustainable Purchasing Policy Code of Conduct for Suppliers of SIJ Group	Higher level (supply chain)	Likelihood rating: short term: moderate
						medium term: low
		Potentially negative				long term: low
36	BUSINESS CONDUCT	Sustainable management	To address sustainability issues, we have established a department at the SIJ Group level, which is still developing appropriate horizontal and vertical procedures and processes , and in 2024 its primary focus is on establishing appropriate sustainability reporting and on activities related to standards-compliant reporting. Although no such incidents have been identified thus far, SIJ Group is aware that they are potentially possible. Establishing a sustainability department and developing standards-compliant reporting processes is part of our business strategy to strengthen transparency, compliance and our long-term sustainability focus.	19, 31, 32	Business strategy	Severity rating: material
	G1	(Impact)		The SIJ Group's Corporate Rules	Higher level (supply chain)	Likelihood rating: short term: very low
					Own operations	medium term: very low
		Potentially negative			Lower level (downstream)	long term: very low

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ID	AREA OF SUSTAINABILITY: topic, category	SPECIFICS	IRO DESCRIPTION and DESCRIPTION OF HOW THEY RELATE TO THE STRATEGY	Measures from the table of sustainability strategy measures related to IROs	LINK to SIJ Group's strategy and/or business model	IRO RATING
	subject (ESRS topic)	(IRO Impact - Risk - Opportunity)		Link to the implementation of policies	STAGE OF THE VALUE CHAIN	
	*specific relevance to SIJ Group	*DEPENDENCY (R/O)				
37	BUSINESS CONDUCT	Combatting bribery and corruption	In 2024 we conducted employee training on the topic of corruption risks and on the topic of the newly-implemented measures and procedures relating to this topic . We trained employees to identify incidents, giving practical examples and presentations on prevention and mitigation measures. While no major incidents have been detected thus far, we are aware of their potential emergence and their possible negative impacts. Raising awareness and training employees on corruption risks and introducing preventive measures form part of our business strategy to foster integrity, compliance and risk management.	26, 27, 28	Business strategy	Severity rating: material
	G1	(Impact)		Code of Ethics Complaints mechanism FaceUp (whistleblowing)	Higher level (supply chain)	Likelihood rating: short term: very low
					Own operations	medium-term: low
		Potentially negative			Lower level (downstream)	long-term: low

Disclosure Index

TCFD INDEX

SIJ Group follows the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD*)**. Reporting is based on the following four pillars of the TCFD: **Governance, Strategy, Risk Management and Metrics & Targets**.

The index table points to TCFD-recommended disclosures found in the respective chapters of the Annual Report.

TCFD Index

Field	Recommended TCFD disclosure	Source, chapter, comment
Management		
Disclosures on managing climate-related risks and opportunities	Management oversight of climate-related risks and opportunities	The role of administrative, management and supervisory bodies in relation to sustainability matters Managing risks and opportunities Material impacts, risks and opportunities and their interaction with the strategy and business model (SBM-3)
	The management's role in assessing and managing climate-related risks and opportunities	Report of the President of the Supervisory Board Strategy (SBM 1-3) Policies adopted for the purpose of managing material sustainability issues (MDR-P) Managing risks and opportunities The role of the administrative, management supervisory bodies related to business conduct (G1 GOV-1) Risks related to climate change and the green transition
Strategy		
Disclosure of current and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Short-, medium- and long-term climate-related risks and opportunities	Strategy (SBM 1-3) Policies adopted for the purpose of managing material sustainability issues (MDR-P) Transition plan for climate change mitigation (E1-1) Managing risks and opportunities Risks related to climate change and the green transition
	Impact of climate-related risks and opportunities on an organisation's business, strategy and financial planning	Managing risks and opportunities Risks related to climate change and the green transition
	Resilience of the organisation's strategy under different climate-related scenarios, including the 2°C or less scenario	SIJ Group has not yet disclosed the details of considering these scenarios.

Continuation of the table →

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Field	Recommended TCFD disclosure	Source, chapter, comment
Risk management		
Identifying, assessing and managing climate-related risks	The organisation's processes for identifying and assessing climate-related risks	Managing risks and opportunities Risks related to climate change and the green transition
	The organisation's processes for managing climate-related risks	Managing risks and opportunities Risks related to climate change and the green transition
	Integrating processes for identifying, assessing and managing climate risks into the organisation's overall risk management system	Managing risks and opportunities Risks related to climate change and the green transition
Metrics and targets		
Metrics and targets for assessing and managing relevant climate impacts and opportunities, where such information is relevant	Metrics used by the organisation to assess climate-related risks and opportunities, in line with its risk management strategy and process	Transition plan for climate change mitigation (E1-1) Gross Scope 1, 2, 3 and total GHG emissions (E1-6)
	Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas (GHG) emissions and associated risks	Transition plan for climate change mitigation (E1-1) Gross Scope 1, 2, 3 and total GHG emissions (E1-6)
	The targets which the organisation uses to manage climate-related risks and opportunities, and how well the organisation is meeting these targets	Transition plan for climate change mitigation (E1-1) Gross Scope 1, 2, 3 and total GHG emissions (E1-6)

03 FINANCIAL REPORT OF SIJ GROUP

INDEPENDENT AUDITOR'S REPORT

To the shareholders of SIJ d.d.

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of SIJ d.d. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2025 and the consolidated comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2025, and its financial performance for the year ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the 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 of the Council"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the IESBA Code) and other 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.

Emphasis of Matter

We emphasize that, as at 31 December 2025, the Group reports an excess of current liabilities over current assets in the amount of EUR 172,942 thousand, which is primarily the result of the maturity structure of financial liabilities to banks and financial liabilities arising from bonds issued by the parent company. As explained in the section "Events after the reporting date" in the financial part of the annual report, the parent company and its subsidiaries, after the statement of financial position date and before the date of the auditor's report, signed with banks the *Senior Term and Revolving Facilities Agreement*, which provides the companies in the Group with a more stable financial structure with maturity up to 15 December 2028. Bondholders of the parent company also adopted, after the reporting date and before the date of the auditor's report, an offer to exchange the bonds and extend their maturity to 15 December 2028. The Group ended the 2025 financial year with a net loss of EUR 117,236 thousand. As explained in section B "Going concern assumption" of the chapter "Notes to the consolidated financial statements" in the financial part of the Group's annual report, management continues to implement the described measures to improve the operations of companies within the Group. Our opinion is not modified in respect of the matter emphasized.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. In addition to the matter described in the paragraph "Emphasis of Matter," we have identified the matters described below as key audit matters.

Revenue

Key Audit Matter	How the matter was addressed in our audit
<p>The Group's net sales revenue for the financial year 2025 amounts to EUR 929,972 thousand. As explained in point E "Revenue" of the section Material accounting policies in the financial part of the Group's annual report, revenue from contracts with customers is recognized taking into account IFRS 15 (Revenue) and the 5-step model for their recognition upon transfer of control of goods or services to the customer in an amount that reflects the consideration to which the Group believes it will be entitled in exchange for those goods or services. Revenue from the sale of goods and services is recognized when the service is performed and the customer has obtained control over the goods or service, taking into account IFRS 15. Net sales revenue is one of the key performance indicators of the Group. Due to the importance of the accounting item, the complex methods of its recognition and the risks of its proper recording, we have identified the recognition of net sales revenue as a key audit matter.</p>	<p>As part of our audit procedures, we assessed the appropriateness of the Group's accounting policies for revenue recognition and their compliance with International Financial Reporting Standards and, among other things, performed the following audit procedures:</p> <ul style="list-style-type: none"> gain an understanding of the accounting policies related to the recognition of net sales revenue in accordance with IFRS 15; understand and assess the design and implementation of internal controls related to the recognition of net sales revenue, with an emphasis on key controls; tested the operating effectiveness of key controls relevant to the recognition of net sales revenue; performed analytical procedures to test data related to net sales revenues; performed a test of details on a selected sample of net sales revenues; reviewed the completeness and adequacy of the relevant disclosures in the annual report regarding net sales revenues, which were presented by the management in the accounting part of the Group's annual report in item 1. "Net sales revenue" of the section Notes to individual items in the consolidated financial statements.

Goodwill valuation

Key Audit Matter	How the matter was addressed in our audit
<p>The value of the Group's goodwill as of 31 December 2025 amounts to EUR 1,551 thousand and has decreased by EUR 17,415 thousand compared to 31 December 2024 due to the impairment recorded under Other operating expenses.</p> <p>As explained in point H, "Intangible assets" and point M, "Impairment of assets" of the chapter Material accounting policies in the financial section of the Group's annual report, when preparing the consolidated financial statements, management performs an impairment test of goodwill in accordance with IAS 36 (Impairment of assets) at least once a year and estimates its recoverable amount.</p> <p>The assessment of the recoverable amount of goodwill and the appropriateness of its measurement were important to our audit because they require significant judgment and estimates. Due to the significance of the goodwill impairment in 2025 and the inherent level of subjectivity in the impairment tests performed, we identified this as a key audit matter.</p>	<p>As part of our audit procedures, we assessed the appropriateness of the Group's accounting policies in relation to the goodwill impairment test and their compliance with IAS 36 (Impairment of Assets) and, among other things, performed the following audit procedures:</p> <ul style="list-style-type: none"> we tested the performed goodwill impairment tests and verified the appropriateness of the key assumptions and input data used in the recoverable amount estimates; We also included an auditor's expert (certified business valuer) in the audit team to assist in assessing the adequacy of the estimated recoverable amount of goodwill; We reviewed the completeness and appropriateness of the disclosures in the Group's annual report regarding goodwill, which were presented by the management in the accounting part of the Group's annual report in item 8, "Intangible assets" of the section Notes to individual items in the consolidated financial statements.

Property, Plant and Equipment valuation

Key Audit Matter	How the matter was addressed in our audit
<p>The value of the Group's Property, Plant and Equipment as of 31 December 2025 amounts to EUR 387,743 thousand and represents 44 percent of the Group's total assets.</p> <p>As explained in point I. "Property, Plant and Equipment" and point M "Impairment of assets" of the chapter Material accounting policies in the financial section of the Group's annual report, when preparing the consolidated financial statements, the management assesses the existence of indicators of potential impairment of tangible fixed assets. When preparing the consolidated financial statements for the financial year 2025, the Group's management, in accordance with IAS 36 (Impairment of assets), estimated the recoverable amount of land, buildings and equipment owned by key manufacturing subsidiaries in relation to which it determined the existence of indicators of their potential impairment. Impairment of tangible fixed assets in the amount of EUR 2,409 thousand is recorded under Other operating expenses.</p> <p>The assessment of the recoverable amount of Property, plant and equipment and the accuracy of the impairments recognised were important to our audit because they require significant judgement and estimation. Due to the importance of Property, plant and equipment in the Group's total assets and the inherent level of subjectivity in the impairment tests performed, we identified them as a key audit matter.</p>	<p>As part of our audit procedures, we assessed the appropriateness of the Group's accounting policies in relation to the impairment test of property, plant and equipment and their compliance with IAS 36 (Impairment of Assets) and, among other things, performed the following audit procedures:</p> <ul style="list-style-type: none"> We assessed the design and implementation of management control procedures on which impairment tests and the assessment of the existence of indicators of impairment of property, plant and equipment are based; we tested the performed impairment tests of tangible fixed assets and verified the appropriateness of the key assumptions and input data used in the estimates of recoverable amount; we also included an auditor's expert (a certified real estate valuer and a certified equipment valuer) in the audit team to assist in assessing the adequacy of the estimated recoverable amount of Property, plant and Equipment; we reviewed the completeness and appropriateness of the disclosures in the Group's annual report regarding the impairment of property, plant and equipment, which the management presented in the accounting part of the Group's annual report in item 9. "Property, plant and equipment" of the section Notes to individual items in the consolidated financial statements.

Other Matter

The Group's consolidated financial statements for the year ended 31 December 2024 were audited by another auditor, who issued an unmodified auditor's report on 28 May 2025.

Other Information

Management is responsible for the other information. The other information comprises the "Business Review" and the "Sustainability Report," which form part of the Group's annual report, but do not include the consolidated financial statements and our report thereon. We obtained the other information prior to the date of the auditor's report, except for the Supervisory Board's report, which will be available later.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, legal requirements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated, except for those relating to the "Sustainability Report," for which a separate limited assurance report has been issued. If, based on the work performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. Based on the procedures performed, we report that:

- the other information is, in all material respects, consistent with the consolidated financial statements;

- the other information, except for the "Sustainability Report," for which we issued a separate limited assurance report on May 8, 2026, has been prepared in accordance with applicable laws and regulations; and
- based on our knowledge and understanding of the Group and its environment obtained during the audit, we have not identified any material misstatements in the other information.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation of the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted in European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 relevant auditing standards and Regulation (EU) No 537/2014 of the European Parliament and of the Council 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 decision of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with relevant auditing standards and Regulation (EU) No 537/2014 of the European Parliament and of the Council, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 the 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 Group'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 Group'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 consolidated 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 Group to cease to continue as 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged 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.

We also provide those charged 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters, that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting obligations in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

Confirmation to the audit committee

We confirm that the audit opinion expressed in this auditor's report is consistent with the additional report to the audit committee.

Prohibited services

We declare that we did not provide any of the services referred to in Article 5(1) of Regulation (EU) No 537/2014 to the Group and that the audit firm remained independent in conducting the audit.

Other services of the audit firm

FORVIS MAZARS d.o.o. did not provide any services to the Group in addition to the audit of the financial statements, other than those disclosed in the annual report.

Appointment of the audit firm and responsible certified auditor

FORVIS MAZARS d.o.o. was appointed at the General Meeting of the Company on 9 July 2025. The Chairman of the Supervisory Board signed the contract for the audit of the separate and consolidated financial statements on 4 September 2025. The contract was executed for a period of 3 years. We have performed the statutory audits of the financial statements of SIJ d.d. and the Group for the first year.

Engagement partner responsible for the audit on behalf of FORVIS MAZARS d.o.o. is Jure Marko.

Ljubljana, May 8, 2026

FORVIS MAZARS, družba za revizijo, d.o.o.

Jure Marko
Certified auditor

For signature please refer to the original Slovenian version.

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

Statement of the Management's Responsibility

The Management Board is responsible for the preparation of the consolidated financial statements, together with accounting policies and notes, for the year 2025, which give to the best of its knowledge and belief, a fair view of the development and results of the Group's operations and its financial position, including the description of material risks that the Group is exposed to.

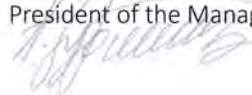
The Management Board confirms that appropriate accounting policies have been applied consistently in the preparation of the consolidated financial statements, that accounting estimates were prepared based on the principles of fair value, prudence and sound management and that the consolidated financial statements give a true and fair view of the Group's financial position and the results of its operations in the year 2025.

The Management Board is also responsible for appropriate accounting and for taking adequate measures to protect the Group's property and other assets, and confirms that the consolidated financial statements, together with the notes thereto, have been prepared based on the going concern assumption and in accordance with applicable legislation and International Financial Reporting Standards as adopted by the European Union.

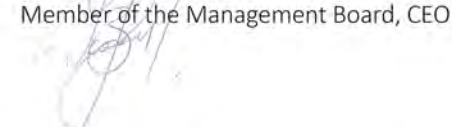
Anytime within 5 years after the end of the year in which the tax assessment should be made, the tax authorities can inspect the operations of the companies in the Group. This can result in the occurrence of additional tax liabilities, default interests and fines based on corporate income tax or other taxes and duties. No circumstance that could result in this type's possible liability is known to the Management Board.

Ljubljana, 8. May 2026

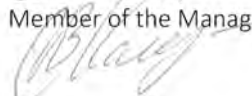
Andrey Zubitskiy,
President of the Management Board



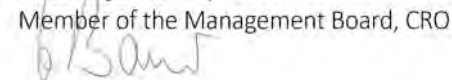
Viacheslav Korchagin,
Member of the Management Board, CEO



Igor Malevanov,
Member of the Management Board, CFO



dr. Kristijan Bauer,
Member of the Management Board, CRO



Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand	Note	2025	2024
Net sales revenue	1	929,972	1,055,428
Cost of sales	2	(788,035)	(896,527)
Gross profit		141,937	158,901
Distribution costs	2	(91,995)	(66,243)
General and administrative expenses	2	(102,481)	(112,118)
Other operating income	3	6,606	13,006
Other operating expenses	4	(27,624)	(12,117)
Loss from impairment of trade receivables		(28)	(361)
Operating loss		(73,585)	(18,932)
Finance income	5	3,072	3,448
Finance expenses	6	(34,263)	(27,218)
Net finance income (expenses)		(31,191)	(23,770)
Loss before tax		(104,776)	(42,702)
Income tax	7	(12,967)	(3,670)
Loss for the period		(117,743)	(46,372)

Continuation of the table →

Continuation of the table

in EUR thousand	Note	2025	2024
Items that will not be reclassified subsequently to profit or loss			
Net actuarial gains (losses) on pension programs		806	(430)
Fair value gains of financial assets at fair value through other comprehensive income	11	495	166
Income tax related to components of other comprehensive income	14	133	(37)
Items that may be reclassified subsequently to profit or loss			
Exchange rate difference on translating foreign operations		(927)	581
Total other comprehensive income		507	280
Comprehensive income		(117,236)	(46,092)
Profit or (loss), attributed to:			
Owners of the parent company		(118,676)	(48,086)
Non-controlling interest		933	1,714
Comprehensive income attributed to:		(117,236)	(46,092)
Owners of the parent company		(118,214)	(47,813)
Non-controlling interest		978	1,721

The notes to the consolidated financial statements are an integral part of the consolidated financial statements and should be read in conjunction with them.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR thousand	Note	31 Dec 2025	31 Dec 2024
ASSETS			
Non-current assets		477,539	530,694
Intangible assets	8	9,392	28,361
Property, plant and equipment	9	387,743	406,509
Investment property	10	0	4,101
Financial assets at fair value through other comprehensive income	11	416	1,475
Financial receivables	12	66,558	64,000
Trade receivables		113	10
Other assets	13	1,493	3,576
Deferred tax assets	14	11,824	22,662
Current assets		398,746	439,872
Assets (groups) held for sale		30	30
Inventories	15	269,999	296,539
Financial receivables	16	42	407
Trade receivables	17	102,882	99,702
Income tax assets		1,904	1,968
Cash and cash equivalents	18	20,064	37,907
Contract assets		447	949
Other assets	19	3,378	2,370
Total assets		876,285	970,566
EQUITY AND LIABILITIES			
Equity	20	242,436	371,800
Equity attributed to the owners of the parent company		220,344	338,870
Share capital		145,266	145,266
Capital surplus		11,461	11,461
Other equity reserves		8,838	8,838
Fair value reserves		(1,254)	(1,482)

Continuation of the table →

Continuation of the table

in EUR thousand	Note	31 Dec 2025	31 Dec 2024
Translation differences		(339)	584
Retained earnings		56,372	174,203
Non-controlling interest		22,092	32,930
Non-current liabilities		62,161	89,271
Employee benefits	21	14,239	14,901
Other provisions		6,869	417
Deferred income	22	22,956	16,649
Financial liabilities	23	7,948	56,472
Trade payables		169	214
Liabilities for purchase of non-controlling interest	20	9,766	0
Contract liabilities		214	615
Deferred tax liabilities	14	0	3
Current liabilities		571,688	509,495
Financial liabilities	24	333,124	237,334
Trade payables	25	207,332	255,497
Income tax liabilities		756	79
Contract liabilities		6,991	5,792
Other liabilities	26	23,485	10,793
Total equity and liabilities		876,285	970,566

The notes to the consolidated financial statements are an integral part of the consolidated financial statements and should be read in conjunction with them.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity in 2025

in EUR thousand	Equity attributed to the owners of the parent company								Non-controlling interest	Total
	Share capital	Capital surplus	Other equity reserves	Fair value reserves	Actuarial losses	Translation differences	Retained earnings	Total		
Balance as at 31 Dec 2024	145,266	11,461	8,838	528	(2,010)	584	174,203	338,870	32,930	371,800
Liabilities for purchase of non-controlling interest (Note 20)	0	0	0	0	0	0	0	0	(9,766)	(9,766)
Changes in non-controlling interest	0	0	0	0	0	0	(310)	(310)	(352)	(662)
Dividends paid	0	0	0	0	0	0	0	0	(1,699)	(1,699)
Total transactions with owners	0	0	0	0	0	0	(310)	(310)	(11,817)	(12,127)
Profit (loss) for the period	0	0	0	0	0	0	(118,676)	(118,676)	933	(117,743)
Other changes in comprehensive income	0	0	0	(528)	756	(923)	1,156	462	45	507
Total changes in comprehensive income	0	0	0	(528)	756	(923)	(117,520)	(118,214)	978	(117,236)
Balance as at 31 Dec 2025	145,266	11,461	8,838	0	(1,254)	(339)	56,372	220,344	22,092	242,436

Consolidated Statement of Changes in Equity in 2024

in EUR thousand	Equity attributed to the owners of the parent company								Non-controlling interest	Total
	Share capital	Capital surplus	Other equity reserves	Fair value reserves	Actuarial losses	Translation differences	Retained earnings	Total		
Balance as at 31 Dec 2023	145,266	11,461	8,838	399	(1,577)	26	222,150	386,563	31,329	417,892
Changes in non-controlling interest	0	0	0	0	0	0	120	120	(120)	0
Total transactions with owners	0	0	0	0	0	0	120	120	(120)	0
Profit (loss) for the period	0	0	0	0	0	0	(48,086)	(48,086)	1,714	(46,372)
Other changes in comprehensive income	0	0	0	129	(433)	558	19	273	7	280
Total changes in comprehensive income	0	0	0	129	(433)	558	(48,067)	(47,813)	1,721	(46,092)
Balance as at 31 Dec 2024	145,266	11,461	8,838	528	(2,010)	584	174,203	338,870	32,930	371,800

The notes to the consolidated financial statements are an integral part of the consolidated financial statements and should be read in conjunction with them.

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR thousand	2025	2024
Cash flow from operating activities		
Loss before tax	(104,776)	(42,702)
Adjusted for:		
Amortisation of intangible assets and depreciation of property, plant and equipment (Notes 8 and 9)	57,205	56,880
Impairment of goodwill (Note 8)	17,416	0
Interest income (Note 5)	(2,585)	(2,865)
Interest expenses (Note 6)	21,035	18,789
Impairment loss on assets (Note 4)	9,366	9,898
Compensations (Note 3)	0	(7,184)
Creation of allowances and provisions	18	783
Net other expenses (income)	11,768	4,042
Operating cash flow before working capital adjustments	9,447	37,641
Total working capital adjustments		
Decrease in trade receivables	(2,603)	(11,808)
Decrease in inventories	22,422	4,490
(Decrease) increase in trade payables	(30,945)	15,098
(Decrease) increase in taxes other than income tax	(399)	403
Total working capital adjustments	(11,525)	8,183
Receipts from government grant	2,305	15,817
Payments for retirement benefits and loyalty bonuses	(1,679)	(1,487)
Income tax (paid) received	(1,317)	1,902
Net cash flow from operating activities	(2,769)	62,056
Cash flow from investing activities		
Receipts from disposal of financial assets at fair value through other comprehensive income	1,554	0

Continuation of the table →

Continuation of the table

in EUR thousand	2025	2024
Payments for property, plant and equipment	(33,454)	(58,884)
Receipts from property, plant and equipment	2,111	4,214
Payments for intangible assets	(909)	(1,880)
Payments for loans issued (Notes 12 and 16)	(5)	(60)
Receipts from loans issued (Note 16)	17	24
Interests received	26	306
Dividends received	159	108
Receipts from investment property	2,799	0
Net cash flow used in investing activities	(27,702)	(56,172)
Cash flow from financing activities		
Receipts from borrowings (Notes 23 and 24)	435,081	584,945
Payments for borrowings (Notes 23 and 24)	(373,862)	(562,997)
(Payments) receipts for financial services	(20,124)	5,222
Payments for lease (Note 24)	(4,954)	(5,801)
Interests paid	(20,493)	(16,751)
Dividends paid	(1,695)	0
Net cash flow generated in financing activities	13,953	4,618
Cash and cash equivalents as at 1 Jan	37,907	26,705
Translation differences	(1,325)	700
Net change in cash and cash equivalents	(16,518)	10,502
Cash and cash equivalents as at 31 Dec	20,064	37,907

The notes to the consolidated financial statements are an integral part of the consolidated financial statements and should be read in conjunction with them.

Notes to the Consolidated Financial Statements

REPORTING ENTITY

Company SIJ – Slovenska industrija jekla, d.d. (hereinafter: SIJ d.d. or the parent company) is a company registered in Slovenia. The address of its registered office is Gerbičeva ulica 98, 1000 Ljubljana. Given below are the consolidated financial statements for the year ending on 31 December 2025.

Those consolidated financial statements are compiled by the parent company SIJ d.d. and cover all its subsidiaries (hereinafter: the Group). Consolidated financial statements for a broader group of subsidiaries are compiled by DILON Cooperatief U. A., the ultimate parent of SIJ d.d. The consolidated annual report for the Group DILON Cooperatief is available, when compiled, at the registered office of DILON Cooperatief U. A., John M. Keynesplein 10, 1066EP Amsterdam, the Netherlands.

BASIS OF PREPARATION

The consolidated financial statements are expressed in thousands of euros. Due to the rounding of the value amounts, there may be insignificant deviations to the sums given in tables.

In the selection of accounting principles and their application, as well as in the preparation of these consolidated financial statements, the Management Board considered the following three requirements: consolidated financial statements are comprehensible, if users can understand them without difficulty; the information is adequate, if they help users make economic decisions; and the information is fundamental, if its exclusion or false presentation could influence users' economic decisions.

The Management Board approved the consolidated financial statements on 8. May 2026.

A. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) with associated notes, which are being adopted by International Accounting Standards Board (IASB), and the interpretations of the IFRS Interpretations Committee (IFRIC), adopted by the EU and in accordance with the Companies Act (ZGD).

Initial application of new amendments to the existing standards issued by IASB and adopted by the EU effective for the current reporting period

The following amendments to the existing standards issued by the IASB and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”** – Lack of Exchangeability issued by IASB on 15 August 2023 (effective for annual periods beginning on or after 1 January 2025).

The adoption of amendments to the existing standards has not led to any material changes in the consolidated financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”** issued by IASB on 30 May 2024 (effective for annual periods beginning on or after 1 January 2026),
- **Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature”** – dependent Electricity issued by IASB on 18 December 2024 (effective for annual periods beginning on or after 1 January 2026),
- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 “Annual Improvements to IFRS Accounting Standards” – Volume 11** issued by IASB on 18 July 2024 (effective for annual periods beginning on or after 1 January 2026).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU, do not significantly differ from regulations adopted by the IASB except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU on the date of publication of financial statements (the effective dates stated below are for IFRS as issued by IASB):

- **IFRS 18 “Presentation and Disclosures in Financial Statements”** issued by IASB on 9 April 2024 will replace IAS 1 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2027),
- **IFRS 19 “Subsidiaries without Public Accountability”** disclosures issued by IASB on 9 May 2024 (effective for annual periods beginning on or after 1 January 2027),
- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”** – translation to a Hyperinflationary Presentation Currency issued by IASB on 13 November 2025 (effective for annual periods beginning on or after 1 January 2027),
- **IFRS 14 “Regulatory Deferral Accounts”** issued by IASB on 30 January 2014, for which European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

The Group assesses that the adoption of these new standards, and the amendments of existing standards will not have any significant effect on the consolidated financial statement at their first application. The hedging instrument in connection with the portfolio of financial assets and liabilities, the principles of which the EU has not yet adopted, is still unregulated. According to the Group’s estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement” would not significantly impact the consolidated financial statements, if applied as at the Statement of financial position.

B. USE OF GOING CONCERN ASSUMPTION

The financial year 2025 was one of the most challenging years in the history of the European steel industry. Geopolitical tensions, reduced demand in key markets, high energy costs and the influx of Asian steel into the European market due to global overcapacity had a significant impact on the Group’s performance. The European economy slowed, and demand in key European markets remained weak. Like other European steel producers, the Group faced difficult conditions due to unfair competition from Asia, where steel is produced at lower energy costs and without environmental commitments or investments to reduce environmental impact.

The Group implemented various measures to optimise operations and reduce non-essential costs, suspended or postponed investments that do not yield immediate effects, optimised inventories and working capital, and adjusted the organisation of work across both the parent company and its subsidiaries. These optimisation measures made a significant contribution to maintaining the Group’s financial resilience, and the Group continues to implement them in 2026.

In December 2024, the Group initiated discussions with its lending banks regarding possible solutions. In February 2025, it entered into an agreement with its nine principal banks, providing a stable framework for negotiating, structuring and implementing a comprehensive financing solution, as well as for optimising the Group’s long-term capital structure. The agreement also includes the potential approval of additional funding to cover working capital needs. The envisaged long-term capital structure is expected to provide the Group with financial stability and liquidity to successfully address existing and future geopolitical and macroeconomic uncertainties.

At the end of August 2025, the two largest production companies, SIJ Acroni and SIJ Metal Ravne, reached an agreement with four banks to secure additional liquidity in the amount of EUR 25 million to support the Group’s operations. All parties to the agreement agreed that the existing arrangement could be extended to allow sufficient time to reach a final solution for the Group’s long-term financing.

As at 31 December 2025, the Group is facing a gap between current assets and current liabilities, largely driven by bank loans reclassified as current liabilities in accordance with the applicable agreements as at 31 December 2025. By entering into the agreement, the Group obtained a temporary waiver of financial covenants until 28 February 2026, which also covers any potential increase in the Group’s indebtedness or deterioration in the financial position of any Group entity. As the waiver was effective until 28 February 2026, the Group was not in breach of its financial covenants as at 31 December 2025.

In March 2026, SIJ d.d., together with its subsidiaries and affiliates and certain key existing lending banks, successfully completed the Senior Term and Revolving Facilities Agreement upon fulfillment of all conditions precedent.

Based on the aforementioned facts, the Management Board is confident that taking into account the going concern assumption is justified.

C. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared based on historical cost, except for the financial instruments which are measured at their fair value or amortised cost.

D. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements in this report are presented in thousands of euros; the euro is also the functional currency of the parent company.

E. APPLICATION OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires the Management Board to make estimates, judgments and assumptions that influence the disclosed amounts of assets and liabilities, the disclosed contingent assets and liabilities on the day of the preparation of the consolidated financial statements, and the disclosed amounts of income and expenses during the reporting period.

Since estimates are subject to subjective judgments and a certain degree of uncertainty, the subsequent actual results can differ from those estimated. Estimates are reviewed on an ongoing basis. Amendments to the accounting estimates are recognised during the period in which the estimates were revised if the amendment only applies to this period, or during the period of the amendment and future periods if the amendment applies to future periods.

Estimates and assumptions are included in at least the following judgments:

Estimate of the Useful Life of Assets Subject to Amortisation or Depreciation (Notes 8 and 9, and Policies H and I)

When estimating the useful life of assets, the Group takes into account the expected physical wear and tear, the technical and economic obsolescence, as well as expected legal and other restrictions of use. In addition, the Group checks the useful life of significant assets in case the circumstances change and the useful life needs to be changed and amortisation and depreciation charges revalued.

Impairment of Assets

Information on significant uncertainty estimates and critical judgments that were prepared by the Management Board in the process of accounting policy implementation and which

affect the amounts in the consolidated financial statements the most was used in the estimation of the value of:

- intangible assets (Note 8);
- property, plant and equipment (Note 9);
- goodwill (Note 8);
- financial assets at fair value through other comprehensive income (Note 11);
- financial assets measured at amortised cost (including trade receivables) (Policy K);
- financial receivables (Notes 12 and 16).

Estimate of the Fair Value of Assets (Notes 11, 12, 16, 17 and Policies M and N)

Fair value is used for financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. All other items in the consolidated financial statements represent the cost or the amortised cost.

In measuring the fair value of a non-financial asset, the Group must take into account a market participant's ability to generate economic benefits using the asset in its best use or by selling it to another market participant that would use the asset to the fullest and best possible extent. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, especially by applying appropriate market inputs and minimum non-market inputs.

All assets and liabilities measured and disclosed in the consolidated financial statements at fair value are classified within the fair value hierarchy based on the lowest level of input data that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) prices in active markets for similar assets and liabilities;
- Level 2 – valuation techniques that are based directly or indirectly on market data;
- Level 3 – valuation techniques that are not based on market data.

For assets and liabilities disclosed in the consolidated financial statements in previous periods, the Group determines at the end of each reporting period whether transfers have occurred between levels by re-assessing the classification of assets based on the lowest level input that is significant to the fair value measurement as a whole.

The fair value hierarchy of assets and liabilities of the Group is presented in Note "Financial Instruments and Risks".

Estimate of Created Provisions (Policy P)

A provision is recognised when the Group, due to a past event, has a legal or constructive obligation that can be reliably measured, and if it is probable that settling the obligation will require an outflow of resources embodying economic benefits. Possible obligations are not recognised in the consolidated financial statements as liabilities, as it has yet to be confirmed whether the Group has a present obligation that could lead to outflows of economic benefits. The Management Board is regularly checking whether the settling of the probable obligation will require an outflow of resources enabling economic benefits. If such outflow becomes probable, the possible obligation is reclassified when a degree of probability has changed by creating in the consolidated financial statements a provision for it.

Estimate of Provisions for Employee Post-Employment and Other Long-Term Benefits (Note 21 and Policy Q)

Defined post-employment and other benefit obligations include the present values of post-employment benefits on retirement and jubilee benefits. They are recognised based on an actuarial calculation which is prepared by an authorised actuary and approved by the Management Board. An actuarial calculation is based on the assumptions and estimates applicable at the time of the calculation, and these may differ from the actual assumptions due to future changes. This mainly refers to determining the discount rate, the estimate of staff turnover, the mortality estimate, and the salary increase estimate. Due to the complexity of the actuarial calculation and the item's long-term nature defined benefit obligations are sensitive to changes in the said estimates.

Assessing the Possibility of Using Deferred Tax Assets (Note 14 and Policy G)

The Group recognises deferred tax assets in connection with provisions for jubilee benefits and post-employment benefits on retirement, impairment of financial assets, impairment of receivables, unused tax reliefs, tax losses.

On the day the consolidated financial statements are completed, the Group verifies the amount of recognised deferred tax assets and liabilities. Deferred tax assets are recognised if it is probable that future taxable net profit, against which the deferred tax asset can be utilised, will be available. Deferred taxes are derecognised by the amount for which it is unlikely to enforce the tax relief associated with the asset.

Impact of Climate Change

The Group operates in geographical areas where the likelihood of physical risks from climate change materialising in the short to medium term is lower. In the context of climate change, the Group is moving towards a low-carbon economy. By responsibly managing and reducing its carbon footprint, the Group contributes to reducing the risks of climate change. The Group has reviewed significant accounting policies and estimates in areas that could be negatively impacted by climate change, in particular inventories, financial instruments, property, plant and equipment and financial covenants in loan terms and determined that there are no such impacts.

COMPOSITION OF THE CONSOLIDATED GROUP OF COMPANIES

The consolidated financial statements of the SIJ Group include the financial statements of the parent company and the financial statements of the companies of the SIJ Group.

The group of companies in which the parent company holds financial investments includes the following:

in EUR thousand	Activity	% of voting rights 2025/2024	Value of assets as at 31 Dec 2025	Value of equity as at 31 Dec 2025	Profit (loss) for the period ending 31 Dec 2025
Parent company of the Group					
SIJ – Slovenska industrija jekla, d. d., Gerbičeva ulica 98, Ljubljana, Slovenia	Activities of head offices		313,011	171,824	(59,827)
SIJ – subsidiaries					
SIJ ACRONI d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	Steel production	100	434,623	128,756	(57,175)
SIJ METAL RAVNE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Steel production	100	221,835	16,101	(40,031)
SIJ STORITVE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Other business and management consulting	100	1,593	(58)	170
SIJ SUZ d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	Drawn wires production	100	8,837	3,694	(2,166)
SIJ ZIP CENTER d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Education and training of the disabled	100	2,145	506	(182)
ODPAD d.o.o. Pivka, Velika Pristava 23, Pivka, Slovenia	Recovery of secondary raw materials from scrap	74.9	49,892	12,878	449
NIRO Wenden GmbH, Glück-Auf-Weg 2, Wenden, Germany	Steel cutting, engineering and trade	85	13,369	(3,068)	(3,000)

Continuation of the table →

Continuation of the table

in EUR thousand	Activity	% of voting rights 2025/2024	Value of assets as at 31 Dec 2025	Value of equity as at 31 Dec 2025	Profit (loss) for the period ending 31 Dec 2025
GRIFON & ROMANO S.P.A., Via Dossetti 11, Loc. Casinello de Dosso, Italy	Heat processing and special steel trade	100	21,282	342	(3,177)
SIJ RAVNE SYSTEMS d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Metallurgic machines production	100	35,569	2,785	(3,583)
SIJ AMERICAS Inc., 331 Newman Springs Road Suite, 104, Red Bank, New Jersey, USA	Trade	100	42,471	8,089	1,706
ADDITHERM d.o.o., Litoostrojska cesta 60, Ljubljana, Slovenia	Scientific and technical research	51	5,780	5,617	34
RSC HOLDING d.o.o., Litoostrojska cesta 60, Ljubljana, Slovenia	Holding company	51	59,661	49,633	2,138
SIJ MIDDLE EAST- FZCO, DSO-IFZA, IFZA Properties, Dubai Silicon Oasis, Dubai, United Arab Emirates	Trade	100	1,047	403	296
SIJ ACRONI – subsidiary					
ŽELEZARNA JESENICE, d.o.o., Cesta železarjev 8, Jesenice, Slovenia	Trading with own real estate	100	10,084	9,184	(329)
ODPAD – subsidiaries					
DANKOR, d.o.o., Vukovarska 436, Osijek, Croatia	Recovery of secondary raw materials from scrap	91	1,283	1,028	(44)
METAL-EKO SISTEM DOO JAGODINA, Put Kneza Mihaila 107, Jagodina, Serbia	Recovery of secondary raw materials from scrap	70	4,103	3,226	146
RSC HOLDING – subsidiaries					
RAVNE STEEL CENTER d.o.o., Litoostrojska cesta 60, Ljubljana, Slovenia	Wholesale of metals end metal ores	100	15,932	9,364	959
SIDERTOCE S. p. A., Via XX. Settembre 198, C. P. 34, Gravellona Toce, Italy	Trade	100	12,769	6,277	(82)
HTS MWT GmbH, Celsiusstrasse 17, Landsberg am Lech, Germany	Trade	100	3,224	619	(43)

Continuation of the table →

Continuation of the table

in EUR thousand	Activity	% of voting rights 2025/2024	Value of assets as at 31 Dec 2025	Value of equity as at 31 Dec 2025	Profit (loss) for the period ending 31 Dec 2025
ORO MET d.o.o., Neverke 56, Košana, Slovenia	Manufacture of tools	96/86	19,225	14,156	981
HTS IC d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Manufacture of metal constructions and their parts	100	8,512	5,810	13
HTS IC GmbH, Wienerbergstrasse 11/12A, Vienna, Austria	Production and trade	100	18	(23)	(91)
HTS IC s.r.o., Viktora Huga 377/4, Prague, Czech Republic	Trade	100	59	17	3
ALROTEC SL; Avada de les Punes – Nave 5 (Esquina calle dinamarca) Poligono, Industrial de Consanti, Tarragona, Spain	Production and trade	80	1,884	996	191
STEEL podporni center orodjarske industrije d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Manufacture of metal constructions and their parts	100	4,346	1,606	151
CENTAR TOPLINSKE OBRADBE d.o.o., Slavonska avenija 22D, Zagreb, Croatia	Production and trade	100	1,628	562	0
HTS Technology, Lyon Plaza Part Dieu 93 Rue de la Vilette, Lyon, France	Trade	100	209	(225)	(57)
ORO MET – subsidiary					
ORO PRECIZNE CNC OBDELAVE d.o.o., Neverke 68, Košana, Slovenia	Production and trade	51	3,139	1,638	52
SIJ RAVNE SYSTEMS – subsidiary					
SIJ Ravne Systems (UK) Limited, 12 Conqueror Court, Sittingbourne, Kent, Great Britain	Trade	100	551	205	44

The winding up of OOO SSG (RU) began in the first half of 2024 and has not yet been completed.

At the end of 2025 the winding up of HTS IC GmbH began.

Net Profit or Loss Attributed to Non-Controlling Interest

in EUR thousand	2025	2024
NIRO WENDEN	(450)	(181)
ODPAD	113	102
DANKOR	(14)	10
METAL-EKO SISTEM	69	263
ADDITHERM	17	92
RSC HOLDING Group	1,198	1,428
Net Profit or Loss Attributed to Non-Controlling Interest	933	1,714



MATERIAL ACCOUNTING POLICIES

A. SUBSIDIARIES

Subsidiaries are entities controlled by the Group. Control exists when: i) an investor is exposed or has rights to variable returns from its involvement with the investee; ii) it has the ability to affect those returns through its power over that investee; iii) there is a link between power and returns. The financial statements of the subsidiaries are included in the Group's consolidated financial statements from the date on which control commences until the date that control ceases. The accounting policies of the subsidiaries are aligned with the Group's accounting policies.

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests, and any other components of the equity related to the subsidiary.

Any surplus or deficit arising from loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value from the date on which control is lost. Subsequently, this interest is accounted for in equity as an investment in an associate (using the equity method) or as an investment in equity instruments in accordance with IFRS 9.

Intra-Group balances and any gains and losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates (accounted for using the equity method) are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated using the same method, provided there is no evidence of impairment.

B. BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the date of the combination, which is the same as the acquisition date or the date on which control is transferred to the Group. In the consolidated financial statements, acquired assets and liabilities are recognised at fair value as at the acquisition date. The excess to the consideration over the net fair value of the acquired assets is presented as goodwill as part of intangible assets.

The Group measures goodwill at the fair value of the consideration transferred, plus the recognised amount of any non-controlling interest in the acquisition, plus the fair value of any pre-existing equity in the acquisition (if the business combination is achieved in stages), less the net recognised amount of the assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, the effect is recognised immediately in profit or loss.

Acquisition costs, other than those associated with the issue of equity or debt securities, incurred in connection with a business combination, are listed as incurred expenses.

Contingent liabilities from business combinations are recognised at fair value at the acquisition date. If a contingent liability is classified as equity it is not remeasured, and the payment is calculated within the equity. Subsequent changes in the contingent liabilities are recognised in profit or loss. A contingent liability, which is a financial instrument and is classified as an asset or liability, is measured at fair value, and the changes in the fair value are recognised in profit or loss.

C. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group accounts for the acquisition of non-controlling interests that do not involve a change in control of a company as transactions with owners and therefore no goodwill is recognised. Adjustments to non-controlling interests are based on a proportionate amount of the assets of the subsidiary. Any surplus, or the difference between the costs of additional investments and the carrying amount of assets, are recognised in equity.

D. FOREIGN CURRENCY CONVERSION

Transactions in foreign currencies are translated into the adequate functional currency at the ECB (European Central Bank) exchange rate on the trade date. Cash assets and liabilities denominated in a foreign currency at the end of the period are translated into the functional currency at the exchange rate applicable at that time. Positive or negative exchange rate differences are the differences between the amortised cost in functional currency at the beginning of the period and the payments during the period, and the amortised cost in a foreign currency, calculated at the exchange rate at the end of the period. Non-cash 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 is set. Non-cash assets and liabilities, denominated in foreign currency and measured at cost, are translated into the functional currency at the exchange rate on the date of the transaction. Exchange rate differences are recognised in profit or loss.

Income statements and cash flow statements of individual companies of the Group abroad, where the company's functional currency is not euro, are translated to the parent company's reporting currency at the average exchange rate, whereas the statements of financial position are translated to the reporting currency at the exchange rate on the reporting date.

Foreign exchange differences are recognised in comprehensive income and presented under translation differences in equity. In the case of non-wholly-owned subsidiaries abroad, the relevant proportion of the foreign exchange differences is allocated to non-controlling interests. When a foreign operation is disposed of in such a way that control or significant influence is lost, the relevant cumulative amount in the translation reserve is reclassified to profit or loss or as gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

E. REVENUE

Revenue from Contracts with Customers

The Group accounts for contracts with customers if all the following criteria according to IFRS 15 are met: i) contracting parties have approved a contract (in writing, orally, or in accordance with other standard business practices) and are obliged to fulfil their obligations, ii) the Group can identify the rights of each contracting party to the goods or services to be transferred, iii) the Group can identify payment terms and conditions for goods and services to be transferred, iv) the contract has commercial substance, v) it is probable that the Group will be entitled to a consideration in exchange for the goods or services which will be transferred to a customer. At the beginning of a contract the Group defines for each performance obligation whether it shall be satisfied over time or at a point in time. If a performance obligation is not being satisfied over time, it is satisfied at a point in time.

Revenue from contracts with customers is recognised at the moment of transfer of control over goods or services to a customer in the amount of consideration that the Group expects to be entitled to in exchange for transferring the goods or services. Revenue from contracts with customers is recognised at the fair value of received payments decreased by repayments, discounts, rebates for further sales, and quantity discounts.

Sale of Goods and Services

Revenue and other operating income are recognised when the service is performed, and the customer obtains control of that goods or services according to IFRS 15 as presented in the table below through a major revenue stream.

Revenue stream	Characteristics and timely fulfilment of performance obligations, significant payment terms	Clarification of the accounting policy
Sale of finished goods*	Control over products is transferred to a customer when products are delivered to have been accepted based on Incoterms rules agreed by sale contract (order confirmation). Revenue is recognised at a point in time. In case discounts are agreed, revenue is reduced for amounts of discount. Customers do not have the right to return unless a discrepancy from the sale contract is identified. Discrepancies have to be confirmed and have to be in line with general sale terms. The payment term is agreed upon in the sale contract and averages 73 days. The Group does not adjust the consideration for the effects of a financing component, as the period between the transfer of finished goods to the customer and payment for those goods is less than one year.	Revenue is recognised when products are delivered to and have been accepted at customer premises or when the customer collects products at the seller's premises at a point in time.

Continuation of the table

Revenue stream	Characteristics and timely fulfilment of performance obligations, significant payment terms	Clarification of the accounting policy
Sale of steel scrap	Control over raw steel scrap materials is transferred to a customer, when materials are delivered to and have been quantitatively and qualitatively examined and accepted by the customer at their premises or when a customer collects materials at the seller's premises. Revenue is recognised when control over products is transferred to the customer. In case discounts are agreed, revenue is reduced for amounts of discount. Customers do not have the right to return steel scrap. The payment term is agreed upon in the sale contract and averages 11 days. The Group does not adjust the consideration for the effects of a financing component, as the period between the transfer of scrap metal to the customer and payment for the scrap metal is less than one year.	Revenue is recognised when scrap is delivered to and have been accepted at customer premises or when the customer collects products at the seller's premises at a point in time.
Services (remelting, rolling, forging) and other revenue	Control over service is transferred to a customer when services are delivered in accordance with the sale contract. Revenue is recognised as a point in time, since services are not received simultaneously, and the customer consumes the benefits provided by the entity's performance after the entity performs. In case discounts are agreed, revenue is reduced for amounts of discount. Customers do not have the right to reject rendered services unless a discrepancy from the sale contract is identified. The payment term is agreed upon in the sale contract and averages 68 days. The Group does not adjust the consideration for the effects of a financing component, as the period between the transfer of services to the customer and payment for the services rendered is less than one year.	Revenue is recognised as a point in time after services are delivered to and have been accepted by the customer at the seller's premises.
Other products	Control over other products such as machine-building is transferred to a customer when products are delivered to have been accepted based on Incoterms rules agreed by sale contract (order confirmation). Revenue is recognised at a point in time. In case discounts are agreed, revenue is reduced for amounts of discount. Customers do not have the right to reject or return unless a discrepancy from the sale contract is identified. Discrepancies have to be confirmed and have to be in line with general sale terms. The payment term is agreed upon in the sale contract and ranges between 60 and 90 days. The Group does not adjust the consideration for the effects of a financing component, as the period between the transfer of other products to the customer and payment for those other products is less than one year.	Revenue is recognised when products are delivered to and have been accepted at customer premises or when the customer collects products at the seller's premises at a point in time.

Contract Assets

Contract asset is the right to consideration in exchange for goods or services that have been transferred to a customer, but not yet invoiced. Under contract assets, the Group states deferred income for goods and services, supplied to customers.

Contract Liabilities

Contract liability is a liability to transfer goods or services to a customer in exchange for consideration that the Group has received from the customer. Under contract liabilities, the Group states liabilities for received cautions, and liabilities from discounts granted and linked to volume thresholds. Contract liabilities are recognised as revenue when the Group satisfies its performance obligation under the contract.

Finance Income

Finance income comprises interest income and positive exchange rate differences resulting from financing and investing. Interest income is recognised during the term/life of financial instrument using the effective interest rate method.

F. EXPENSES

Expenses are recognised if a decrease in economic benefits during the reporting period is associated with a decrease in assets or an increase in debts, and if this decrease can be reliably measured. Operating expenses are recognised when the costs are no longer held in inventories, finished and unfinished products, or when goods are sold. Costs that cannot be held in inventories of finished and unfinished products are recognised as operating expenses when they are incurred.

Financial expenses include borrowing costs (if not capitalised), exchange rate losses resulting from financing and investing, changes in the fair value of financial assets at fair value through profit or loss and losses from the value impairment of financial assets. Borrowing costs are recognised in the income statement using the effective interest rate method.

* Finished goods include products such as: quarto plates, cold and hot rolled strips or sheets, forged and rolled products, industrial knives and industrial rolls.

G. TAXATION

Taxes comprise calculated income tax liabilities and deferred tax. Current income tax is recognised in the income statement, except to the extent that refers to business combinations or items shown directly in the other comprehensive income.

Current income tax liabilities are based on the taxable profit for the financial year. Taxable profit differs from net profit, reported in the income statement, because it excludes items of income or expenses that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's current income tax liability is calculated using the tax rates applicable on the reporting date.

Deferred tax is recognised in total by applying the liability method on temporary differences which arise arising from the tax values of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated by using the tax rates (and laws) that are applicable on the date of the statement of financial position, and expected to be used when the deferred tax asset is realised or the deferred tax liability is recovered.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit, against which the deferred tax asset can be utilised, will be available. If in the future the available taxable profit is insufficient to create the deferred tax assets for the full amount of unused tax relief, they are created based on the maturity of tax relief utilisation possibilities in accordance with the legislation.

Deferred tax liability is recognised for all taxable temporary differences, unless they come from initial goodwill recognition, or the initial recognition of an asset or liability in a business transaction other than a business combination and affects neither the accounting profit nor taxable profits (tax loss) during the transaction.

The Minimum Tax Act has introduced a minimum tax into the Slovenian tax system. Its purpose is to ensure a global minimum taxation of profits for large international and domestic groups with an effective tax rate of 15% (minimum tax rate). The Act was adopted based on EU Directive 2022/2523 on ensuring a global minimum tax rate for multinational enterprise groups and large domestic groups in the EU, which was prepared based on the GLOBE Model Rules developed by the Organisation for Economic Co-operation and Development (OECD) in October 2021. The minimum tax rules set out in the Act apply to the financial years of groups starting from January 1, 2024. Entities will be required to submit the first domestic top-up tax calculations and the corresponding informational returns for the 2024 tax year within 18 months after the end of the 2024 calendar year, i.e., by 30 June 2026.

The Group does not compile consolidated income taxes. The companies in the Group are independently liable to compile and file the tax return in accordance with the regulations in the tax law of the country in which they are established. Income tax is calculated at the currently applicable tax rates on the tax bases established for each company in the Group.

H. INTANGIBLE ASSETS

Intangible assets with a definite useful life are recognised at cost, less any accumulated amortisation and accumulated impairment losses. The purchase value includes costs that can be directly attributed to the acquisition of each individual item. Borrowing costs directly attributable to the purchase or production of a qualifying asset are recognised as part of the cost of such an asset. The cost model is used for any subsequent measuring of intangible assets.

Amortisation is calculated on a straight-line basis over the estimated useful life of each individual part (component) of the intangible asset. Amortisation is accounted for when an asset becomes available for use.

Intangible assets with indefinite useful life are not amortised; instead, they are tested for impairment.

The estimated useful life of individual intangible assets for the current and past year is 2–10 years. Amortisation methods, useful life and other group asset values are reviewed at the end of every financial year and adjusted if necessary.

Further costs related to intangible asset are recognised in the carrying amount of each asset if it is probable that the future economic benefits embodied within the asset will flow to the Group and the cost of the asset can be measured reliably. All other expenses are recognised in the income statement as expenses as soon as they are incurred.

Goodwill is recognised as an asset and is tested at least once a year for impairment. Each impairment is immediately recognised in the consolidated income statement and is not subsequently derecognised. On the disposal of the subsidiary the relevant goodwill amount is included in the determination of profit or loss.

I. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at its cost less any accumulated depreciation and accumulated impairment losses, except for land, assets under construction, and artworks, that are not depreciated and are recognised at their cost, reduced by all relative impairments. The purchase value includes costs that can be directly attributed to the acquisition of each individual item of property, plant or equipment. Parts of property, plant and equipment with different useful lives are accounted as separate items of property, plant and equipment. Borrowing costs directly attributable to the purchase, production or construction of a qualifying asset are recognised as part of the cost of each such asset. The cost model is used for any subsequent measuring of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of each individual part (component) of the tangible asset. The right-of-use assets are depreciated over the estimated period of the lease and useful life, depending on which is shorter. Land and unfinished construction are not depreciated. Depreciation is accounted for when an asset becomes available for use.

The estimated useful lives of individual property, plant and equipment types for current and past year:

	Useful life
Property	10-60 years
Production equipment	5-25 years
Computer equipment	2-10 years
Motor vehicles	2-10 years
Other equipment	2-10 years

Depreciation methods, useful life and other group asset values are reviewed at the end of every financial year and adjusted if necessary.

The replacement costs of items of property, plant and equipment and further costs related to these assets are recognised in the carrying amount of each asset if it is probable that the future economic benefits embodied within this asset will flow to the Group, and the cost of the asset can be measured reliably. All other costs (for example, maintenance costs) are recognised in the income statement as expenses as soon as they are incurred.

Carrying amount recognition of an item of property, plant and equipment is derecognised when disposed or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Disposal effects are recognised in other operating income or expenses.

Leases

The Group is using a single model for the majority of lease items in the Statement of Financial Position.

i. Group as a Lessee

When signing a contract, the Group assesses whether the contract is or contains a lease. The Group recognises a lease liability and the right-of-use asset if it deems that the leased asset is identified, and when it controls the use of the asset. The Group depreciates the right-of-use assets, and attributes interests to the lease liabilities.

The Group follows exceptions allowed by the standard, namely for short-term leases with a lease term not exceeding 12 months and with no option to purchase, and for lower-valued leases, where the Group has taken into account new assets which do not individually exceed EUR 5 thousand. For these leases the Group recognises the lease payments as expenses on a straight-line basis, unless another systematic basis is more representative.

Variable lease payments which do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets. The related payments are recognised in the period to which they relate as operating expenses.

On the date of the commencement of the lease term, the lease liability is measured at the present value of future leases and discounted at interest rate implicit in the lease. If this rate cannot be readily determined, an incremental borrowing rate is used. The Group remeasures lease liability by discounting modified lease payments using modified discount rates if a lease term or assessment of the exercise of the option to buy the leased asset had been changed. When doing so, the lessee determines the modified discount rate as an interest rate implicit in the lease for the remaining lease term.



On the date of the commencement of the lease term, an asset representing the right-of-use is measured at cost. Value of assets representing the right-of-use includes the value of initial measurement of lease liability, and lease payments paid on or before the commencement of the lease term decreased by lease incentives and increased by initial directly attributable costs. After the date of commencement of the lease term, an asset representing the right-of-use is measured at cost decreased by accumulated depreciation and accumulated impairment losses, and corrected by remeasured lease liability if an index or a rate has changed.

The right-of-use asset is depreciated from the date of the commencement of lease until the end of the useful life or the end of the lease term, if it is shorter from useful life. If the lease transfers ownership of the asset or the value of asset representing the right-of-use reflects an expectation that the Group will use the possibility to buy, the asset representing the right-of-use is depreciated from the date of the commencement of lease until the end of the useful life of a leased asset.

For determining whether the right-of-use asset is impaired and for other impairment related matters, the Group uses IAS 36.

ii. Group as a Lessor

The Group classifies each of its leases as operating or business leases. A lease is classified as finance lease if it includes the transfer of substantially all significant risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. The Group is only in a position of a lessor in operating leases.

Lease rental income from an operating lease is recognised on a straight-line basis. Initial directly attributable costs incurred from the acquisition of a lease are added to the carrying amount of the leased asset. These costs are recognised as an expense during a lease term on the same basis as lease rental income.

J. INVESTMENT PROPERTY

At its initial recognition, investment property is measured at cost, less accumulated depreciation and accumulated impairment losses. The cost model is used for any subsequent measuring of investment property.

Depreciation rates and the depreciation calculation are treated the same as in the case of property, plant and equipment.

K. FINANCIAL INSTRUMENTS

Financial instruments include non-derivative financial assets, non-derivative financial liabilities, and derivative financial instruments. Financial instruments are carried at fair value and amortised cost. Fair value is a price that would be achieved by selling an asset or paid by transferring a liability in an orderly transaction between market participants at the date of measurement.

Non-Derivative Financial Assets

At initial recognition a financial asset is classified into one of the following groups: financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income.

Non-derivative financial assets include cash and cash equivalents, loans, receivables, and

investments in equity instruments. The Group recognises receivables and deposits on the date of their inception. Other assets are initially recognised on the trade date on which the Group becomes a contracting party in a contract on the instrument. The financial asset is derecognised when the contractual rights of the cash flows from the financial asset expire, or when the rights of the contractual cash flows are transferred from a financial asset on the basis of a business transaction in which all the risks and benefits of ownership of the financial asset are transferred.

A more detailed explanation of the impairment of financial assets is disclosed in Note M.

i. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income that have the nature of a debt instrument are the financial assets held by the Group that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. For debt instruments 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 accounted for in the same manner as financial assets at amortised cost. The remaining fair value changes are recognised in the statement of other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to profit or loss.

Financial assets at fair value through other comprehensive income that have the nature of an equity instrument are the financial assets that meet the definition of equity under IAS 32 “Financial Instruments” for which the Group elected to classify them irrevocably as equity instruments designated at fair value through other comprehensive income and which are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never reclassified to profit or loss.

Dividends are recognised as other revenue in the statement of profit or loss when the Group’s right of payment has been established.

ii. Financial Assets at Amortised Cost

The Group’s financial assets at amortised cost include financial assets held by the Group that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group’s financial assets at amortised cost include loans given, trade and other receivables, and cash and cash equivalents. Depending on their maturity, they are classified as current (maturity of up to 12 months from the date of the statement

of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position). Loans and receivables are initially recognised at fair value increased by costs directly attributable to the business transaction. After initial recognition, they are measured at amortised cost using the effective interest method, less any expected credit losses. Gains and losses are recognised in profit or loss when reversed, modified or impaired.

Cash and cash equivalents comprise cash in hand, bank deposits up to three months, and other current and easily realisable investments with an original maturity of three months or less. They are measured at amortized cost.

Trade receivables insurance is not considered as a specific financial instrument, but as an integral part of receivables. Insurance policies are concluded periodically and are related to specific receivables and/or business partners. The concluded insurance policy is flexible. Business partners can be included or excluded from the insurance during the duration of the insurance policy. Insurance policies are related to trade receivables insurance exclusively.

Non-Derivative Financial Liabilities

Non-derivative financial liabilities include operating, financial and other liabilities. Financial liabilities are initially recognised on the transaction date on which the Group becomes a contracting party in relation to the instrument. The Group de-recognises a liability when the contractual obligations are fulfilled, annulled or expired.

Non-derivative liabilities are initially measured at fair value, increased by transaction costs directly attributable to the business transaction. After their initial recognition, they are measured at amortised cost. Depending on their maturity they are classified as current (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. Costs related to a business transaction are recognised in profit or loss when they are incurred. After the initial recognition, the derivative financial instruments are measured at fair value, with changes in fair value recognised in profit or loss.

Derivative financial instruments also include interest rate swaps and option agreements classified by the Group as financial assets or financial liabilities at fair value through 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 on the date of measurement. If the transaction price is not equal to the fair value on the date of measurement, the difference in market assets is recognised in profit or loss or deferred and subsequently released to profit or loss in accordance with the policy.

L. INVENTORIES

Inventories are measured at cost or net realisable value, whichever is the lowest. The cost value consists of the purchase price, import duties and direct purchase costs. The purchase price is reduced by any discounts given. Direct purchase costs are transport costs, costs of loading reloading and unloading, costs of monitoring goods, and other costs attributable to directly-purchased merchandise, materials or services. Purchase discounts are those that are stated on the invoice, or which are given later and refer to individual purchases. The value of finished and unfinished products refers to all production costs, which include the costs of manufacturing materials, labour costs, depreciation, services and other production costs.

The inventories of materials and merchandise are valued at actual prices, while the inventories of finished and unfinished products are valued using the standard cost method with deviations to actual production prices. The use of inventories is stated at weighted average prices.

The net realisable value is estimated on the basis of the selling price in the ordinary course of business, less the estimated costs of completion and estimated distribution costs. Write-offs of damaged, expired and useless inventories are regularly performed during the year on individual items.

M. IMPAIRMENT OF ASSETS

Financial Assets

According to IFRS 9, the Group uses the expected credit loss model. Impairment estimates are based on the expected credit losses associated with the probability of defaults of a financial instrument over the next 12 months if the credit risk has not increased significantly since initial recognition. For financial assets such as trade receivables that do not contain a significant component of financing, a simplified approach is used to calculate value adjustment as an amount equal to the expected credit losses (ECL) over the life of the asset. The Group calculates ECL using an internal impairment model, forming groups of receivables based on their exposure to credit risk (i.e., secured or unsecured receivables), maturity,

and recoverability over the past five-year period, taking into account forward-looking information to assess whether actual losses due to current macroeconomic conditions may be higher or lower than past losses.

In case the credit risk has increased significantly since initial recognition, but there are no objective indications for assets impairment, the impairment estimates are based on the probability of default over the life of the financial asset. Expected credit losses represent the difference between the contractual cash flows that are due and all the cash flows that the Group expects to receive. For financial assets that show objective indications of impairment at the reporting date, an allowance for impairment losses due to expected credit losses is made in its entirety.

The Group recognises a write-off of a financial asset when it reasonably expects that the contractual cash flows will fail to recover. Objective evidence of the impairment of financial assets can include: contractual payments being overdue for more than 90 days; default or breach by a debtor; restructuring of the amount owed to the Group, if the Group agrees; indications, that the debtor will declare bankruptcy; and disappearance of the active market for such instrument. The Group evaluates evidence of loan impairment on a loan-by-loan basis.

Non-Financial Assets

At each reporting date, the Group reviews the carrying amount of its important non-financial assets to determine whether there is an indication of impairments. If any such indication exists, the recoverable value of the asset is estimated.

The recoverable value of assets or cash-generating units (CGU) is their value in use or fair value, less cost to sell, whichever is greater. In assessing value in use, 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 cash and the risks specific to the asset. For the purpose of the impairment test, assets that cannot be tested individually are classified as the smallest possible group of assets that generate cash inflows from further use and which are largely independent of the inflow of other assets or groups of assets (CGUs). Each subsidiary represents a CGU. If goodwill is allocated to CGU, an impairment test is performed annually. The impairment is first allocated to goodwill. The residual impairment is proportionally allocated to assets within DUE on the basis of the carrying amount of individual assets. When allocating an impairment loss to individual assets within 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) and zero.

For a CGU to which no goodwill is allocated, an impairment test is performed if there are signs of impairment. Identified impairment loss (if any) is allocated to individual assets of the CGUs proportionately.

The impairment of an asset or CGU is recognised if their carrying amount exceeds their recoverable value. The impairment is recognised in the income statement.

The Group evaluates the impairment losses of previous periods at the end of the reporting period and thus determines whether the loss was reduced or even eliminated. An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable value. An impairment loss is reversed only to such an extent that the asset's carrying amount does not exceed the carrying amount that would have been determined after deducting the amortisation write-off, if no impairment loss had been recognised for the asset in previous years.

A goodwill impairment loss is not reversed.

The goodwill that forms part of the investment in an associate is not recognised separately and therefore is not separately tested for impairment. Instead, the full amount of the investment in an associate is tested for impairment as a single asset when there is an evidence that an investment in an associate can be impaired.

N. DETERMINATION OF FAIR VALUE

Following the accounting policies of the Group, in many cases, the determination of the fair value of non-financial assets and financial assets is necessary, either to measure an individual asset (measurement method or business combination) or for additional fair value disclosure.

Fair value is the value achieved by selling the asset or paid by transferring the liability between two well-informed and willing parties in a regulated business transaction. The Group determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises market prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than market prices included within Level 1 that are observable either directly (prices for identical or similar assets or liabilities in markets that are less active or inactive) or indirectly (e.g. values derived from quoted prices in an active market, based on interest rates and yield curves, implied volatilities, and credit spreads);

- Level 3 comprises inputs for the asset or liability that are not based on observable market data. Unobservable inputs need to reflect the assumptions that market participants would use when determining a price for the asset or liability, including risk assumptions.

Methods for the determination of the fair value of individual groups of assets for measurements or reporting are given below.

Intangible Assets

The fair value of intangible assets is based on the method of discounted cash flows which are expected to arise from the use and possible disposal of the assets.

Property, Plant and Equipment

The fair value of property, plant and equipment is their market value. The market value of a property is equal to the estimated value at which the property could be sold on the date of valuation and after proper marketing. The market value of the equipment is based on the approach using quoted market prices for similar items. If there is no quoted market price, the method of discounted cash flows that are expected to arise from the use and possible disposal of the assets is used.

Investment Property

The fair value of investment property is assessed by considering the aggregate value of estimated cash flows expected from renting out the property. A yield reflecting specific risks is included in the property valuation, based on discounted net annual cash flows.

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 by reference to the above fair value hierarchy for financial instruments.

Receivables and Loans Issued

The fair value of receivables and loans issued is calculated as the present value of future cash flows discounted at a market interest rate at the end of the period. The assessment considers credit risk connected to these financial assets.

Inventories

The fair value of inventories is determined on the basis of expected trade value in the ordinary course of business, less the estimated distribution costs.

Non-Derivative Financial Liabilities

For reporting purposes, the fair value is calculated based on the present value of future principal payments and interest discounted at the market interest rate at the end of the reporting period.

O. EQUITY

Share Capital

The share capital of the parent company takes the form of share capital, the amount of which is defined in the parent company's article of association. It is registered with the Court and paid by the owners.

Capital Surplus

Capital surplus consists of the amounts received by the parent company or its subsidiaries from payments exceeding the lowest issue price per share that exceeds the carrying amount upon the disposal of previously-acquired own shares, the amounts based on a simplified decrease of share capital, and the amounts on the basis of reversal of general revaluation adjustment.

Reserves

Reserves include legal reserves, other equity reserves, fair value reserves, and actuarial gains and losses.

Treasury Shares

If the parent company or its subsidiaries acquire an ownership interest, the paid amount including the transaction costs less tax is deducted from the total equity as treasury shares until such shares are withdrawn, reissued or sold.

Dividends

Until approved at the General Meeting of Shareholders, the planned dividends are treated as retained earnings.

P. PROVISIONS

Provisions are recognised if the Group, due to a past event, has a legal or constructive obligation that can be reliably measured, and if it is probable that settling the obligation will require an outflow of resources enabling economic benefits.

Q. EMPLOYEE BENEFITS

In accordance with legal regulations and the Collective Agreement, the Group is obliged to make payments arising from loyalty bonuses and severance pay upon retirement, for which provisions are formed. There are no other retirements benefits.

The provisions are formed in the amount of estimated future payments for loyalty bonuses and severance pay, discounted at the end of the financial year. The calculation is made for each individual employee and includes the costs of severance pay upon retirement and the costs of all expected loyalty bonuses up to retirement. The calculation is prepared on the basis of a projected unit by an actuary, who is selected at the Group level. The provisions are reviewed periodically or when the assumptions used to determine the amount of provision change significantly.

Labour costs and interest expenses are recognized in the income statement, while the remeasurement of post-employment benefits or unrealised actuarial gains or losses from severance payments are recognized in other comprehensive income.

R. DEFERRED INCOME

Deferred income is expected to cover the estimated expenses over a period longer than one year.

The Group records government grants for high increases in electricity and natural gas prices as a decrease in costs for which it had received the government grants. Grants received as compensation for assets are consistently recognized as income in the periods in which the related expenses, which the grants are intended to compensate, are incurred (income approach).

On the basis of the status of a assigned company, subsidiaries of the Group create deferred income in the amount of calculated but not paid contributions from salary and compulsory contributions (assigned contributions). They are intended to cover the expenses in accordance with the Vocational Rehabilitation and Employment of Disabled Persons Acts.

S. STATEMENT OF CASH FLOWS

The statement of cash flows shows changes in the balance of cash and cash equivalents for the financial year for which it is compiled. The cash flow statement is compiled according to the indirect method.

T. SEGMENT REPORTING (NOTE 27)

Segments are identified on the basis of the Group's internal management and reporting. The segments are presented in the business part of the annual report and in the accounting policies.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in notes to the consolidated financial statements. Segment profit represents the operating profit earned by each segment without allocation of the share of profits of associates, costs of Headquarters and Other Services, finance income and finance expenses. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

The share of the result of associate is contained in the result of equity-accounted investment in the corresponding segment.

Non-current business assets consist of property, plant and equipment, investments property and intangible assets. Non-current business assets are reported based on the geographic area of corresponding assets. Additions to non-current assets consist of new additions to intangible assets, property, plant and equipment (without the right-of-use assets), and investment property. Taxes, assets and liabilities are not allocated to those segments as they are managed on the Group basis. Inter-segment revenue is eliminated on consolidation.

Adjustments and Reconciliations

The reconciliation contains activities that do not constitute segments, and consolidation adjustments between the segments. Inter-segment revenue is eliminated on consolidation.

Segments

A business segment is an integral part of the Group that engages in business activities from which it earns revenues and incurs expenses, and whose operating performance is reviewed by management. The Group's business segments are based on the differentiation of products and services. The Group has not aggregated business segments. The Group uses the following segments in the preparation and presentation of the consolidated financial statements:

- **Steel Division:** the Group's activity that consists of production of steel plates and strips of different dimensions and grades from stainless, structural, electrical and special steels, and production of steel profiles from alloyed, non-alloyed, special, tool and structural steels.
- **Steel Processing and Distribution Division** is a division, representing a downstream vertical integration of the Group. It allows the Group to have direct contact with end-customers, provide them with fast delivery of steels of required dimensions and quality, as well as with other services and after-sales support.
- **Scrap Division:** collection, processing and sorting scrap metal, and its preparation for transportation and basic processing by the Steel Division.
- **Manufacturing Division:** production of finished and semi-finished products from steel, exploiting the synergy with Steel Division production processes.
- **Headquarters and Other Services:** business, financial and other consulting for companies the Group, as well as various concessionary services and social assistance services linked to the employment of disabled persons.

The segments are presented in more detail in the business part of the annual report in the chapter SIJ GROUP COMPANIES.



NOTES TO INDIVIDUAL ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. NET SALES REVENUE

in EUR thousand	2025	2024
In Slovenia	114,893	138,509
In other countries:	815,079	916,919
- <i>Germany</i>	175,966	204,393
- <i>Italy</i>	213,975	255,055
- <i>USA</i>	104,554	104,377
- <i>Austria</i>	15,636	19,971
- <i>Croatia</i>	5,124	4,963
- <i>other countries</i>	299,824	328,160
Net sales revenue	929,972	1,055,428

Revenue by Products and Segments for 2025

in EUR thousand	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Total segments	Headquarters and Other Services	Net sales revenue
Quarto plates	309,243	68,963	0	0	378,206	0	378,206
Cold rolled strip and sheets	69,114	3,176	0	0	72,290	0	72,290
Hot rolled strip and sheets	25,316	5,346	0	0	30,662	0	30,662
Forged, rolled, and other products	118,615	60,945	0	10,132	189,692	0	189,692
Industrial knives	0	1,863	0	12,290	14,153	0	14,153
Industrial rolls	0	0	0	11,316	11,316	0	11,316
Steel scrap	191	637	135,276	304	136,408	0	136,408
CNC-treated tool plates	0	26,256	0	0	26,256	0	26,256
Services and other revenue	6,399	40,855	389	21,386	69,029	1,960	70,989
Net sales revenue	528,878	208,041	135,665	55,428	928,012	1,960	929,972

Revenue by Products and Segments for 2024

in EUR thousand	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Total segments	Headquarters and Other Services	Net sales revenue
Quarto plates	352,241	76,054	0	0	428,295	0	428,295
Cold rolled strip and sheets	78,825	4,348	0	0	83,173	0	83,173
Hot rolled strip and sheets	31,149	5,882	0	0	37,031	0	37,031
Forged, rolled, and other products	124,417	59,483	0	10,335	194,235	0	194,235
Industrial knives	0	1,818	0	14,007	15,825	0	15,825
Industrial rolls	0	0	0	13,270	13,270	0	13,270
Steel scrap	160	4,157	176,302	292	180,911	0	180,911
CNC-treated tool plates	0	28,583	0	0	28,583	0	28,583
Services and other revenue	6,884	41,639	249	23,496	72,268	1,837	74,105
Net sales revenue	593,676	221,964	176,551	61,400	1,053,591	1,837	1,055,428

2. OPERATING EXPENSES

in EUR thousand	2025	2024
Cost of goods, materials and services	746,570	846,869
Labour costs	154,805	160,005
- <i>wages and salaries</i>	114,154	118,048
- <i>social security costs</i>	21,420	21,659
- <i>other labour costs</i>	19,231	20,298
Depreciation and amortisation costs	57,205	56,880
Other costs	11,947	9,561
Changes in the value of inventories	11,984	1,573
Operating expenses	982,511	1,074,888

Review of Costs by Type in 2025

in EUR thousand	Cost of sales	Distribution costs	General and administrative expenses	Total
Cost of goods, materials and services	634,501	82,675	29,394	746,570
Labour costs	85,761	8,705	60,339	154,805
Depreciation and amortisation costs	48,555	465	8,185	57,205
Other costs	7,234	150	4,563	11,947
Changes in the value of inventories	11,984	0	0	11,984
Operating expenses	788,035	91,995	102,481	982,511

Review of Costs by Type in 2024

in EUR thousand	Cost of sales	Distribution costs	General and administrative expenses	Total
Cost of goods, materials and services	756,826	56,691	33,352	846,869
Labour costs	87,130	8,761	64,114	160,005
Depreciation and amortisation costs	47,379	590	8,911	56,880
Other costs	3,619	201	5,741	9,561
Changes in the value of inventories	1,573	0	0	1,573
Operating expenses	896,527	66,243	112,118	1,074,888

In 2025, the costs of annual reports auditing amounted to EUR 321 thousand (2024: EUR 343 thousand). The costs for other authorised services amounted to EUR 105 thousand (2024: EUR 110 thousand).

Average Number of Employees by Level of Education

	2025	2024
Primary school	405.1	464.2
2.5-year vocational school	339.6	254.2
Secondary vocational school	1,003.0	1,013.6
Secondary general school	929.6	930.4
1st cycle degree – Bachelor's degree	509.2	528.4
2nd cycle degree – Master's degree	328.8	296.1
3rd cycle degree – Doctoral degree	46.9	67.4
Total	3,562.2	3,554.3

3. OTHER OPERATING INCOME

in EUR thousand	2025	2024
Income from received subsidies (Note 22)	3,888	5,022
Received compensations	154	7,184
Profit from sale of property, plant and equipment and investment property	1,848	124
Reversal of provisions	11	0
Other income	705	676
Other operating income	6,606	13,006

Received compensations in 2024 referred mainly to compensatory damages for an operational stoppage due to the failure of the main drive motor of the blooming mill.

4. OTHER OPERATING EXPENSES

in EUR thousand	2025	2024
Expenses for donations and sponsorships	172	481
Impairment of inventories (Note 15)	6,957	9,687
Impairments of goodwill (Note 8)	17,415	0
Impairment property, plant and equipment (Note 9)	2,409	211
Compensation expenses	457	1,365
Other expenses	214	373
Other operating expenses	27,624	12,117

5. FINANCE INCOME

in EUR thousand	2025	2024
Interest income	2,585	2,865
Other income	487	583
Finance income	3,072	3,448

6. FINANCE EXPENSES

in EUR thousand	2025	2024
Interest expenses	21,035	18,789
Other expenses	13,228	8,429
Finance expenses	34,263	27,218

Other finance expenses refer to expenses for the bond issue and origination fees for borrowings, expenses for the sale of trade receivables, guarantee fees and fees for letters of credit.

7. INCOME TAX

in EUR thousand	2025	2024
Current income tax expense	(2,021)	(2,098)
Deferred income tax	(10,946)	(1,572)
Income tax	(12,967)	(3,670)

in EUR thousand	2025	2024
Loss before tax	(104,776)	(42,702)
Tax at statutory tax rate 22% (2024: 22%)	(23,051)	(9,394)
Tax effects from:		
- non-taxable income	(253)	(32)
- tax non-deductible expenses	614	741
- tax relief	(776)	(531)
- tax losses for which no deferred tax assets were recognized (Note 14)	25,809	9,755
- tax reliefs for which deferred tax assets were derecognized (Note 14)	10,265	3,163
- different tax rates in foreign companies	359	(32)
Income tax	12,967	3,670
Effective tax rate	0 %	0 %

In accordance with the EU Directive and the Pillar II rules, the Group is obligated to calculate the minimum tax and meets the conditions of the transitional CbCr safe harbor. In 2025, the “de minimis” safe harbour conditions were met for the jurisdictions of Croatia, the United Kingdom, Spain, Austria, the Czech Republic, France, and the United Arab Emirates. The jurisdictions of Slovenia, Italy, and Germany reported a loss for the year. For the United States jurisdiction, the Group applied the simplified effective tax rate test, resulting in a tax rate of 27%. For the Serbian jurisdiction, the determined effective tax rate amounts to 13%, with a related tax liability of EUR 6 thousand, which also represents the total amount of the global minimum tax for the Group for 2025 (2024: EUR 0 thousand).

8. INTANGIBLE ASSETS

Movement of Intangible Assets in 2025

in EUR thousand	Software	Goodwill	Assets under construction	Total
Cost as at 31 Dec 2024	34,237	31,718	1,137	67,092
New additions	0	0	898	898
Transfer from assets under construction	435	0	(435)	0
Disposals	(77)	0	0	(77)
Translation differences	(51)	0	0	(51)
Transfer to other assets	15	0	(1)	13
Cost as at 31 Dec 2025	34,559	31,718	1,599	67,876
Accumulated amortisation and impairment at 31 Dec 2024	(25,979)	(12,752)	0	(38,731)
Amortisation	(2,441)	0	0	(2,441)
Disposals	76	0	0	76
Translation differences	27	0	0	27
Impairment	0	(17,415)	0	(17,415)
Accumulated amortisation and impairment at 31 Dec 2025	(28,317)	(30,167)	0	(58,484)
Carrying amount as at 31 Dec 2024	8,258	18,966	1,137	28,361
Carrying amount as at 31 Dec 2025	6,242	1,551	1,599	9,392

Major new additions refer to purchase and set-up of new manufacturing and key business processes management IT systems. In 2025, the Group capitalised EUR 124 thousand (2024: EUR 428 thousand) of costs for development of new products. Carrying amount of capitalised costs for development amounts to EUR 813 thousand (2024: EUR 1,138 thousand).

As at 31 December 2025, the Group has EUR 60 thousand (2024: EUR 77 thousand) of outstanding liabilities to purchase intangible assets and EUR 0 thousand (2024: EUR 13 thousand) of contractual commitments for purchase known in advance. As at 31 December 2025 and 31 December 2024, no intangible assets are pledged as security for liabilities.

The Group reviewed the value of intangible assets and established that in 2025 and 2024 the carrying amount does not exceed the recoverable amount.

Impairment Test for Goodwill

in EUR thousand	31 Dec 2025	31 Dec 2024
ODPAD	1,397	1,397
DANKOR	154	154
RSC HOLDING Group	0	17,415
Carrying amount of goodwill	1,551	18,966

Goodwill was tested for impairment as at 31 December 2025. The recoverable amount of the investment was determined by a certified business valuer holding a SIR license. The recoverable amount was assessed as fair value less costs of disposal. The valuation was performed under the going concern assumption.

In determining the recoverable amount, the Group applied the discounted expected free cash flow method, which seeks based on an analysis of past performance and an assessment of future business prospects—to project future returns to shareholders in the form of cash flows and discount them to present value using an appropriate discount rate. The value of the company derived from free cash flows represents the return required for the risks associated with the investment. This method is theoretically the most appropriate and also the most widely used in practice, as it focuses on what is most relevant to investors—returns in the form of cash flows.

The projections were prepared from the perspective of the majority shareholder. In accordance with the subject of valuation, a marketability discount of 2% or 5% (including costs of disposal) was applied. The discount rate used is defined as the weighted average cost of capital (WACC) and reflects current market assessments of the time value of money and the risks specific to the asset being valued.

In 2025, an impairment of goodwill relating to the RSC HOLDING Group was identified, whereas no such impairment was identified in 2024.

An overview of the determination of the recoverable amount of cash-generating units (CGUs) to which goodwill is allocated for 2025 and 2024 is presented below.

Review of the Determination of the Recoverable Amount of CGUs to Which Goodwill is allocated for 2025

Goodwill	Material assumptions used							Sensitivity analysis					
	Valuation date	Projection of operations	Financial year	Discount rate (WACC)	Long-term growth rate	Target EBITDA margin	Revenue growth	Recoverable amount (in EUR thousand)	Upper bound of the range (in EUR thousand)	Change in discount rate (WACC) +/-0.5% (in EUR thousand)	Change in long-term growth rate +/-0.5% (in EUR thousand)	Impairment loss (in EUR thousand)	Goodwill after impairment test (in EUR thousand)
ODPAD (Scrap Division)	31 Dec 2025	2026–2030	2025	9.94% until 2028. From 2029 on 10.02%	2.00%	1.8%	CAGR 9.1%	5,585	6,070	+757/–860	–88/+78	0	1,397
DANKOR (Scrap Division)	31 Dec 2025	2026–2030	2025	10.31%	2.00%	9.0%	CAGR 9.1%	395	414	+14/–15	–20/+18	0	154
RSC HOLDING Group (Steel Processing and Distribution Division)	31 Dec 2025	2026–2030	2025	10.37% until 2028. From 2029 on 10.49%	2.00%	14.4%	CAGR 1.6%	23,084	24,747	–1,450/+1,639	+2,533/–1,999	17,415	0

Review of the Determination of the Recoverable Amount of CGUs to Which Goodwill is allocated for 2024

Goodwill	Material assumptions used							Sensitivity analysis					
	Valuation date	Projection of operations	Financial year	Discount rate (WACC)	Long-term growth rate	Target EBITDA margin	Revenue growth	Recoverable amount (in EUR thousand)	Upper bound of the range (in EUR thousand)	Change in discount rate (WACC) +/-0.5% (in EUR thousand)	Change in long-term growth rate +/-0.5% (in EUR thousand)	Impairment loss (in EUR thousand)	Goodwill after impairment test (in EUR thousand)
ODPAD* (Scrap Division)	31 Dec 2024	2025–2030	2024	8.96% from 2025 until 2028. From 2029 on 9.04%.	2.36%	1.9%	CAGR 3.49%	9,432	10,314	+1,073/–1,253	–918/+790	0	1,397
DANKOR* (Scrap Division)	31 Dec 2024	2025–2030	2024	9.56%	2.36%	6.8%	CAGR 2.74%	1,006	1,043	+41/–46	–28/+25	0	154
RSC HOLDING Group* (Steel Processing and Distribution Division)	31 Dec 2024	2025–2030	2024	9.30% from 2025 until 2028. From 2029 on 9.21%.	2.36%	16.1%	CAGR 6.21%	54,514	59,901	+3,911/–4,551	–3,314/+2,863	0	17,415

* Valuation of the fair value, less sale costs, by using the method of present value of the estimated free cash flows.

Movement of Intangible Assets in 2024

in EUR thousand	Software	Goodwill	Assets under construction	Total
Cost as at 31 Dec 2023	32,629	31,718	1,744	66,091
New additions	0	0	1,862	1,862
Transfer from assets under construction	1,577	0	(1,577)	0
Disposals	(3)	0	0	(3)
Translation differences	26	0	0	26
Transfer to other assets	8	0	(892)	(884)
Cost as at 31 Dec 2024	34,237	31,718	1,137	67,092
Accumulated amortisation and impairment at 31 Dec 2023	(22,767)	(12,752)	0	(35,519)
Amortisation	(3,212)	0	0	(3,212)
Disposals	3	0	0	3
Translation differences	(3)	0	0	(3)
Accumulated amortisation and impairment at 31 Dec 2024	(25,979)	(12,752)	0	(38,731)
Carrying amount as at 31 Dec 2023	9,862	18,966	1,744	30,572
Carrying amount as at 31 Dec 2024	8,258	18,966	1,137	28,361

9. PROPERTY, PLANT AND EQUIPMENT

Movement of Property, Plant and Equipment in 2025

in EUR thousand	Land	Buildings	Equipment	Other	Assets under construction	Total
Cost as at 31 Dec 2024	33,346	315,760	1,091,646	60,770	19,083	1,520,605
New additions	0	0	0	0	36,771	36,771
Transfer from assets under construction	0	2,361	37,649	2,163	(42,173)	0
Disposals	(423)	(670)	(24,221)	(1,498)	0	(26,813)
Translation differences	(4)	(381)	(26)	(97)	0	(508)
Transfer to intangible assets	0	(15)	0	0	1	(14)
Transfer from investment property	0	2,443	0	0	0	2,443
Transfer from other assets	0	0	0	0	18	18
Change in lease agreements	0	2	(142)	39	0	(101)
Cost as at 31 Dec 2025	32,919	319,500	1,104,906	61,377	13,700	1,532,402
Accumulated depreciation and impairment as at 31 Dec 2024	(1,752)	(237,959)	(827,308)	(47,077)	0	(1,114,096)
Depreciation	(4)	(5,214)	(45,699)	(3,655)	0	(54,572)
Disposals	0	668	24,044	1,495	0	26,207
Translation differences	0	147	10	45	0	202
Change in lease agreements	0	0	9	0	0	9
Impairment	0	0	(2,402)	(7)	0	(2,409)
Accumulated depreciation and impairment as at 31 Dec 2025	(1,756)	(242,358)	(851,346)	(49,199)	0	(1,144,659)
Carrying amount as at 31 Dec 2024	31,594	77,801	264,338	13,693	19,083	406,509
Carrying amount as at 31 Dec 2025	31,163	77,142	253,560	12,178	13,700	387,743

Major new additions and finished investments in property, plant and equipment are:

- a new electric motor in the hot rolling mill,
- refurbishment of the Wellman 3 and Wellman 4 furnaces in the heavy plate processing line,
- replacement of DC drives on the CBL line in the cold rolling mill,
- ongoing upgrades of existing production equipment.

Major assets under construction include:

- an LPG (liquefied petroleum gas) transfer station,
- refurbishment of the roller table,
- utilization of excess heat from the CRNO line in the cold rolling mill,
- ongoing upgrades of existing production equipment.

Disposals of property, plant and equipment mostly refer to the sale and write-off of equipment connected with the renovation of basic production capacities and write-off of unusable and outdated equipment. Property, plant, equipment, whose carrying amount as at 31 December 2025 is EUR 4,952 thousand (2024: EUR 5,018 thousand), are pledged as security for liabilities. In 2025 and 2024, the Group did not capitalise borrowing costs.

As at 31 December 2025, the Group has EUR 6,702 thousand (2024: EUR 5,688 thousand) of outstanding liabilities to purchase property, plant and equipment and EUR 3,578 thousand (2024: EUR 6,876 thousand) of contractual commitments for purchase known in advance.

In 2025, due to the continuation of lower demand for steel from 2024, driven by the introduction of 50% tariffs on steel imports into the United States and competitive pressure, particularly from Asian countries, actual operating results continued to lag behind initial plans. Based on the assessment of the performance of individual CGUs, the Group evaluated indicators of impairment.

The recoverable amounts of property, plant and equipment were determined by a certified valuer holding a SIR license. The recoverable amount was assessed as fair value less costs of disposal. The valuation was performed under the going concern assumption (equipment and machinery were valued as part of a going concern). A cross-check method was also applied, whereby the recoverable amount of the entire company (or CGU), determined based on fair value less costs of disposal, was compared with the recoverable amount of assets valued individually. The following valuation approaches were applied in determining the recoverable amount of non-current assets:

1. Income Approach (Income Capitalisation Method)

The income capitalisation method involves assessing the value of expected cash flows from the use or possible sale of the property. This method is characterized by converting the amount of returns into evaluation where the capitalisation rate, the discount rate, or both are taken into account. The substitution principle requires that the revenue flow which gives the highest returns at a given level of risk yields to the most probable value. The key

assumptions in the valuation using this method are the assumption of a permanent and stabilized return and the assumption that rentals will follow inflation.

2. Cost Approach (Replacement Value Method)

The replacement value method estimates the value of expected cash flows from the use or potential disposal of the property. This method converts expected income into an estimate of value using a capitalization rate, a discount rate, or both. The principle of substitution implies that the income stream yielding the highest return at a given level of risk leads to the most probable value. Key assumptions include a stable, perpetual income stream and the assumption that rents will follow inflation.

According to the replacement value method, it is necessary, when evaluating plants and equipment, to obtain new replacement values and reproduction costs for the valuated assets. In the market, it is necessary to identify the most suitable comparable asset with a known value from the producers or sellers or agents and based on these determine the new replacement value of the valuated assets.

The use of the cost approach as a technique for estimating the value of assets for financial reporting is very rare in practice and used only exceptionally. As a rule, it is not possible to reliably estimate the fair value using the cost method, as the appraisals use this method when there is no reliable market data. For impairment testing, the value of assets should also be verified in the context of value in use.

3. Sales Comparison Approach (Transaction Comparison Method)

The transaction comparison method takes into account the sale of similar or substitute assets and relevant market data and determines the valuation through comparison procedures. Generally speaking, the assets being valued are compared to the sale of similar assets made on the market. It is essential that the transactions involve sales between unrelated parties. In this valuation method, a so-called direct sales comparison method was used.

Property

To determine the recoverable amount of the property, all three methods described above were used.

The *sales comparison approach* was used as the primary method for evaluation, as this approach provides the most direct indication of the value of property rights. The approach

only makes sense in cases where there are sufficient transactions and sufficient quality and current data of comparable real estate. Specifically, this valuation method was used in the valuation of land and parts of housing (apartments, residential house, holiday facilities).

The income approach was used to evaluate administrative buildings, industrial plants, and production halls. The use of the above approach is dictated, in particular, by the fact that companies are less likely to buy comparable properties, as they prefer to lease them. The data based on which potential market leases and stabilized revenues have been valued are obtained by analysing the supply of rental business for the rental of comparable premises.

Following the cost approach, the Group valued a property which is a specific asset for which there are neither market transactions nor leases and does not have wider or alternative uses (transformer substation, wastewater treatment plant, steel plants, forging shop, ESR). Under the going concern assumption, the property is functionally unusable, as it is deemed to have been created for exactly the activity for which it is used on the valuation day. The use of the cost approach as a technique for estimating the value of assets for financial reporting is very rare in practice and used only exceptionally, therefore a control method was also used. The amount of the non-current assets was compared to the evaluated recoverable amount of the company as a whole (as a single CGU) determined based on the fair value decreased by the costs of sale, then compared to the recoverable amount of individually assessed assets. The comparison showed that no impairment is necessary.

The carrying amount of the properties was compared with the estimated recoverable amount of the property, determined based on fair value less costs of sale. The comparison showed that no impairment is necessary.

Plant and Equipment

To evaluate the recoverable amount of plant and equipment, the cost and sales comparison approaches were used. The evaluated assets are machinery, equipment and vehicles, used by a group. On the valuation day, they are in working order, well-maintained, and regularly serviced. The valuation took into account the physical, functional and economic wear and tear.

Comparison of the recoverable amount of individual items with their carrying amounts indicated impairment indicators in SIJ METAL RAVNE and SIJ RAVNE SYSTEMS. An impairment loss was recognized as at 31 December 2025 in accordance with the valuation report. For other companies included in the valuation, no impairment of machinery and equipment was required, as their recoverable amounts exceed their carrying amounts.

Movement of Property, Plant and Equipment in 2024

in EUR thousand	Land	Buildings	Equipment	Other	Assets under construction	Total
Cost as at 31 Dec 2023	33,350	312,472	1,029,010	58,349	37,871	1,471,052
New additions	0	0	0	0	57,967	57,967
Transfer from assets under construction	0	4,424	68,449	3,882	(76,755)	0
Disposals	0	(1,328)	(5,851)	(1,508)	0	(8,687)
Translation differences	(4)	186	22	47	0	251
Change in lease agreements	0	6	16	0	0	22
Cost as at 31 Dec 2024	33,346	315,760	1,091,646	60,770	19,083	1,520,605
Accumulated depreciation and impairment as at 31 Dec 2023	(1,747)	(233,860)	(787,451)	(44,194)	0	(1,067,252)
Depreciation	(5)	(5,338)	(44,583)	(3,519)	0	(53,445)
Disposals	0	1,310	4,948	653	0	6,911
Translation differences	0	(65)	(10)	(17)	0	(92)
Change in lease agreements	0	(6)	(1)	0	0	(7)
Impairment	0	0	(211)	0	0	(211)
Accumulated depreciation and impairment as at 31 Dec 2024	(1,752)	(237,959)	(827,308)	(47,077)	0	(1,114,096)
Carrying amount as at 31 Dec 2023	31,603	78,612	241,559	14,155	37,871	403,800
Carrying amount as at 31 Dec 2024	31,594	77,801	264,338	13,693	19,083	406,509

The right-of-use asset is not stated as a separate item in the statement of financial position. It is included in property, plant and equipment.

Movement of the Right-Of-Use Asset in 2025

in EUR thousand	Land	Buildings	Equipment	Other	Total
Cost as at 31 Dec 2024	41	6,651	19,111	6,398	32,201
New additions	0	133	203	25	361
Translation differences	0	(400)	(26)	(4)	(430)
Change in lease agreements	0	2	(142)	39	(101)
Lease termination – own asset	0	0	(1,015)	(1,097)	(2,112)
Reversal of right-of-use asset	0	(462)	(247)	(147)	(856)
Cost as at 31 Dec 2025	41	5,924	17,884	5,214	29,063
Accumulated depreciation and impairment as at 31 Dec 2024	(30)	(3,088)	(5,266)	(2,672)	(11,056)
Depreciation	(4)	(784)	(1,710)	(692)	(3,190)
Translation differences	0	147	15	3	165
Change in lease agreements	0	0	9	0	9
Lease termination – own asset	0	0	378	774	1,152
Reversal of right-of-use asset	0	308	129	124	561
Accumulated depreciation and impairment as at 31 Dec 2025	(34)	(3,417)	(6,445)	(2,463)	(12,359)
Carrying amount as at 31 Dec 2024	11	3,563	13,845	3,726	21,145
Carrying amount as at 31 Dec 2025	7	2,507	11,439	2,751	16,704

Movement of the Right-Of-Use Asset in 2024

in EUR thousand	Land	Buildings	Equipment	Other	Total
Cost as at 31 Dec 2023	41	5,311	16,542	6,547	28,441
New additions	0	1,257	4,058	206	5,521
Reversal of right-of-use asset	0	6	16	0	22
Translation differences	0	112	17	2	131
Early lease termination	0	(35)	(1,522)	(357)	(1,914)
Cost as at 31 Dec 2024	41	6,651	19,111	6,398	32,201
Accumulated depreciation and impairment as at 31 Dec 2023	(27)	(2,373)	(4,218)	(1,691)	(8,309)
Depreciation	(3)	(691)	(1,707)	(1,229)	(3,631)
Reversal of right-of-use asset	0	(6)	(1)	0	(7)
Translation differences	0	(36)	(17)	(2)	(55)
Early lease termination	0	19	677	250	946
Accumulated depreciation and impairment as at 31 Dec 2024	(30)	(3,088)	(5,266)	(2,672)	(11,056)
Carrying amount as at 31 Dec 2023	14	2,938	12,324	4,856	20,132
Carrying amount as at 31 Dec 2024	11	3,563	13,845	3,726	21,145

On 31 December 2025, the Group leases assets which include buildings, equipment and cars. In 2025, the interest expenses for lease liabilities amounted to EUR 504 thousand (2024: EUR 721 thousand) and were fully repaid.

Analysis of the maturity of lease liabilities and the lowest sum of future lease payments are described in Notes 23 and 24. The Group follows exceptions allowed by the standard, namely for short-term and for leases of low-value assets. In 2025, the total expenses related to these leases amounted to EUR 1,683 thousand (2024: 1,534), and the payments of lease costs amounted to EUR 1,658 thousand (2024: EUR 1,592 thousand).

10. INVESTMENT PROPERTY

in EUR thousand	2025	2024
Cost as at 1 Jan	4,603	4,603
Transfer to property, plant and equipment	(2,443)	0
Disposal	(2,160)	0
Cost as at 31 Dec	0	4,603
Accumulated depreciation and impairment as at 1 Jan	(502)	(279)
Depreciation	(192)	(223)
Transfer from property, plant and equipment	694	0
Accumulated depreciation and impairment as at 31 Dec	0	(502)
Carrying amount as at 1 Jan	4,101	4,324
Carrying amount as at 31 Dec	0	4,101

In 2025, the Group generated EUR 236 thousand of income in investment properties (2024: EUR 504 thousand) and EUR 309 thousand of expenses (2024: EUR 217 thousand). Investment property is not pledged as security for liabilities.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

in EUR thousand	31 Dec 2025	31 Dec 2024
Investments and shares in companies	416	1,475
Financial assets at fair value through other comprehensive income	416	1,475

Among financial assets measured at fair value through other comprehensive income, the Group held shares of a Slovenian insurance company with the objective of collecting cash flows from dividends and from the sale of securities. In 2025, the Group sold the majority of financial assets measured at fair value through other comprehensive income and transferred the accumulated gain to retained earnings. In 2025, the Group received EUR 159 thousand in dividends (2024: EUR 108 thousand).

12. NON-CURRENT FINANCIAL RECEIVABLES

in EUR thousand	31 Dec 2025	31 Dec 2024
Loans issued	66,558	64,000
Non-current financial receivables	66,558	64,000

Non-current financial receivables refer to loans issued to the majority shareholder of the parent company amounting to EUR 51,162 (2024: EUR 51,162 thousand) and the related non-current interest to amounting to EUR 15,396 thousand (2024: EUR 12,838 thousand). The loans issued to the majority shareholder, maturing in 2027, will be repaid from dividends in line with the Group's long-term business projections, as well as through the entry of a new strategic partner M&A activities planned for 2026.

The interest rate for the loans issued is fixed and amounts to 5%.

Movement of Non-Current Loans Issued

in EUR thousand	2025	2024
Balance as at 1 Jan	64,000	57,626
Change in interest receivables	2,558	3,274
Reclassification from current loans issued	0	3,100
Balance as at 31 Dec	66,558	64,000

13. OTHER NON-CURRENT ASSETS

in EUR thousand	31 Dec 2025	31 Dec 2024
Other assets	1,493	3,576
Other non-current assets	1,493	3,576

Other assets include CO₂ emissions allowances, cautions and other non-current assets.

14. DEFERRED TAX ASSETS AND LIABILITIES

in EUR thousand	31 Dec 2025	31 Dec 2024
Deferred tax assets	11,824	22,662
Deferred tax liabilities	0	(3)
Deferred tax assets (liabilities), net	11,824	22,659

Movement of Deferred Tax Assets and Liabilities in 2025

in EUR thousand	31 Dec 2024	Translation differences	Changes in profit and loss	Changes in the comprehensive income	31 Dec 2025
Property, plant and equipment	1	0	(1)	0	0
Other deferred liabilities	(4)	0	4	0	0
Deferred tax liabilities	(3)	0	3	0	0
Other provisions	81	0	(22)	0	59
Unused tax losses	12,761	0	(10,346)	0	2,415
Inventories	900	(10)	(176)	0	714
Trade receivables	395	(2)	180	0	573
Employee benefits	1,874	0	240	0	2,114
Property, plant and equipment	1,241	(6)	218	0	1,453
Financial assets at fair value through other comprehensive income	(134)	0	0	134	0
Unused tax reliefs	5,544	(4)	(1,044)	0	4,496
Deferred tax assets	22,662	(22)	(10,950)	134	11,824
Deferred tax assets (liabilities), net	22,659	(22)	(10,947)	134	11,824

The value of unused tax losses for which deferred tax assets are recognised amounted to EUR 10,388 thousand on 31 December 2025 (2024: EUR 57,932 thousand). The value of unused tax losses for which deferred tax assets are not recognised amounts to EUR 282,745 thousand (2024: EUR 154,714 thousand), while unrecognised deferred tax assets amount to EUR 61,895 thousand (2024: EUR 34,075 thousand).

In 2025, the Group derecognized deferred tax assets related to unused tax losses, as it estimates that it will not generate sufficient taxable profits in the foreseeable future to utilize them. This assessment was significantly influenced by geopolitical tensions, reduced demand in key markets, and increased competitive pressure from Asia due to global over-capacity. For the same reasons, Group companies did not recognize deferred tax assets in respect of unused tax losses and unused tax credits.

Movement of Deferred Tax Assets and Liabilities in 2024

in EUR thousand	31 Dec 2023	Translation differences	Changes in profit and loss	Changes in the comprehensive income	31 Dec 2024
Property, plant and equipment	(124)	0	125	0	1
Other deferred liabilities	65	0	(69)	0	(4)
Deferred tax liabilities	(59)	0	56	0	(3)
Other provisions	163	4	(86)	0	81
Unused tax losses	15,243	0	(2,482)	0	12,761
Inventories	545	16	339	0	900
Trade receivables	298	4	93	0	395
Employee benefits	1,883	13	(9)	0	1,874
Property, plant and equipment	1,280	0	(52)	0	1,241
Financial assets at fair value through other comprehensive income	(97)	0	0	(37)	(134)
Unused tax reliefs	4,975	0	569	0	5,544
Deferred tax assets	24,290	37	(1,628)	(37)	22,662
Deferred tax assets (liabilities), net	24,231	37	(1,572)	(37)	22,659



15. INVENTORIES

in EUR thousand	31 Dec 2025	31 Dec 2024
Raw material	116,912	129,106
Work in progress	76,656	84,307
Finished products	61,376	66,664
Merchandise	15,055	16,462
Inventories	269,999	296,539

On 31 December 2025, the Group reviewed the value of inventories. It found that the net realisable value of raw materials and finished goods inventories is lower than their production value, and impaired them by EUR 6,957 thousand (2024: EUR 9,687 thousand). On 31 December 2025, no inventories were pledged as security for liabilities (2024: EUR 0 thousand).

16. CURRENT FINANCIAL RECEIVABLES

in EUR thousand	31 Dec 2025	31 Dec 2024
Loans issued	42	57
Other financial receivables	0	350
Current financial receivables	42	407

Movement of Current Loans Issued

in EUR thousand	2025	2024
Balance as at 1 Jan	57	3,838
Loans issued	5	60
Repayment of loans issued	(17)	(24)
Allowances for loans issued	0	1
Change in interests	(3)	(718)
Transfer to non-current loans issued	0	(3,100)
Balance as at 31 Dec	42	57

17. CURRENT TRADE RECEIVABLES

in EUR thousand	31 Dec 2025	31 Dec 2024
Trade receivables	98,886	90,916
Allowances for trade receivables	(2,538)	(2,707)
Receivables from government and other institutions	3,379	6,261
Issued advance payments and cautions	2,226	3,926
Other receivables	1,673	1,334
Allowances for other receivables	(744)	(28)
Current trade receivables	102,882	99,702

The majority of the Group's trade receivables are insured against commercial risks with an insurance company. On 31 December 2025, no trade receivables are pledged as security for liabilities (2024: EUR 0 thousand).

Movement of Allowance for Receivables from Customers

in EUR thousand	2025	2024
Balance as at 1 Jan	2,707	2,680
Changes with impact on profit or loss	28	361
Changes without impact on profit or loss	(197)	(334)
Balance as at 31 Dec	2,538	2,707

18. CASH AND CASH EQUIVALENTS

in EUR thousand	31 Dec 2025	31 Dec 2024
Cash in national currency	16,979	19,830
Cash in foreign currency	3,039	18,076
Restricted cash	46	1
Cash and cash equivalents	20,064	37,907

On 31 December 2025 the Group had no deposits with up to 3-month maturity (2024: EUR 0 thousand).

19. OTHER CURRENT ASSETS

in EUR thousand	31 Dec 2025	31 Dec 2024
Deferred expenses	3,193	2,108
Accrued revenue	185	262
Other current assets	3,378	2,370

Current deferred expenses refer to advance payments of costs, which will debit against profit or loss in 2026.

20. EQUITY

in EUR thousand	31 Dec 2025	31 Dec 2024
<i>Equity attributed to the owners of the parent company</i>	<i>220,344</i>	<i>338,870</i>
Share capital	145,266	145,266
Capital surplus	11,461	11,461
Reserves	7,245	7,940
Retained earnings	56,372	174,203
<i>Non-controlling interest</i>	<i>22,092</i>	<i>32,930</i>
Equity	242,436	371,800

The share capital of the parent company is recognised in the amount of EUR 145,266 thousand and is distributed among 994,616 shares. The face value of each share is EUR 146.05. The number of shares did not change in 2025 and 2024.

Ownership Structure of the Parent Company

Shareholder	Number of shares 31 Dec 2025	Number of shares 31 Dec 2024
DILON, d.o.o., Gerbičeva ulica 98, Ljubljana, Slovenia	718,351	718,351
Republic of Slovenia, Gregorčičeva ulica 20, Ljubljana, Slovenia	248,655	248,655
SJ d.d., Gerbičeva ulica 98, Ljubljana, Slovenia	27,600	27,600
UNIOR, d. d., Kovaška cesta 10, Zreče, Slovenia	10	10
Total	994,616	994,616

The ownership structure of the parent company did not change in 2025 and 2024.

Capital Surplus

The capital surplus amounting to EUR 11,461 thousand was formed during the simplified decrease of the parent company's capital.

Reserves

in EUR thousand	31 Dec 2025	31 Dec 2024
Legal reserves	11,093	11,093
Treasury shares	(6,009)	(6,009)
Reserves for treasury shares	3,754	3,754
<i>Other equity reserves</i>	<i>8,838</i>	<i>8,838</i>
<i>Fair value reserve due to financial assets at fair value through other comprehensive income</i>	<i>0</i>	<i>662</i>
<i>Deferred tax liabilities</i>	<i>0</i>	<i>(134)</i>
Fair value reserve due to financial assets, net	0	528
Net actuarial losses on pension programs	(1,254)	(2,010)
<i>Fair value reserves</i>	<i>(1,254)</i>	<i>(1,482)</i>
<i>Translation differences</i>	<i>(339)</i>	<i>584</i>
Reserves	7,245	7,940

The parent company acquired treasury shares amounting to EUR 2,255 thousand on the basis of the Act Regulating the Incurrence and Settlement of Liabilities of Slovenske železarne as regards the Restructuring Programme (Official Gazette of the RS, No. 111/2001) and in line with the Privatization of Slovenske železarne Act (Official Gazette of the RS, No. 13/1998). Treasury shares were acquired by exchanging interests in subsidiaries for shares of the parent company, owned by authorised companies. The shares were acquired ex lege and not in line with the Companies Act, which is why the parent company did not establish a treasury shares fund. Shares are recognised at cost.

In 2025, the parent company did not create legal reserves (2024: EUR 0 thousand).

Distributable Profit

The Group is not a legal entity nor does it hold decision-making rights. Retained earnings and net profit for the financial year of subsidiaries, included in the consolidated financial statements, are divided on the level of companies in the Group.

Non-Controlling Interest

Equity attributable to non-controlling interest:

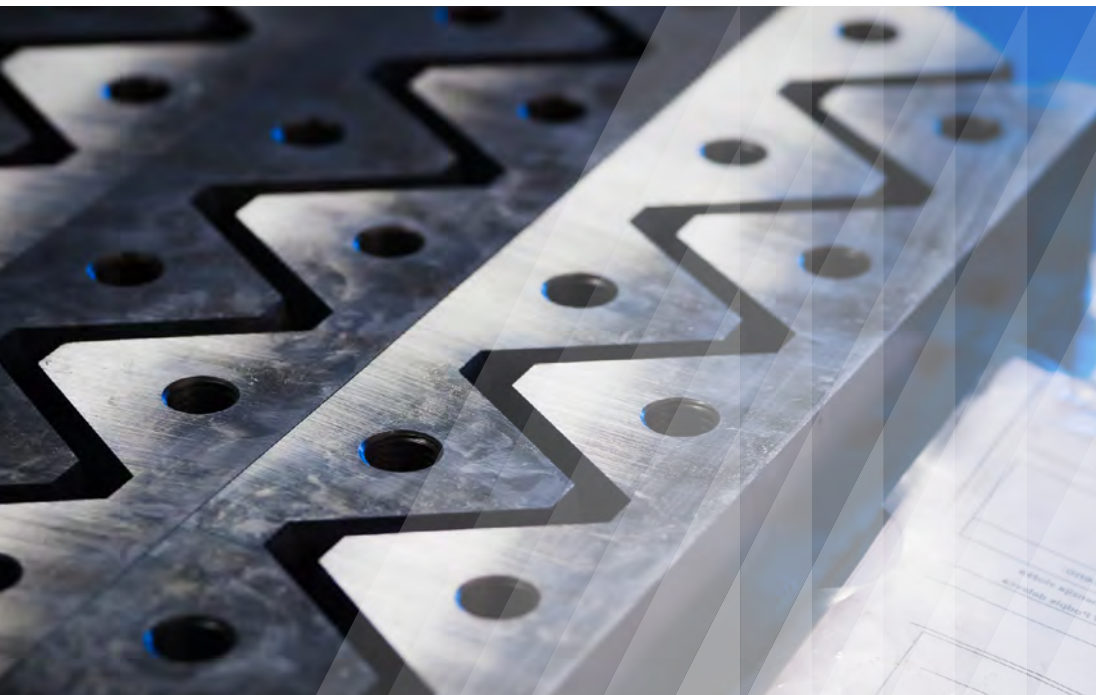
in EUR thousand	31 Dec 2025	31 Dec 2024
NIRO WENDEN	(460)	(14)
ODPAD	3,233	3,112
DANKOR	327	341
METAL-EKO SISTEM	1,535	1,471
ADDITHERM	3,047	3,031
RSC HOLDING Group	24,742	27,124
Equity attributable to non-controlling, gross	32,424	35,065
OROMET option agreement	(566)	(2,135)
RSC HOLDING option agreement	(9,766)	0
Equity attributable to non-controlling, net	22,092	32,930

OROMET option agreement

The value of non-controlling interest corresponding to the carrying amount of the 4% share in a subsidiary OROMET (2024: 14% share). In 2025, the Group partially exercised the option and acquired a 10% share. The option agreement for the acquisition of a 4% share is still in force, according to which on 31 December 2025 the liability for the acquisition amounts to EUR 464 thousand (2024: EUR 1,392 thousand).

RSC HOLDING option agreement

In July 2020, the parent company concluded with the other member an option agreement related to interests in RSC HOLDING and ADDITHERM, namely: i) call option 1 in favour of the other member to buy a 2 percent share in RSC HOLDING and a 51 percent share in ADDITHERM; ii) call option 2 in favour of the other member to buy a 51 percent share in ADDITHERM; iii) call option in favour of the parent company to buy a 49 percent share of the other member in RSC HOLDING and a 49 percent share of the other member in ADDITHERM; iv) put option 1 in favour of the other member to sell a 49 percent shares of the other member in RSC HOLDING and ADDITHERM; v) put option 2 in favour of the other member to sell a 49% share of the other member in RSC HOLDING.



As at 31 December 2025, the Group has recognised a liability in respect of call options to acquire a 49% equity interest from non-controlling shareholders in RSC HOLDING and a 49% equity interest from non-controlling shareholders in ADDITHERM. The call option is exercisable at any time within a one-year period following the expiry of ten years from the effective date of the agreement.

The exercise price is contractually determined as the enterprise value multiplied by the relevant ownership interest. The enterprise value is determined using an EBITDA multiple of the RSC HOLDING Group, reduced by net debt, with a contractual floor at the book value of equity.

In assessing the enterprise value, the Group evaluated the appropriateness of applying the EBITDA multiple method. Based on current business projections of the RSC HOLDING Group, the Group concluded that the use of the EBITDA multiple is not appropriate for valuation purposes. This assessment reflects adverse market and structural factors affecting the European steel industry, including a significant imbalance between supply and demand.

Consequently, the Group determined that the contractual floor, i.e. the book value of equity, represents the most appropriate basis for estimating the fair value of the liability related to the acquisition of the non-controlling interest in RSC HOLDING at the reporting date. For ADDITHERM, the exercise price is contractually defined by a minimum value, which the Group has used as the basis for measuring the liability.

The estimated liability arising from both option arrangements has been discounted to present value using the earliest exercise date of 30 June 2031. The discounting was performed using a discount rate of 11.39%, which reflects the time value of money and relevant risks associated with the estimated cash flows of the obligation, and is based on market-consistent assumptions.

As at 31 December 2025, the liability for the acquisition of the non-controlling interest in RSC HOLDING amounts to EUR 8,162 thousand, and for ADDITHERM to EUR 1,604 thousand. In the event that the option agreement is not exercised, the recognised liability for the acquisition of non-controlling interests will be derecognised, consistent with its initial recognition, through an adjustment within equity attributable to non-controlling interests.

Other options included in the agreements are exercisable upon the fulfilment of specific conditions precedent and are mutually exclusive.

21. EMPLOYEE BENEFITS

in EUR thousand	31 Dec 2025	31 Dec 2024
Provisions for severance pay	11,946	12,553
Provisions for jubilee benefits	2,027	2,052
Provisions for post-employment benefits	266	296
Employee benefits	14,239	14,901

The actuarial calculation was made on the basis of the actuarial model and assumptions, derived from the life expectancy tables in Slovenia from 2007, separately for men and women, decreased by 10% (active population), growth of wages in the Republic of Slovenia and in the Group, and the yield curve, which represents the relationship between market yields on government bonds in the Eurozone and the time remaining to maturity.

The average discount rate considered in the calculations was 3.8% (2024: 3.2%). Employee turnover due to terminations initiated by employees is declining linearly and, as at 31 December 2025, averaged between 1.7% and 8.4% in subsidiaries within the Group (2024: between 1.0% and 8.6%). Employee turnover resulting from a higher volume of terminations initiated by the employer is not taken into account.

The assumed real growth rate of average wages in the Republic of Slovenia is: 5.1% for 2026, 4.4% for 2027, 4.1% for 2028, 4.0% for 2029 and 2030 onwards, the average wage is expected to grow at a real rate of 1.4%. The expected wage growth rate in the Group subsidiaries is: 2.7% in 2026, 2.6% in 2027, 2.5% in 2028 and 2.5% from 2029 onwards. Employee benefits are calculated by an authorized actuary. The change in employee benefits had a direct effect on the income statement, except for actuarial gains and losses which affect other comprehensive income.

Movement of Employee Benefits in 2025

in EUR thousand	Severance pay	Jubilee benefits	Post-employment benefits	Total
Employee benefits as at 1 Jan 2025	12,553	2,052	296	14,901
Interest expenses	364	49	10	423
Current service cost	766	175	0	941
Past service cost	(64)	69	0	5
Actuarial (gains) losses – changes in assumptions and experience	(563)	41	(22)	(544)
Actuarial gains – reversal	(314)	(80)	0	(394)
Actuarial losses – recognition and utilization	51	1	0	52
Liabilities for payment	(847)	(281)	(17)	(1,145)
Employee benefits as at 31 Dec 2025	11,946	2,026	267	14,239

Movement of Employee Benefits in 2024

in EUR thousand	Severance pay	Jubilee benefits	Post-employment benefits	Total
Employee benefits as at 1 Jan 2024	12,213	1,902	285	14,400
Interest expenses	331	50	11	392
Current service cost	786	180	0	966
Past service cost	96	29	0	125
Actuarial (gains) losses – changes in assumptions and experience	684	172	0	856
Actuarial gains – reversal	(297)	(84)	0	(381)
Actuarial losses – recognition and utilization	201	11	0	212
Liabilities for payment	(1,461)	(208)	0	(1,669)
Employee benefits as at 31 Dec 2024	12,553	2,052	296	14,901

Sensitivity Analysis of Actuarial Assumptions

in EUR thousand	Change in assumption (pp)	31 Dec 2025		31 Dec 2024	
		Post-employment benefits on retirement	Jubilee benefits	Post-employment benefits on retirement	Jubilee benefits
Actuarial assumption					
	0.5	(418)	(60)	(423)	(58)
Yield	-0.5	449	63	456	62
	0.5	458	63	461	62
Salary growth	-0.5	(429)	(62)	(429)	(59)
	0.5	(441)	(65)	(445)	(62)
Fluctuation	-0.5	268	56	294	56

22. NON-CURRENT DEFERRED INCOME

in EUR thousand	31 Dec 2025	31 Dec 2024
Assigned contributions	1,438	1,242
Subsidies for property, plant and equipment	2,185	2,451
Green subsidies	19,116	12,954
Other deferred income	217	2
Non-current deferred income	22,956	16,649

Movement of Non-Current Deferred Income in 2025

in EUR thousand	31 Dec 2024	Creation	Decrease in expenses	Reversal and utilisation	31 Dec 2025
Assigned contributions	1,242	1,960	0	(1,764)	1,438
Subsidies for property, plant and equipment	2,451	0	0	(266)	2,185
Green subsidies	12,954	7,186	0	(1,024)	19,116
Other deferred income	2	1,049	0	(834)	217
Non-current deferred income	16,649	10,195	0	(3,888)	22,956

Movement of Non-Current Deferred Income in 2024

in EUR thousand	31 Dec 2023	Creation	Decrease in expenses	Reversal and utilisation	31 Dec 2024
Assigned contributions	1,103	2,037	0	(1,898)	1,242
Subsidies for property, plant and equipment	1,646	1,051	0	(246)	2,451
Green subsidies	6,129	7,543	0	(718)	12,954
Other deferred income	583	7,266	(5,687)	(2,160)	2
Non-current deferred income	9,461	17,897	(5,687)	(5,022)	16,649

23. NON-CURRENT FINANCIAL LIABILITIES

in EUR thousand	31 Dec 2025	31 Dec 2024
Borrowings	1,623	6,787
Liabilities for bonds issued (SIJ8)	0	39,921
Liabilities from lease	5,893	9,764
Other liabilities	432	0
Non-current financial liabilities	7,948	56,472

Borrowings include loans from domestic and foreign banks. Borrowings amounting to EUR 1,501 thousand (2024: 2,250 thousand) are secured with real estate and movable property. Other borrowings are not secured. The interest rate for majority of non-current financial liabilities is flexible and based on EURIBOR.

Under the terms of its financing agreements, the Group is required to comply with contractually defined financial covenants. Challenging operating conditions in 2025 resulted in deviations from the achievement of these covenant thresholds. In February 2025, certain SIJ Group companies entered into an agreement with major lending banks, providing a stable framework for structuring, negotiating, and implementing comprehensive financing, as well as for optimizing the long-term capital structure. The agreement also includes a temporary waiver of compliance with contractually defined financial covenants for the period ended 31 December 2025.

Movement of Non-Current Borrowings

in EUR thousand	2025	2024
Balance as at 1 Jan	6,787	5,904
New borrowings	200	58,056
Repayments of borrowings	0	(219)
Amortisation of origination fee	3	45
Transfer to current borrowings	(5,367)	(56,999)
Balance as at 31 Dec	1,623	6,787

Liabilities for Bonds Issued

Bonds with the designation SIJ8 were reclassified to current financial liabilities in accordance with their maturity.

Movement of Non-Current Liabilities Arising from Lease

in EUR thousand	2025	2024
Balance as at 1 Jan	9,764	10,416
New leases	361	5,090
Transfer to current liabilities from lease	(3,928)	(5,822)
Translation differences	(235)	119
Change in lease agreements	(69)	(39)
Balance as at 31 Dec	5,893	9,764

The lowest sum of future leases due for payment in the next 1 to 5 years amounts to EUR 5,888 thousand (2024: EUR 9,830 thousand). After 5 years it amounts to EUR 516 thousand (2024: EUR 844 thousand).

The net present value of future leases due for payment in the next 1 to 5 years, amounts to EUR 5,442 thousand (2024: EUR 8,991 thousand). After 5 years it amounts to EUR 451 thousand (2024: EUR 773 thousand).

24. CURRENT FINANCIAL LIABILITIES

in EUR thousand	31 Dec 2025	31 Dec 2024
Borrowings	287,183	220,568
Liabilities for bonds issued (SIJ6)	40,535	0
Liabilities from lease	3,808	4,886
Other financial liabilities	1,598	11,880
Current financial liabilities	333,124	237,334

Borrowings include loans from domestic and foreign banks. Borrowings amounting to EUR 1,355 thousand (2024: 1,402 thousand) are secured with real estate and movable property. Other borrowings are not secured. The interest rate for the majority of current financial liabilities is fixed.

Under the terms of its financing agreements, the Group is required to comply with contractually defined financial covenants. Challenging operating conditions in 2025 resulted in deviations from the achievement of these covenant thresholds. In February 2025, certain SIJ Group companies entered into an agreement with major lending banks, providing a stable framework for structuring, negotiating, and implementing comprehensive financing, as well as for optimizing the long-term capital structure. The agreement also includes a temporary waiver of compliance with contractually defined financial covenants for the period ended 31 December 2025.

Movement of Current Borrowings

in EUR thousand	2025	2024
Balance as at 1 Jan	220,568	174,092
New borrowings	434,881	504,076
Repayments of borrowings	(373,862)	(514,778)
Amortisation of origination fee	229	178
Transfer from non-current borrowings	5,367	56,999
Translation differences	0	1
Balance as at 31 Dec	287,183	220,568

Liabilities for Bonds Issued

The Group issued bonds with the ticker symbol of SIJ8 with the total nominal value of EUR 19,000 thousand in November 2023. In November 2024 it issued, through a further issue, additional bonds with the ticker symbol of SIJ8 with a total nominal value of EUR 22,100 thousand. The entire bond issue contains 221 denominations of EUR 100 thousand. The bond maturity date is 2 November 2026. The interest rate for the bonds is fixed, i.e. 7.0% per annum. If the sustainability conditions are not met, a surcharge of 0.3% per annum applies. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The Group repaid the bonds with the ticker symbol SIJ6, amounting to EUR 48,000 thousand, on the maturity day in November 2024.

After the reporting date, the SIJ Group signed the senior term and revolving facilities agreement. Any potential effects of this agreement will be appropriately reflected in the future financial statements. See Note “Events after the reporting date.”

Movement of Current Liabilities Arising from Lease

in EUR thousand	2025	2024
Balance as at 1 Jan	4,886	4,868
Repayments of liabilities arising from lease	(4,954)	(5,801)
Transfer from non-current liabilities arising from lease	3,928	5,822
Translation differences	(30)	16
Change in lease agreements	(22)	(19)
Balance as at 31 Dec	3,808	4,886

The lowest sum of future leases due for payment in the next financial year amounts to EUR 4,144 thousand on 31 December 2025 (2024: EUR 5,431 thousand), and the net present value of future leases amounts to EUR 3,886 thousand on the same date (2024: EUR 4,886 thousand).

25. CURRENT TRADE PAYABLES

in EUR thousand	31 Dec 2025	31 Dec 2024
Payables to suppliers for fixed assets	6,702	5,765
Payables to suppliers for working capital	182,588	229,808
<i>of which payables from supply chain arrangements</i>	<i>34,668</i>	<i>24,852</i>
Liabilities to employees	6,859	7,270
Received advance payments and cautions	2,570	6,128
Tax liabilities	5,789	6,188
Other liabilities	2,824	338
Current trade payables	207,332	255,497

Payables to suppliers represent unsettled amounts for the purchase of goods and services. The average payment term for the purchase of goods and services is 69 days (excluding supplier finance arrangements) or 85 days (including supplier finance arrangements) (2024: 83 days or 94 days respectively). For the majority of trade payables, no interest is charged within the first 14 days from the invoice date. After this period, interest is charged on outstanding amounts at various interest rates.

The Group has established financial risk management policies to ensure that all liabilities are paid within the credit terms agreed in advance.

26. OTHER CURRENT LIABILITIES

in EUR thousand	31 Dec 2025	31 Dec 2024
Accrued expenses for unused annual leave	3,629	3,246
Accrued expenses for lawsuits	1,350	1,615
Accrued expenses for CO2 emissions allowances	14,015	1,749
Liabilities arising from purchase of non-controlling interest (Note 20)	464	1,392
Other liabilities	3,127	1,543
Deferred revenues from recording magnetic separation and slag recovery waste	758	627
Other deferred income	142	621
Other current liabilities	23,485	10,793

27. SEGMENT REPORTING

Segment Reporting for 2025

in EUR thousand	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Total segments	Headquarters and Other Services	Total	Eliminations	Consolidated financial statements
Operating income (external)	528,877	208,041	135,665	55,428	928,011	1,960	929,972	0	929,972
Operating income (between segments)	134,591	7,085	20,509	7,527	169,712	23,102	192,815	(192,815)	0
Revenue	663,468	215,126	156,174	62,955	1,097,724	25,062	1,122,786	(192,815)	929,972
Operating profit (loss)	(59,643)	(15,498)	1,846	(949)	(74,244)	659	(73,585)	0	(73,585)
Interest income	2,007	18	5	1	2,030	5,899	7,929	(5,344)	2,585
Interest expenses	15,713	1,208	950	1,180	19,051	7,345	26,396	(5,361)	21,035
Amortisation and depreciation	46,424	6,138	754	2,992	56,309	958	57,267	(62)	57,205
Impairment of assets	9,083	17,364	6	337	26,790	20	26,810	0	26,810
Property, plant and equipment	2,270	0	0	139	2,409	0	2,409	0	2,409
Goodwill	0	17,416	0	0	17,416	0	17,416	0	17,416
Inventories	6,780	0	0	177	6,957	0	6,957	0	6,957
(Profit) loss from impairment of trade receivables	33	(52)	6	21	8	20	28	0	28
Purchase of non-current assets	30,579	3,154	1,296	550	35,579	77	35,656	0	35,656
Non-current business assets based on geographic area	317,854	41,254	10,233	21,485	390,826	6,309	397,135	0	397,135
Slovenia	317,854	24,678	7,514	21,485	371,531	6,309	377,840	0	377,840
Other countries	0	16,576	2,719	0	19,295	0	19,295	0	19,295

Segment Reporting for 2024

in EUR thousand	Steel Division	Distribution & Processing Division	Scrap Division	Manufacturing Division	Total segments	Headquarters and Other Services	Total	Eliminations	Consolidated financial statements
Operating income (external)	593,676	221,964	176,551	61,400	1,053,591	1,837	1,055,428	0	1,055,428
Operating income (between segments)	162,447	5,991	28,024	8,617	205,079	26,184	231,263	(231,263)	0
Revenue	756,123	227,955	204,575	70,017	1,258,670	28,021	1,286,691	(231,263)	1,055,428
Operating profit (loss)	(23,677)	4,587	3,167	(2,910)	(18,833)	(99)	(18,932)	0	(18,932)
Interest income	621	156	1	6	784	5,575	6,359	(3,494)	2,865
Interest expenses	13,153	1,979	1,123	1,217	17,472	5,100	22,572	(3,783)	18,789
Amortisation and depreciation	45,147	6,764	817	3,140	55,868	1,168	57,036	(156)	56,880
Impairment of assets	9,679	497	38	54	10,268	(9)	10,259	0	10,259
Property, plant and equipment	0	211	0	0	211	0	211	0	211
Inventories	9,625	0	0	62	9,687	0	9,687	0	9,687
(Profit) loss from impairment of trade receivables	54	286	38	(7)	370	(9)	361	0	361
Purchase of non-current assets	43,569	5,345	825	3,202	52,941	244	53,185	0	53,185
Non-current business assets based on geographic area	335,810	60,663	9,108	24,822	430,403	8,567	438,970	0	438,970
Slovenia	335,810	28,545	6,264	24,822	395,441	8,567	404,008	0	404,008
Other countries	0	32,118	2,844	0	34,962	0	34,962	0	34,962

Income Reconciliation by Segments

in EUR thousand	2025	2024
Operating income by segments	1,097,724	1,258,670
Operating income (between segments)	(169,712)	(205,078)
Operating income (external)	928,011	1,053,592
Operating income – Headquarters and Other Services Division	25,062	28,021
Eliminations	(23,102)	(26,185)
Operating income from contracts with customers	929,972	1,055,428

Operating income (external) by geographical areas

in EUR thousand	2025	2024
In Slovenia	112,933	136,676
In other countries:	815,078	916,916
- Germany	175,966	204,393
- Italy	213,975	255,055
- USA	104,554	104,377
- Croatia	5,124	4,962
- Austria	15,635	19,969
- other countries	299,824	328,160
Operating income from contracts with customers	928,011	1,053,592

The above information on operating income is based on the location of customers. The Group has a wide range of customers and does not depend on just a few major customers.

Reconciliation of Operating Profit (Loss)

in EUR thousand	2025	2024
Operating loss by segments	(74,244)	(18,833)
Operating loss of Headquarters and Other Services	659	(99)
Operating loss	(73,585)	(18,932)
Finance income	3,072	3,448
Finance expenses	(34,263)	(27,218)
Loss before tax	(104,776)	(42,702)

28. CONTINGENT ASSETS AND LIABILITIES

On 31 December 2025, the contingent liabilities amount to EUR 9 thousand (2024: EUR 10 thousand) and refer to guarantees for good work performance. The Group expects no outflows from the issued guarantees.

On 31 December 2025, the contingent assets amount to EUR 23,911 thousand (2024: EUR 3,709 thousand), and refer to received guarantees and bills for the elimination of errors in the warranty period and guarantees for received loans. The Group expects no inflows from received guarantees.



RELATED PARTIES

Related parties are the parent company of the Group, its majority shareholder and the ultimate parent (including companies in their groups), subsidiaries, associates, other related parties and the management of companies. The transactions with related parties are performed on an arms-length basis.

Transactions with the Majority Shareholder

in EUR thousand	2025	2024
Revenue	2,566	2,559

in EUR thousand	31 Dec 2025	31 Dec 2024
Receivables	66,584	64,016

On 31 December 2025, no receivables from the majority owner are pledged as security for liabilities (2024: EUR 0 thousand). Receivables do not include doubtful amounts. The Group recognized impairment loss in amount of EUR 0 thousand (2024: EUR 0 thousand). The loans issued to the majority shareholder, will be repaid from dividends in line with the Group's long-term business projections, as well as through the entry of a new strategic partner M&A activities planned for 2026. They are secured by blank promissory notes.

Transactions with Other Related Parties

in EUR thousand	2025	2024
Revenue	17,934	19,375
Expenses	1,647	2,082

in EUR thousand	31 Dec 2025	31 Dec 2024
Receivables	4,607	4,115
Liabilities	2,539	1,295

On 31 December 2025, no receivables from the other related parties are pledged as security for liabilities (2024: EUR 0 thousand). Receivables do not include doubtful amounts.

Transactions with Management

The total amount of the receipts of the Supervisory Board members and the receipts of the Group's key management personnel for the performance of functions or tasks based on the business management contracts

in EUR thousand	2025	2024
Key management personnel	8,822	9,510
Members of the Supervisory Board	142	179

In 2025, the Group did not grant any loans, issue any guarantees nor make any advance payments to the key management personnel or the members of the Supervisory Board. On 31 December 2025, the Group has no receivables or liabilities towards the key management personnel, except for liabilities for December salaries paid in January 2026.

FINANCIAL INSTRUMENTS AND RISKS

Credit Risk

The Group is exposed to credit risk when selling products to customers. Effective credit risk management is enabled through a receivables management system. Companies in the Group continuously and actively pursue the collection of trade receivables, which includes active and systematic monitoring of trade receivables, intensive communication with customers, and monitoring of potential indicators of increased customer risk. Credit risk exposure is further managed through receivables insurance and through data and information that forecast the risk of loss (financial information about customers and their financial statements, available information from media sources, past business relationships with customers, and forward-looking information). A centralized control system for receivables insurance and collection has been implemented. The Group actively and systematically monitors the receivables' structure, executes intensive communication with customers and accurately monitors possible indicators of increased retail credit risk.

Trade receivables are diversified. Through a centralised control system, the Group aims to maintain a high share of receivables insured by prime collateral, such as credit insurance with credit insurance companies, bank guarantees, and letters of credit. Receivables secured with prime collateral accounted for as much as 85% of all trade receivables as of the reporting date (2024: 85%). The centralised control system also defines internal exposure limits for individual clients, with the Group monitoring and adjusting procedures according to market conditions. Despite challenging market conditions and tightened macroeconomic circumstances, the proportion of overdue receivables has not deteriorated and remains at the same level as the previous year. Since trade receivables do not contain a significant financing component, a simplified model is applied, whereby the impairment allowance is calculated as an amount equal to the expected credit losses (ECL) over the entire lifetime of the financial asset. The Group calculates ECL using an internal impairment model, forming groups of receivables based on their exposure to credit risk (i.e., secured or unsecured receivables), maturity and recoverability over the past five-year period, taking into account forward-looking information to assess whether actual losses due to current macroeconomic and economic conditions may be higher or lower than past losses.

The majority of financial receivables and deposits represent loans issued to the majority shareholder of the parent company. For loans issued, with no significant increase in credit risk since initial recognition, the reporting date has not been, the impairment assessment is based on expected credit losses linked to a default on loans that is possible within the next

12 months (group 1). For those loans issued for which there has been a significant increase in credit risk since initial recognition, the Group recognises a loss allowance on a case by case basis (group 3). All loans issued by the Group are categorized in group 1. There was no movement between groups in 2025.

Age Structure of Financial Assets

in EUR thousand 31 Dec 2025	Not-overdue	Overdue			Total
		Up to 3 months	3 months to 1 year	1 year to 3 years	
Trade receivables	85,437	10,201	1,415	419	98,886
Financial receivables and deposits	66,617	0	0	0	66,617
Other operating receivables	1,666	17	75	16	1,786
Total	153,720	10,218	1,490	435	167,289

in EUR thousand 31 Dec 2024	Not-overdue	Overdue			Total
		Up to 3 months	3 months to 1 year	1 year to 3 years	
Trade receivables	75,783	12,429	815	559	90,916
Financial receivables and deposits	64,396	0	0	11	64,407
Other operating receivables	1,320	1	2	21	1,344
Total	141,499	12,430	817	591	156,667

Movement of Allowances for Financial Assets

in EUR thousand	Allowance as at 31 Dec 2024	Changes with impact on profit or loss	Changes without impact on profit or loss	Allowance as at 31 Dec 2025
Trade receivables	2,708	27	(197)	2,538
Financial receivables and deposits	16	1	0	17
Other operating receivables	27	0	717	744
Total	2,751	28	520	3,299

in EUR thousand	Allowance as at 31 Dec 2023	Changes with impact on profit or loss	Changes without impact on profit or loss	Allowance as at 31 Dec 2024
Trade receivables	2,680	361	(333)	2,708
Financial receivables and deposits	15	1	0	16
Other operating receivables	27	0	0	27
Total	2,722	362	(333)	2,751

Liquidity Risk

The Group ensures liquidity by ensuring that it has sufficient liquid assets at all times to settle its liabilities on an ongoing basis. The Group manages liquidity risk as follows:

- by actively planning and managing cash flows on a daily, monthly and annual basis,
- by maintaining a liquidity reserve in the form of approved credit lines with various commercial banks,
- by ensuring appropriate maturity and diversification of financial debt, and by financing within the Group,
- by reconciling the maturity of receivables and payables on an ongoing basis, and by optimising working capital,

Special attention is paid to preparing various liquidity scenarios and working capital projections. The parent company continuously monitors and plans the management of the Group's liquidity resources.

The majority of financial liabilities refers to the outstanding principal of the long-term syndicated loan totaling EUR 183,375 thousand (2024: EUR 149,924 thousand) and to bonds issued totaling EUR 40,535 thousand (2024: EUR 41,000 thousand).

Under the terms of its financing agreements, the Group is required to comply with contractually defined financial covenants. Challenging operating conditions in 2025 resulted in deviations from the achievement of these covenant thresholds. In February 2025, certain SIJ Group companies entered into an agreement with major lending banks, providing a stable framework for structuring, negotiating, and implementing comprehensive financing, as well as for optimizing the long-term capital structure. The agreement also includes a temporary waiver of compliance with contractually defined financial covenants for the period ended 31 December 2025.

in EUR thousand	Contractual cash flows						
	31 Dec 2025	Carrying amount	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Payables to suppliers		189,458	183,038	6,251	169	0	189,458
Financial liabilities		341,072	55,442	292,666	21,082	451	369,641
Contract liabilities		7,204	6,974	16	214	0	7,204
Other liabilities, w/o liabilities to the state and employees and advanced payments		2,824	2,292	532	0	0	2,824
Total liabilities		540,558	247,746	299,465	21,465	451	569,127

in EUR thousand	Contractual cash flows						
	31 Dec 2024	Carrying amount	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Payables to suppliers		235,786	228,327	7,245	214	0	235,786
Financial liabilities		293,806	91,171	114,460	116,144	886	322,661
Contract liabilities		6,408	5,793	0	615	0	6,408
Other liabilities, w/o liabilities to the state and employees and advanced payments		552	338	0	214	0	552
Total liabilities		536,552	325,629	121,705	117,187	886	565,407

Foreign Exchange Risk

The Group assesses its foreign exchange risk as moderate and accordingly managed. The Group is exposed to changes in exchange rates especially due to volatility of the US dollar, and due to currency fluctuations on some local markets with lower exposure. Amounts in tables are shown in EUR thousand.

31 Dec 2025	EUR	USD
Cash and cash equivalents	20	1,593
Trade receivables	0	7,676
Trade payables	0	(6,462)
Financial liabilities	0	0
Exposure	20	2,807

31 Dec 2024	EUR	USD
Cash and cash equivalents	17	12,789
Trade receivables	0	4,987
Trade payables	0	(17,432)
Financial liabilities	0	0
Exposure	17	344

The euro is the functional currency and does not represent exposure to exchange rate change risk.

The Group manages the risk with internal methods of exchange rate risk management, notably through the price policy method by integrating the exchange rate into a price difference, and by balancing sales and purchasing. In balancing, it seeks to neutralize foreign exchange risk by using natural protection or seeking a balance between inflows and outflows by currency. It is not using derivative financial instruments to protect exchange rates. On 31 December 2025, the value of US dollar expressed in euro increased by 13.1 percent compared to 31 December 2024. In 2025, the average value of US dollar was 4.4 percent higher than in 2024. Sensitivity analysis is prepared for US dollar.

Sensitivity analysis and presentation of US dollar exchange rate impact on profit before tax

in EUR thousand	2025		2024	
Change of exchange rate by	10%	-10%	10%	-10%
US dollar (USD)	(239)	239	(33)	33

The change in the value of US dollar by 10% compared to euro on 31 December 2025 or 31 December 2024 would result in a change of profit or loss before tax by the amounts stated below. In the calculation of the change of US dollar exchange rate impact the Group included balance of cash and cash equivalents, receivables, liabilities and loans nominated in local currencies. Exposure to other currencies is low and does not represent material risk.

In 2025 and 2024, the following exchange rates were material for the Group:

Currency	31 Dec 2025	31 Dec 2024	Average exchange rate in 2025	Average exchange rate in 2024
EUR / USD	1.1750	1.0389	1.1300	1.0824
EUR / GBP	0.8726	0.8292	0.8568	0.8466
EUR / CZK	24.2370	25.1850	24.6880	25.1200

Exchange rates used to translate the balance items as at 31 December are equal to ECB reference exchange rate as at 31 December.

Interest Rate Risk

The Group estimates the exposure to interest rate risk to be moderate. The current trend of high interest rates on financial markets is putting additional pressure on cash flows and is having an adverse impact on the Group's performance. The Group considers its interest rate risk to be manageable due to the diversification of its borrowings between variable and fixed interest rates. It manages it by maintaining an appropriate proportion of fixed rate borrowings and by regularly and actively monitoring financial market conditions.

Financial liabilities at variable interest rate represent 49% of the Group's total financial liabilities (2024: 73%). Variable interest rates consist of the variable interest rate EURIBOR and interest margin.

A change in interest rate by 100 or 50 basis points on the reporting date would result in a decrease of profit or loss by the amounts stated below. The analysis assumes that all other variables remain unchanged.

The analysis for 2024 was prepared in the same manner.

in EUR thousand	2025	2024
Change in profit/loss if increased by 100 bp	(1,679)	(2,069)
Change in profit/loss if increased by 50 bp	(839)	(1,034)
Change in profit/loss if decreased by 50 bp	839	1,034
Change in profit/loss if decreased by 100 bp	1,679	2,069

Equity Management

The Group's main purpose of equity management is to achieve an adequate volume of capital to ensure confidence of its creditors to financial stability, long-term solvency, as well as proper payment of dividends to its owners. On 31 December 2025, the parent company owns 27,600 treasury shares.

In the structure of total indebtedness, the share of equity value remains at a high level, as the Group continues to implement the current financial policy to ensure long-term development through long-term sources.

The level of debt on equity represents the ratio between equity and financial liabilities.

in EUR thousand	2025	Debt increase by 10 %	Debt decrease by 10 %
Level of debt on equity	135.24	148.76	121.71
Equity	252,202	252,202	252,202
Financial liabilities	341,072	375,179	306,965

Carrying Amounts and Fair Values of Financial Instruments

Presentation of Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

in EUR thousand	31 Dec 2025		31 Dec 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through other comprehensive income	416	416	1,475	1,475
Financial receivables	66,600	66,600	64,391	64,391
Trade receivables	97,390	97,390	89,525	89,525
Cash and cash equivalents	20,064	20,064	37,907	37,907
Financial liabilities	(341,072)	(341,072)	(293,806)	(293,806)
Trade payables	(199,486)	(199,486)	(242,746)	(242,746)

Presentation of Financial Assets and Liabilities, Disclosed at Fair Value According to Fair Value Determination Hierarchy

in EUR thousand	31 Dec 2025	31 Dec 2024
Financial assets at fair value through other comprehensive income	0	1,059
Financial assets at fair value of first level	0	1,059
Financial assets at fair value through other comprehensive income	416	416
Loans issued	66,600	64,391
Trade receivables	96,348	88,208
Other operating receivables	1,042	1,317
Cash and cash equivalents	20,064	37,907
Financial assets at fair value of third level	184,470	192,239
Bonds	(40,535)	(39,921)
Financial liabilities at fair value of second level	(40,535)	(39,921)
Borrowings	(288,806)	(227,355)
Leases	(9,701)	(14,650)
Other financial liabilities	(2,030)	(11,880)
Payables to suppliers	(189,458)	(235,786)
Contract liabilities	(7,204)	(6,408)
Other liabilities, w/o liabilities to the state and employees and advanced payments	(2,824)	(552)
Financial liabilities at fair value of third level	(500,023)	(496,631)

The third level of financial assets and financial liabilities measured at fair value include loans issued and borrowings, leases, and interest liabilities, which, based on the valuation model, represent the carrying amounts of discounted expected future cash inflows and outflows using a risk-adjusted discount rate.

In 2025, there were no transfers of financial instruments between different levels.

EVENTS AFTER THE REPORTING DATE

Exchange of SIJ8 notes for new SIJ9 notes

On 3 February, the SIJ Group announced that holders of notes with the symbol SIJ8 had accepted the offer to exchange them for new SIJ9 notes. The resolutions were approved by bondholders representing 96.59 per cent of the total nominal amount of all existing notes. The exchange offer was accepted by 96.84 per cent of the total nominal amount of the existing notes. Through this transaction, the SIJ Group extended the maturity of SIJ8 notes with a total nominal value of EUR 41.1 million, originally due to mature on 2 November 2026, to 15 December 2028, thereby fulfilling one of the conditions required to conclude the senior term and revolving facilities agreement. The extension became effective upon the conclusion of the beforementioned agreement.

Signing of the senior term and revolving facilities agreement of the SIJ Group

On 27 February, SIJ d. d., together with its subsidiaries and affiliated companies, signed the senior term and revolving facilities agreement with nine key existing creditor banks. The refinancing was coordinated by Nova Ljubljanska banka and covers approximately EUR 330 million of committed gross exposure. The agreement encompasses the majority of the Group's existing bank debt and provides a more stable financial structure, including financial terms that reflect the challenges currently facing the European steel industry, a harmonised and extended maturity date to 15 December 2028, an improved amortisation schedule, and more flexible interest rate terms. This represents an important step in strengthening the SIJ Group's capital structure and enables management to focus on the implementation of business restructuring measures and the search for a strategic partner.

On 17 March, SIJ d, d, together with its subsidiaries and affiliates and certain key existing bank lenders have successfully closed the senior term and revolving facilities agreement following the satisfaction of all conditions precedent.

Collateral under the senior term and revolving facilities agreement

Based on the executed senior term and revolving facilities agreement, SIJ Group has pledged certain assets as collateral. The collateral comprises all property, plant and equipment owned (Note 9), all inventories (Note 15) and all trade receivables (Note 17) of the parties to the agreement.

SIJ d.d. has pledged its equity interests in its subsidiaries SIJ Acroni, SIJ Metal Ravne, SIJ Ravne Systems and Odpad Pivka.

The Group's ability to dispose of certain assets is restricted by covenants arising from the Senior Term and Revolving Facilities Agreement.

Impact of the senior term and revolving facilities agreement on contractual cash flows

The concluded senior term and revolving facilities agreement will affect the contractual cash flows disclosed within the liquidity risk disclosures. The impact on contractual cash flows cannot yet be reliably estimated.

Impact of the senior term and revolving facilities agreement on supply chain liabilities

Based on the concluded senior term and revolving facilities agreement, the Group reclassified its liabilities related to supply chain arrangements from current trade payables (Note 25) to non-current financial liabilities.

Impact of Geopolitical Developments in the Middle East

The heightened geopolitical tensions in the Middle East during the reporting period increased uncertainty in this market, where the Group generates approximately 5% of its revenues. Developments in the region were reflected mainly in more cautious ordering among customers and increased volatility in the global logistics and energy environment. The Group is closely monitoring the situation and responding through established risk management mechanisms, while remaining focused on ensuring uninterrupted operations and reliable delivery performance.

04 FINANCIAL REPORT OF SIJ d.d.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of SIJ d.d.

REPORT ON SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of SIJ d.d. (the Company), which comprise the separate statement of financial position as at December 31, 2025 and the separate comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance for the year ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the 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 of the Council"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the IESBA Code) and other 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.

Emphasis of Matter

We emphasize that, as at 31 December 2025, the Company reports an excess of current liabilities over current assets in the amount of EUR 22,244 thousand, which is primarily the result of the maturity structure of financial liabilities arising from issued bonds. As explained in the section "Events after the reporting date" in the financial part of the annual report, bondholders, after the statement of financial position date and before the date of the auditor's report, accepted an offer to exchange the bonds and extend their maturity to 15 December 2028. After the statement of financial position date and before the date of the auditor's report, the Company also signed the *Senior Term and Revolving Facilities Agreement* with banks, which provides the companies in the Group with a more stable financial structure with maturity up to 15 December 2028. Our opinion is not modified in respect of the matter emphasized.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements for the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the paragraph "Emphasis of Matter," we have identified the matter described below as key audit matters.

Investments in subsidiaries

Key Audit Matter	How the matter was addressed in our audit
<p>The value of investments in subsidiaries as of 31 December 2025 amounts to EUR 150,822 thousand and represents 48 percent of the company's total assets. In the separate financial statements, investments in subsidiaries are measured at cost less accumulated impairment losses.</p> <p>As explained in point G. "Investments in subsidiaries" and point I. "Impairment of assets" of the section "Material accounting policy information" in the financial section of the annual report, when preparing the financial statements, the company's management assesses the existence of indicators of possible impairment of investments in subsidiaries based on internal and external sources of information that could indicate their possible impairment. In accordance with IAS 36 (Impairment of assets), the management estimates the recoverable amount (the higher of fair value less costs to sell and value in use) of those investments in subsidiaries in relation to which it has assessed that there are indicators of their possible impairment.</p> <p>Impairment of investments in subsidiaries in the amount of EUR 63,514 thousand is recorded as Other operating expenses.</p> <p>The assessment of the existence of indicators of impairment of investments in subsidiaries, the impairment tests performed and the adequacy of the measurement of the recoverable amount of investments in subsidiaries were important to our audit because they require significant judgments and estimates. Due to the importance of investments in subsidiaries in the company's total assets and the inherent level of subjectivity in assessing the existence of indicators of impairment of investments in subsidiaries and the impairment tests performed, we identified this as a key audit matter.</p>	<p>As part of our audit procedures, we assessed the appropriateness of the company's accounting policies in relation to the assessment of the existence of indicators of impairment of investments in subsidiaries and the impairment tests performed, as well as their compliance with International Financial Reporting Standards, and performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> We assessed the design and implementation of management control procedures on which impairment tests and the assessment of the existence of indicators of impairment of investments in subsidiaries are based; we assessed the adequacy of internal and external sources of information that form the basis for management's assessment of the existence of indicators of impairment of investments in subsidiaries; we tested the performed impairment tests of investments in subsidiaries and verified the appropriateness of the key assumptions and input data used in the estimates of recoverable amount; we also included an auditor's expert (certified business valuer) in the audit team to assist in assessing the adequacy of the estimated recoverable amount of investments in subsidiaries; we assessed the appropriateness of the disclosed sensitivity analysis of the estimated recoverable amount of investments in subsidiaries to changes in the key assumptions and input data used; we reviewed the completeness and adequacy of the disclosures in the company's annual report regarding investments in subsidiaries and the impairment tests performed, which the management presented in the accounting part of the annual report in item 10. "Investments in subsidiaries" of the chapter Notes to individual items in separate financial statements.

Other Matter

The Company's separate financial statements for the year ended 31 December 2024 were audited by another auditor, who issued an unmodified auditor's report on 28 May 2025.

Other Information

Management is responsible for the other information. The other information comprises the "Business Review" and the "Sustainability Report," which form part of the Company's annual report, but do not include the separate financial statements and our report thereon. We obtained the other information prior to the date of the auditor's report, except for the Supervisory Board's report, which will be available later.

Our opinion on the separate financial statements does not cover the other information, and we do not express any form of assurance thereon.



In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements, legal requirements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated, except for those relating to the "Sustainability Report," for which a separate limited assurance report has been issued. If, based on the work performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. Based on the procedures performed, we report that:

- the other information is, in all material respects, consistent with the separate financial statements;
- the other information, except for the "Sustainability Report," for which we issued a separate limited assurance report on May 8, 2026, has been prepared in accordance with applicable laws and regulations; and
- based on our knowledge and understanding of the Company and its environment obtained during the audit, we have not identified any material misstatements in the other information.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation of the separate financial statements in accordance with the International Financial Reporting Standards as adopted in European Union and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as 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 charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 relevant auditing standards and Regulation (EU) No 537/2014 of the European Parliament and of the Council 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 decision of users taken on the basis of the separate financial statements.

As part of an audit in accordance with relevant auditing standards and Regulation (EU) No 537/2014 of the European Parliament and of the Council, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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 the 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 separate 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 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 charged 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.

We also provide those charged 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters, that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting obligations in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

Confirmation to the audit committee

We confirm that the audit opinion expressed in this auditor's report is consistent with the additional report to the audit committee.

Prohibited services

We declare that we did not provide any of the services referred to in Article 5(1) of Regulation (EU) No 537/2014 to the Company and that the audit firm remained independent in conducting the audit.

Other services of the audit firm

FORVIS MAZARS d.o.o. did not provide any services to the Company in addition to the audit of the financial statements, other than those disclosed in the annual report.

Appointment of the audit firm and responsible certified auditor

FORVIS MAZARS d.o.o. was appointed at the General Meeting of the Company on 9 July 2025. The Chairman of the Supervisory Board signed the contract for the audit of the separate and consolidated financial statements on 4 September 2025. The contract was executed for a period of 3 years. We have performed the statutory audits of the financial statements of SIJ d.d. and the Group for the first year.

Engagement partner responsible for the audit on behalf of FORVIS MAZARS d.o.o. is Jure Marko.

Ljubljana, May 8, 2026

FORVIS MAZARS, družba za revizijo, d.o.o.

Jure Marko
Certified auditor

For signature please refer to the original Slovenian version.

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

Statement of the Management's Responsibility

The Management Board is responsible for the preparation of the separate financial statements, together with accounting policies and notes, for the year 2025, which give to the best of its knowledge and belief, a fair view of the development and results of the Company's operations and its financial position, including the description of material risks the Company is exposed to.

The Management Board confirms that appropriate accounting policies have been applied consistently in the preparation of the separate financial statements, that accounting estimates were prepared based on the principles of fair value, prudence and sound management, and that the separate financial statements give a true and fair view of the Company's financial position and the results of its operations in the year 2025.

The Management Board is also responsible for appropriate accounting and for taking adequate measures to protect the Company's property and other assets, and confirms that the separate financial statements, together with the notes thereto, have been prepared based on the going concern assumption and in accordance with applicable legislation and International Financial Reporting Standards as adopted by the European Union.

Anytime within 5 years after the end of the year in which the tax assessment should be made, the tax authorities can inspect the operations of the Company. This can result in the occurrence of additional tax liabilities, default interests and fines based on corporate income tax or other taxes and duties. No circumstance that could result in this type's possible liability is known to the Management Board.

Ljubljana, 8. May 2026

Andrey Zubitskiy,
President of the Management Board



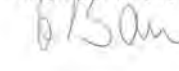
Viacheslav Korchagin,
Member of the Management Board, CEO



Igor Malevanov,
Member of the Management Board, CFO



dr. Kristijan Bauer,
Member of the Management Board, CRO



Separate Financial Statements

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand	Note	2025	2024
Net sales revenue	1	16,401	19,589
Gross profit		16,401	19,589
General and administrative expenses	2	(15,451)	(19,662)
Other operating income	3	1,987	207
Other operating expenses	4	(63,579)	(39,627)
Profit (loss) from impairment of trade receivables	15	4	29
Operating loss		(60,638)	(39,464)
Finance income	5	9,910	9,666
Finance expenses	6	(8,652)	(6,128)
Net finance income (expenses)		1,258	3,538
Loss before tax		(59,380)	(35,926)
Taxes	7	(447)	(228)
Loss for the period		(59,827)	(36,154)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net actuarial (losses) gains on pension programs		(4)	32
Fair value gains on financial assets at fair value through other comprehensive income		497	166
Income tax related to components of other comprehensive income		131	(36)

Continuation of the table →

Continuation of the table

in EUR thousand	Note	2025	2024
Total other comprehensive income		624	161
Comprehensive income		(59,203)	(35,993)

The notes to the separate financial statements are an integral part of the separate financial statements and should be read in conjunction with them.

SEPARATE STATEMENT OF FINANCIAL POSITION

in EUR thousand	Note	31 Dec 2025	31 Dec 2024
ASSETS			
Non-current assets		239,797	303,923
Intangible assets	8	34	127
Property, plant and equipment	9	4,233	4,973
Investments in subsidiaries	10	150,822	212,270
Financial assets at fair value through other comprehensive income	11	404	1,464
Financial receivables	12	82,932	83,846
Deferred tax assets	13	1,372	1,243
Current assets		73,214	50,859
Assets (groups) held for sale		30	31
Financial receivables	14	61,935	44,240
Trade receivables	15	5,188	5,929
Income tax assets		0	191
Cash and cash equivalents	16	3,632	62
Other assets		2,429	406
Total assets		313,011	354,782

Continuation of the table →

Continuation of the table

in EUR thousand	Note	31 Dec 2025	31 Dec 2024
EQUITY AND LIABILITIES			
Equity	17	171,824	231,027
Share capital		145,266	145,266
Capital surplus		11,461	11,461
Other equity reserves		8,838	8,838
Fair value reserves		(3)	529
Retained earnings		6,262	64,933
Non-current liabilities		45,729	55,556
Employee benefits	18	987	1,062
Other reserves		11	0
Financial liabilities	19	44,731	44,133
Other liabilities	20	0	10,361
Current liabilities		95,458	68,199
Financial liabilities	21	89,202	62,336
Trade payables	22	4,381	3,795
Income tax liabilities		238	0
Other liabilities	23	1,637	2,068
Total equity and liabilities		313,011	354,782

The notes to the separate financial statements are an integral part of the separate financial statements and should be read in conjunction with them.

SEPARATE STATEMENT OF CHANGES IN EQUITY

Separate Statement of Changes in Equity in 2025

in EUR thousand	Share capital	Capital surplus	Other equity reserves	Fair value reserves	Retained earnings	Total
Balance as at 31 Dec 2024	145,266	11,461	8,838	529	64,933	231,027
Loss for the period	0	0	0	0	(59,827)	(59,827)
Other changes in comprehensive income	0	0	0	(532)	1,156	624
Total changes in comprehensive income	0	0	0	(532)	(58,671)	(59,203)
Balance as at 31 Dec 2025	145,266	11,461	8,838	(3)	6,262	171,824

Separate Statement of Changes in Equity in 2024

in EUR thousand	Share capital	Capital surplus	Other equity reserves	Fair value reserves	Retained earnings	Total
Balance as at 31 Dec 2023	145.266	11.461	8.838	368	101.087	267.020
Loss for the period	0	0	0	0	(36.154)	(36.154)
Other changes in comprehensive income	0	0	0	161	0	161
Total changes in comprehensive income	0	0	0	161	(36.154)	(35.993)
Balance as at 31 Dec 2024	145.266	11.461	8.838	529	64.933	231.027

The notes to the separate financial statements are an integral part of the separate financial statements and should be read in conjunction with them.

SEPARATE STATEMENT OF CASH FLOWS

in EUR thousand	2025	2024
Cash flow from operating activities		
Loss before tax	(59,380)	(35,926)
Adjusted for:		
Amortisation of intangible assets and depreciation of property, plant and equipment (Notes 8 and 9)	775	955
Interest income (Note 5)	(5,915)	(5,606)
Interest expenses (Note 6)	7,447	5,212
Impairment loss on assets	63,394	36,992
Reversal of allowances and provisions	(112)	(12)
Revenue from dividends (Note 3)	(1,840)	(108)
Net other expenses (income)	(1,112)	(1,093)
Operating cash flow before working capital adjustments	3,257	414
Working capital adjustment		
Increase in trade receivables	(1,290)	(5,254)
Increase (decrease) in trade payables	5	(3,770)
(Decrease) increase in taxes other than income tax	(580)	236
Total working capital adjustments	(1,865)	(8,788)
Payments for retirement benefits and loyalty bonuses	(83)	(150)
Receipts from government grant	85	75
Income tax paid	(13)	(545)
Net cash flow from operating activities	1,381	(8,994)
Cash flow from investing activities		
Payments for investments in subsidiaries	(10,125)	(6,760)
Receipts from disposal of financial assets at fair value through other comprehensive income	1,554	0

Continuation of the table →

Continuation of the table

in EUR thousand	2025	2024
Payments for property, plant and equipment	(3)	(147)
Receipts from property, plant and equipment	102	82
Payments for intangible assets	(11)	(5)
Payments for loans issued (Notes 12 and 14)	(29,985)	(27,805)
Receipts from loans issued (Note 14)	18,238	45,225
Interests received	3,276	2,608
Dividends received (Notes 10 and 11)	159	108
Net cash flow (used) generated from investing activities	(16,795)	13,306
Cash flow from financing activities		
Receipts from borrowings (Notes 19 and 21)	98,079	134,867
Payments for borrowings (Note 21)	(70,792)	(136,733)
Receipts from financial services	(948)	1,992
Payments for lease	(393)	(420)
Interests paid	(6,962)	(4,869)
Net cash flow generated (used) from financing activities	18,984	(5,163)
Cash and cash equivalents as at 1 Jan		
	62	913
Net change in cash and cash equivalents	3,570	(851)
Cash and cash equivalents as at 31 Dec	3,632	62

The notes to the separate financial statements are an integral part of the separate financial statements and should be read in conjunction with them.

Notes to the Financial Statements

REPORTING ENTITY

SIJ – Slovenska industrija jekla, d.d (hereinafter: the Company) is a company with its registered office in Slovenia. The address of its registered office is Gerbičeva ulica 98, 1000 Ljubljana. Given below are the separate financial statements for the period ending on 31 December 2025.

The consolidated financial statements are issued at the same date. Consolidated financial statements for a broader group of subsidiaries are compiled by DILON Cooperatief U. A., the ultimate parent of SIJ d.d. The consolidated annual report for the Group DILON Cooperatief is available, when compiled, at the registered office of DILON Cooperatief U. A., John M. Keynesplein 10, 1066EP Amsterdam, the Netherlands.

BASIS OF PREPARATION

The separate financial statements are presented in thousands of euros. Due to the rounding of the value amounts, there may be insignificant deviations to the sums given in tables.

In the selection of accounting principles and their application, as well as in the preparation of these separate financial statements, the Management Board considered the following three requirements: separate financial statements are comprehensible if users can understand them without difficulty; the information is adequate if it helps users make economic decisions; and the information is fundamental, if its exclusion or false presentation could influence users' economic decisions.

The Management Board approved the separate financial statements on 8. May 2026.

A. STATEMENT OF COMPLIANCE

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) with associated notes, which are being adopted by International Accounting Standards Board (IASB), and the interpretations of the IFRS Interpretations Committee (IFRIC), adopted by the EU and in accordance with the Companies Act (ZGD).

Initial application of new amendments to the existing standards issued by IASB and adopted by the EU effective for the current reporting period

The following amendments to the existing standards issued by the IASB and adopted by the EU are effective for the current reporting period:

- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”** – Lack of Exchangeability issued by IASB on 15 August 2023 (effective for annual periods beginning on or after 1 January 2025).

The adoption of amendments to the existing standards has not led to any material changes in the separate financial statements.

Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective

At the date of authorisation of these separate financial statements, the following amendments to the existing standards were issued by IASB and adopted by the EU and which are not yet effective:

- **Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”** issued by IASB on 30 May 2024 (effective for annual periods beginning on or after 1 January 2026),
- **Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature”** – dependent Electricity issued by IASB on 18 December 2024 (effective for annual periods beginning on or after 1 January 2026),
- **Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 “Annual Improvements to IFRS Accounting Standards” – Volume 11** issued by IASB on 18 July 2024 (effective for annual periods beginning on or after 1 January 2026).

New standards and amendments to the existing standards issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU, do not significantly differ from regulations adopted by the IASB except for the following new standards and amendments to the existing standards, which were not endorsed for use in EU on the date of publication of separate financial statements (the effective dates stated below are for IFRS as issued by IASB):

- **IFRS 18 “Presentation and Disclosures in Financial Statements”** issued by IASB on 9 April 2024 will replace IAS 1 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2027),
- **IFRS 19 “Subsidiaries without Public Accountability”** disclosures issued by IASB on 9 May 2024 (effective for annual periods beginning on or after 1 January 2027),
- **Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”** – translation to a Hyperinflationary Presentation Currency issued by IASB on 13 November 2025 (effective for annual periods beginning on or after 1 January 2027),
- **IFRS 14 “Regulatory Deferral Accounts”** issued by IASB on 30 January 2014, for which European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

The Company assesses that the adoption of these new standards, and the amendments of existing standards will not have any significant effect on the separate financial statements at their first application. Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. The Company assesses that the accounting of hedging instrument in connection with financial assets and liabilities in accordance with the requirements of IAS 39 – “Financial Instruments: Recognition and Measurement” would not have a significant influence on the financial statements if it was used on the date of the statement of financial position.

B. USE OF GOING CONCERN ASSUMPTION

In the preparation of the separate financial statements for 2025, the Management Board took into account the going concern assumption based on activities and actions that that improve the Company’s future operations in such a way that it will be able to generate cash flow to cover liabilities.

C. BASIS OF MEASUREMENT

The separate financial statements have been prepared based on historical cost, except for the financial instruments which are measured at their fair value or amortised cost.

D. FUNCTIONAL AND PRESENTATION CURRENCY

The separate financial statements in this report are presented in thousands of euros; the euro is also the functional currency of the Company.

E. APPLICATION OF ESTIMATES AND JUDGMENTS

The preparation of separate financial statements requires the Company Management Board to make estimates, judgments and assumptions that influence the disclosed amounts of assets and liabilities, the disclosed contingent assets and liabilities on the day of the preparation of the separate financial statements, and the disclosed amounts of income and expenses during the reporting period.

Since estimates are subject to subjective judgments and a certain degree of uncertainty, the subsequent actual results can differ from those estimated. Estimates are reviewed on an ongoing basis. Amendments to the accounting estimates are recognised during the period in which the estimates were revised if the amendment only applies to this period, or during the period of the amendment and future periods if the amendment applies to future periods.

Estimates and assumptions are included in at least the following judgments:

Estimate of the Useful Life of Assets Subject to Amortisation or Depreciation (Notes 8 and 9, and Policies E and F)

When estimating the useful life of assets, the Company takes into account the expected physical wear and tear, the technical and economic obsolescence, as well as expected legal and other restrictions of use. In addition, the Company checks the useful life of significant assets in case the circumstances change and the useful life needs to be changed and amortisation and depreciation charges revalued.

Impairment of Assets

Information on significant uncertainty estimates and critical judgments that were prepared by the Management Board in the process of accounting policy implementation and which affect the amounts in the separate financial statements the most was used in the estimation of the value of:

- intangible assets (Note 8),
- property, plant and equipment (Note 9);
- investments in subsidiaries (Note 10);
- financial assets at fair value through other comprehensive income (Note 11);
- financial assets measured at amortised cost (including trade receivables) (Policy H);
- financial receivables (Notes 12 and 14).

Estimate of the Fair Value of Assets (Policies I and J)

Fair value is used for financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. All other items in the separate financial statements represent the cost or the amortised cost.

In measuring the fair value of a non-financial asset, the Company must take into account a market participant's ability to generate economic benefits using the asset in its best use or by selling it to another market participant that would use the asset to the fullest and best possible extent. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, especially by applying appropriate market inputs and minimum non-market inputs.

All assets and liabilities measured and disclosed in the separate financial statements at fair value are classified within the fair value hierarchy based on the lowest level of input data that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) prices in active markets for similar assets and liabilities;
- Level 2 – valuation techniques that are based directly or indirectly on market data;
- Level 3 – valuation techniques that are not based on market data.

For assets and liabilities already disclosed in the separate financial statements in previous periods, the Company determines at the end of each reporting period whether transfers have occurred between levels by re-assessing the classification of assets based on the lowest level input that is significant to the fair value measurement as a whole.

The fair value hierarchy of assets and liabilities of the Company is presented in Note 'Financial Instruments and Risks'.

Estimate of Created Provisions (Policy L)

A provision is recognised when the Company, due to a past event, has a legal or constructive obligation that can be reliably measured, and if it is probable that settling the obligation will require an outflow of resources embodying economic benefits. Possible obligations are not recognised in the financial statements, as their actual existence will only be confirmed when events will or will not occur in an unpredictable future, which is something the Company cannot influence. The Management Board is regularly checking whether the settling of the probable obligation will require an outflow of resources enabling economic benefits. If such outflow becomes probable, the possible obligation is reclassified when a degree of probability has changed by creating in the separate financial statements a provision for it.

Estimate of Provisions for Employee Post-Employment and Other Long-Term Benefits (Note 18 and Policy M)

Defined post-employment and other benefit obligations include the present values of post-employment benefits on retirement and jubilee benefits. They are recognised based on an actuarial calculation which is prepared by an authorised actuary and approved by the Management Board. An actuarial calculation is based on the assumptions and estimates applicable at the time of the calculation, and these may differ from the actual assumptions due to future changes. This mainly refers to determining the discount rate, the estimate of staff turnover, the mortality estimate, and the salary increase estimate. Due to the complexity of the actuarial calculation and the item's long-term nature defined benefit obligations are sensitive to changes in the said estimates.

Assessing the Possibility of Using Deferred Tax Assets (Note 13 and Policy D)

The Company recognises deferred tax assets in connection with provisions for jubilee benefits and post-employment benefits on retirement, Impairment of financial assets, Impairment of receivables, unused tax reliefs, tax losses.

On the day the separate financial statements are completed, the Company verifies the amount of recognised deferred tax assets and liabilities. Deferred tax assets are recognised if it is probable that future taxable net profit, against which the deferred tax asset can be utilised, will be available. Deferred taxes are derecognised by the amount for which it is unlikely to enforce the tax relief associated with the asset.



MATERIAL ACCOUNTING POLICY INFORMATION

A. FOREIGN CURRENCY CONVERSION

Transactions in foreign currencies are translated into the adequate functional currency at the ECB (European Central Bank) exchange rate on the trade date. Cash assets and liabilities denominated in a foreign currency at the end of the period are translated into the functional currency at the exchange rate applicable at that time. Positive or negative exchange rate differences are the differences between the amortised cost in functional currency at the beginning of the period and the payments during the period, and the amortised cost in a foreign currency, calculated at the exchange rate at the end of the period. Non-cash 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 is set. Non-cash assets and liabilities, denominated in foreign currency and measured at cost, are translated into the functional currency at the exchange rate on the date of the transaction. Exchange rate differences are recognised in profit or loss.

B. REVENUE

The Company is a holding company and is managing its subsidiaries. The Company accounts for contracts with customers if all the following criteria according to IFRS 15 are met: i) contracting parties have approved a contract (in writing, orally, or in accordance with other standard business practices) and are obliged to fulfil their obligations, ii) the Company can identify the rights of each contracting party to the services to be transferred, iii) the Company can identify payment terms and conditions for services to be transferred, iv) the contract has commercial substance, v) it is probable that the Company will be entitled to a consideration in exchange for the services that will be transferred to a customer.

Revenue from contracts with customers is recognised at the moment of transfer of control over services to a customer in the amount of consideration that the Company expects to be entitled to in exchange for transferring the services. Revenue from contracts with customers is recognised at the fair value of received payments decreased by repayments, discounts, rebates for further sales, and quantity discounts.

Sales of Services

Revenue and other operating income are recognised when the service is performed, and the customer obtains control of that goods or services according to IFRS 15.

The Company is a holding managing its subsidiaries. From this, it also generates revenue which is recognised over time. Revenue is recognised equally during the period when a service is provided. The buyer receives and enjoys the benefits provided by the Company.

Within sale of services, the largest portion represent management fees charged to the subsidiaries. The management fees are charged according to the achieved revenue of each subsidiary, where the percentage of the fee charged also depends on the size of the subsidiary. For sales of services, a performance obligation arises during the period when the services are provided, being charged on a monthly basis.

Finance Income

Finance income comprises interest income and positive exchange rate differences resulting from financing and investing. Interest income is recognised during the term/life of financial instrument using the effective interest rate method.

C. EXPENSES

Expenses are recognised if a decrease in economic benefits during the reporting period is associated with a decrease in assets or an increase in debts, and if this decrease can be reliably measured. Operating expenses are recognised when the costs are no longer held in inventories, finished and unfinished products, or when goods are sold. Costs that cannot be held in inventories of finished and unfinished products are recognised as operating expenses when they are incurred.

Financial expenses include borrowing costs (if not capitalised), exchange rate losses resulting from financing and investing, changes in the fair value of financial assets at fair value through profit or loss and losses from the value impairment of financial assets. Borrowing costs are recognised in the income statement using the effective interest rate method.

D. TAXATION

Taxes comprise calculated income tax liabilities and deferred tax. Current income tax is recognised in the income statement, except to the extent that refers to business combinations or items shown directly in the other comprehensive income.

Current income tax liabilities are based on the taxable profit for the financial year. Taxable profit differs from net profit, reported in the income statement, because it excludes items of income or expenses that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's current income tax liability is calculated using the tax rates applicable on the reporting date.

Deferred tax is recognised in total by applying the liability method on temporary differences which arise from the tax values of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated by using the tax rates (and laws) that are applicable on the date of the statement of financial position and expected to be used when the deferred tax asset is realised or the deferred tax liability is recovered.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit, against which the deferred tax asset can be utilised, will be available. If in the future the available taxable profit is insufficient to create the deferred tax assets for the full amount of unused tax relief, they are created based on the maturity of tax relief utilisation possibilities in accordance with the legislation.

Deferred tax liability is recognised for all taxable temporary differences, unless they come from initial goodwill recognition, or the initial recognition of an asset or liability in a business transaction other than a business combination and affects neither the accounting profit nor taxable profits (tax loss) during the transaction.

Tax loss in a tax period can be covered by reducing the tax base in the subsequent tax periods. In reducing the tax base due to tax losses from preceding tax periods, the tax base shall first be reduced by the oldest tax loss. A reduction of the tax base due to tax losses from preceding tax periods may only be allowed to a maximum of 50% of the tax base for the tax period.

Tax base may be reduced by legally imposed percentage of the amount invested in equipment, intangible assets and for the amount invested in research and development, along with utilisation of unused portion of the tax relief from preceding tax periods, not exceeding 63 percent of the tax base. For the unused part of the tax relief in the tax period, the Company can reduce the tax base in the subsequent five tax periods. In reducing the tax base due to the unused portion of the tax relief from preceding tax periods, the tax base shall first be reduced by the oldest unused portion of the tax relief.

E. INTANGIBLE ASSETS

Intangible assets with a definite useful life are recognised at cost, less any accumulated amortisation and accumulated impairment losses. The purchase value includes costs that can be directly attributed to the acquisition of each individual item. Borrowing costs directly attributable to the purchase or production of a qualifying asset are recognised as part of the cost of such an asset. The cost model is used for any subsequent measuring of intangible assets.

Amortisation is calculated on a straight-line basis over the estimated useful life of each individual part (component) of the intangible asset. Amortisation is accounted for when an asset becomes available for use.

Intangible assets with indefinite useful life are not amortised, they are tested for impairment.

The estimated useful life of individual intangible assets for the current and past year is 2–10 years. Depreciation methods, useful life and other group asset values are reviewed at the end of every financial year and adjusted if necessary.

Further costs related to intangible assets are recognised in the carrying amount of each asset if it is probable that the future economic benefits embodied within the asset will flow

to the Company and the cost of the asset can be measured reliably. All other expenses are recognised in the income statement as expenses as soon as they are incurred.

F. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at its cost less any accumulated depreciation and accumulated impairment losses, except for land, assets under construction, and artworks, that are not depreciated and are recognised at their cost, reduced by all relative impairments. The purchase value includes costs that can be directly attributed to the acquisition of each individual item of property, plant or equipment. Parts of property, plant and equipment with different useful lives are accounted as separate items of property, plant and equipment. Borrowing costs directly attributable to the purchase, production or construction of a qualifying asset are recognised as part of the cost of each such asset. The cost model is used for any subsequent measuring of property, plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of each individual part (component) of the tangible asset. The right-of-use asset is depreciated over the lease term or the useful life of the underlying asset, whichever is shorter. Land and assets under construction are not depreciated. Depreciation is accounted for when an asset becomes available for use.

The estimated useful lives of individual property, plant and equipment types for current and past year:

	Useful life
Property	20–55 years
Computer equipment	2–5 years
Motor vehicles	3–8 years
Other equipment	2–10 years

Depreciation methods, useful life and other group asset values are reviewed at the end of every financial year and adjusted if necessary.

The replacement costs of items of property, plant and equipment and further costs related to these assets are recognised in the carrying amount of each asset if it is probable that the future economic benefits embodied within this asset will flow to the Company, and the cost of the asset can be measured reliably. All other costs (for example, maintenance costs) are recognised in the income statement as expenses as soon as they are incurred.

Carrying amount recognition of an item of property, plant and equipment is derecognised when disposed or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. Disposal effects are recognised in other operating income or expenses.

Leases

The Company is using a single model for the majority of lease items in the Statement of Financial Position.

i. Company as a Lessee

When signing a contract, the Company assesses whether the contract is or contains elements of lease. The Company recognises a lease liability and the right-of-use asset if it deems that the leased asset is identified, and when it controls the use of the asset. The Company depreciates the right-of-use assets, and attributes interests to the lease liabilities.

The Company follows exceptions allowed by the standard, namely for short-term leases with a lease term not exceeding 12 months and with no option to purchase, and for lower-valued leases, where the Company has taken into account new assets which do not individually exceed EUR 5 thousand. For these leases the Company recognises the lease payments as operating expenses on a straight-line basis, unless another systematic basis is more representative.

Variable lease payments which do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets. The related payments are recognised in the period to which they relate as operating expenses.

On the date of the commencement of the lease term, the lease liability is measured at the present value of future leases and discounted at interest rate implicit in the lease. If this rate cannot be readily determined, an incremental borrowing rate is used. The Company remeasures lease liability by discounting modified lease payments using modified discount rates if a lease term or assessment of the exercise of option to buy the leased asset had been changed. When doing so, the lessee determines the modified discount rate as an interest rate implicit in the lease for the remaining lease term.

On the date of the commencement of the lease term, an asset representing the right-of-use is measured at cost. Value of assets representing the right-of-use includes the value of initial measurement of lease liability, and lease payments paid on or before the commencement

of the lease term decreased by lease incentives and increased by initial directly attributable costs. After the date of commencement of the lease term, an asset representing the right-of-use is measured at cost decreased by accumulated depreciation and accumulated impairment losses and corrected by remeasured lease liability if an index or a rate has changed.

The right-of-use asset is depreciated from the date of the commencement of lease until the end of the useful life or the end of the lease term, if it is shorter from useful life. If the lease transfers ownership of the asset or the value of asset representing the right-of-use reflects an expectation that the Company will use the possibility to buy, the asset representing the right-of-use is depreciated from the date of the commencement of lease until the end of the useful life of a leased asset.

For determining whether the right-of-use asset is impaired and for other impairment related matters, the Company uses IAS 36.

ii. Company as a Lessor

The Company classifies each of its leases as operating or business lease. A lease is classified as finance lease if it includes the transfer of substantially all significant risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases. The Company is only in a position of a lessor in operating leases.

Lease rental income from an operating lease is recognised on a straight-line basis. Initial directly attributable costs incurred from the acquisition of a lease are added to the carrying amount of the leased asset. These costs are recognised as an expense during a lease term on the same basis as lease rental income.

G. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are recognised at cost. The cost may also include contingent consideration which depends on future events agreed in the purchase agreement. The consideration should be recognised at fair value. Changes in the fair value of the consideration arising from events after the date of purchase are recognised in profit or loss.

The Company recognises revenue from financial investments in the amount arising from the distribution of the accumulated profit after the date of the acquired financial investment.

If a loss made by a subsidiary requires the investment to be impaired, the impairment loss is measured as the difference between the investment's carrying amount and recoverable value.

H. FINANCIAL INSTRUMENTS

Financial instruments include non-derivative financial assets, non-derivative financial liabilities, and derivative financial instruments. Financial instruments are carried at fair value and amortised cost. Fair value is a price that would be achieved by selling an asset or paid by transferring a liability in an orderly transaction between market participants at the date of measurement.

Non-Derivative Financial Assets

At initial recognition a financial asset is classified into one of the following groups: financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income.

Non-derivative financial assets include cash and cash equivalents, loans, receivables, and investments in equity instruments. Other assets are initially recognised on the trade date on which the Company becomes a contracting party in a contract on the instrument. The financial asset is derecognised when the contractual rights of the cash flows from the financial asset expire, or when the rights of the contractual cash flows are transferred from a financial asset on the basis of a business transaction in which all the risks and benefits of ownership of the financial asset are transferred.

A more detailed explanation of the impairment of financial assets is disclosed in Note I.

i. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets at fair value through other comprehensive income that have the nature of a debt instrument are the financial assets held by the Company that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. For debt instruments 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 accounted for in the same manner as financial assets at amortised cost. The remaining fair value changes are recognised in the statement of other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to profit or loss.

Financial assets at fair value through other comprehensive income that have the nature of an equity instrument are the financial assets that meet the definition of equity under IAS 32 "Financial Instruments" for which the Company elected to classify them irrevocably as equity instruments designated at fair value through other comprehensive income and which are

not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never reclassified to profit or loss.

Dividends are recognised as other revenue in the statement of profit or loss when the Company's right of payment has been established.

ii. Financial Assets at Amortised Cost

The Company's financial assets at amortised cost include financial assets held by the Company that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company's financial assets at amortised cost include loans issued, trade and other receivables and cash and cash equivalents. Depending on their maturity, they are classified as current (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position). Loans and receivables are initially recognised at fair value increased by costs directly attributable to the business transaction. After initial recognition, they are measured at amortised cost using the effective interest method, less any expected credit losses. Gains and losses are recognised in profit or loss when reversed, modified or impaired. Trade receivables without significant financing component are initially recognized at transaction price.

Cash and cash equivalents comprise cash in hand, bank deposits up to three months, and other current and easily realisable investments with an original maturity of three months or less. They are measured at amortized cost.

Trade receivables insurance is not considered as a specific financial instrument, but as an integral part of receivables. Insurance policies are concluded periodically and are related to specific receivables and/or business partners. The concluded insurance policy is flexible. Business partners can be included or excluded from the insurance during the duration of the insurance policy. Insurance policies are related to trade receivables insurance exclusively.

Non-Derivative Financial Liabilities

Non-derivative financial liabilities include operating, financial and other liabilities. Financial liabilities are initially recognised on the transaction date on which the Company becomes a contracting party in relation to the instrument. The Company derecognises a liability when the contractual obligations are fulfilled, annulled or expired.

Non-derivative liabilities are initially measured at fair value, increased by transaction costs directly attributable to the business transaction. After their initial recognition, they are



measured at amortised cost. Depending on their maturity they are classified as current (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. Costs related to a business transaction are recognised in profit or loss when they are incurred. After the initial recognition, the derivative financial instruments are measured at fair value, with changes in fair value recognised in profit or loss.

Derivative financial instruments also include option agreements classified by the Company as financial assets or financial liabilities at fair value through 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 on the date of measurement. If the transaction price is not equal to the fair value on the date of measurement, the difference

in market assets is recognised in profit or loss or deferred and subsequently released to profit or loss in accordance with the policy.

I. IMPAIRMENT OF ASSETS

Financial Assets

According to IFRS 9, the Company uses the expected credit loss model. Impairment estimates are based on the expected credit losses associated with the probability of defaults of a financial instrument over the next 12 months if the credit risk has not increased significantly since initial recognition. For financial assets such as trade receivables that do not contain a significant component of financing, a simplified approach is used to calculate value adjustment as an amount equal to the expected credit losses (ECL) over the life of the asset. The Company calculates ECL using an internal impairment model, forming groups of receivables based on their exposure to credit risk (i.e., secured or unsecured receivables), maturity, and recoverability over the past five-year period, taking into account forward-looking information to assess whether actual losses due to current macroeconomic conditions may be higher or lower than past losses.

In case the credit risk has increased significantly since initial recognition, but there are no objective indications for assets impairment, the impairment estimates are based on the probability of default over the life of the financial asset. Expected credit losses represent the difference between the contractual cash flows that are due and all the cash flows that the Company expects to receive. For financial assets that show objective indications of impairment at the reporting date, an allowance for impairment losses due to expected credit losses is made in its entirety.

The Company recognises a write-off of a financial asset when it reasonably expects that the contractual cash flows will fail to recover. Objective evidence of the impairment of financial assets can include: contractual payments being overdue for more than 90 days; default or breach by a debtor; restructuring of the amount owed to the Company, if the Company agrees; indications that the debtor will declare bankruptcy; and disappearance of the active market for such an instrument. The Company evaluates evidence of loan impairment on a loan-by-loan basis.

Non-Financial Assets

At each reporting date, the Company reviews the carrying amount of its important non-financial assets to determine whether there is an indication of impairments. If any such indication exists, the recoverable value of the asset is estimated.

The recoverable value of assets or cash-generating units (CGU) is their value in use or fair value, less cost to sell, whichever is greater. In assessing value in use, 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 cash and the risks specific to the asset. For the purpose of the impairment test, assets that cannot be tested individually are classified as the smallest possible group of assets that generate cash inflows from further use and which are largely independent of the inflow of other assets or groups of assets (cash-generating units).

The impairment of an asset or CGU is recognised if their carrying amount exceeds their recoverable value. The impairment is recognised in the income statement.

The Company evaluates the impairment losses of previous periods at the end of the reporting period and thus determines whether the loss was reduced or even eliminated. An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable value. An impairment loss is reversed only to such an extent that the asset's carrying amount does not exceed the carrying amount that would have been determined after deducting the amortisation write-off, if no impairment loss had been recognised for the asset in previous years.

J. DETERMINATION OF FAIR VALUE

Following the accounting policies of the Company, in many cases, the determination of the fair value of non-financial assets and financial assets is necessary, either to measure an individual asset (measurement method or business combination) or for additional fair value disclosure.

Fair value is the value achieved by selling the asset or paid by transferring the liability between two well-informed and willing parties in a regulated business transaction. The Company determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises market prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than market prices included within Level 1 that are observable either directly (prices for identical or similar assets or liabilities in markets that are less active or inactive) or indirectly (e.g. values derived from quoted prices in an active market, based on interest rates and yield curves, implied volatilities, and credit spreads);
- Level 3 comprises inputs for the asset or liability that are not based on observable market data. Unobservable inputs need to reflect the assumptions that market participants would use when determining a price for the asset or liability, including risk assumptions.

Methods for the determination of the fair value of individual groups of assets for measurements or reporting are given below.

Intangible Assets

The fair value of intangible assets is based on the method of discounted cash flows which are expected to arise from the use and possible disposal of the assets.

Property, Plant and Equipment

The fair value of property, plant and equipment is their market value. The market value of a property is equal to the estimated value at which the property could be sold on the date of valuation and after proper marketing. The market value of the equipment is based on the approach using quoted market prices for similar items. If there is no quoted market price, the method of discounted cash flows that are expected to arise from the use and possible disposal of the assets is used.

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 by reference to the above fair value hierarchy for financial instruments.

Receivables and Loans Issued

The fair value of receivables and loans issued is calculated as the present value of future cash flows discounted at a market interest rate at the end of the period. The assessment considers credit risk connected to these financial assets.

Non-Derivative Financial Liabilities

For reporting purposes, the fair value is calculated based on the present value of future principal payments and interest discounted at the market interest rate at the end of the reporting period.

K. EQUITY

Share Capital

The share capital of the Company takes the form of share capital, the amount of which is defined in the Company's Articles of Association. It is registered with the Court and paid by the owners.

The equity of the Company is its liability to its owners, which falls due if the Company discontinues its operations, in which the equity volume is adjusted according to the currently attainable price of total assets. It is defined by the amounts invested by the owners, and the amounts that appeared during operation and belong to the owners. It is decreased by the loss from operations and payments to owners, and increased by the profit generated in the period.

Capital Surplus

Capital surplus consists of the amounts received by the Company from payments exceeding the lowest issue price per share, that exceeds the carrying amount upon the disposal of previously-acquired own shares, the amounts based on a simplified decrease of share capital, and the amounts based on reversal of general revaluation adjustment.

Reserves

Reserves include other equity reserves and other reserves. Other equity reserves represent legal reserves, statutory reserves, and reserves for treasury shares. Other reserves represent fair value reserves, reserves for actuarial gains, and losses on pension programs.

Treasury Shares

If the Company or its subsidiaries acquire an ownership interest, the paid amount including the transaction costs less tax is deducted from the total equity as treasury shares until such shares are withdrawn, reissued or sold.

Dividends

Until approved at the General Meeting of Shareholders, the planned dividends are treated as retained earnings.

L. PROVISIONS

Provisions are recognised if the Company, due to a past event, has a legal or constructive obligation that can be reliably measured, and if it is probable that settling the obligation will require an outflow of resources enabling economic benefits.

M. EMPLOYEE BENEFITS

In accordance with legal regulations and the Collective Agreement, the Company is obliged to make payments arising from loyalty bonuses and severance pay upon retirement, for which provisions are formed. There are no other liabilities from post-employment benefits.

The provisions are formed in the amount of estimated future payments for loyalty bonuses and severance pay, discounted at the end of the financial year. The calculation is made for each individual employee and includes the costs of severance pay upon retirement and the costs of all expected loyalty bonuses up to retirement. The calculation is prepared on the basis of a projected unit by an authorised actuary. The provisions are reviewed periodically or when the assumptions used to determine the amount of provision change significantly.

Labour costs and interest expenses are recognized in the income statement, while the remeasurement of post-employment benefits or unrealised actuarial gains or losses from severance payments are recognized in other comprehensive income.

N. DEFERRED INCOME

Income from government and other grants is recognised when there is reasonable assurance that the Company will receive the funds and comply with the related conditions. Government and other grants received to cover expenses are recognized as reduction of the corresponding expenses. Grants received as compensation for assets are consistently recognized as income in the periods in which the related expenses, which the grants are intended to compensate, are incurred (income approach). Deferred income is expected to cover the estimated expenses over a period longer than one year.

O. STATEMENT OF CASH FLOWS

The statement of cash flows shows changes in the balance of cash and cash equivalents for the financial year for which it is compiled. The cash flow statement is compiled according to the indirect method.

NOTES TO INDIVIDUAL ITEMS IN THE SEPARATE FINANCIAL STATEMENTS

1. NET SALES REVENUE

in EUR thousand	2025	2024
In Slovenia	16,394	19,582
In other countries	7	7
Net sales revenue	16,401	19,589

2. OPERATING EXPENSES

in EUR thousand	2025	2024
Cost of goods, materials and services	4,778	5,680
Labour costs	9,853	12,735
- <i>wages and salaries</i>	8,086	10,081
- <i>social security costs</i>	1,384	1,685
- <i>other labour costs</i>	383	969
Depreciation and amortisation costs	775	955
Other costs	45	292
General and administrative expenses	15,451	19,662

In 2025, the costs of annual report auditing amounted to EUR 44 thousand (2024: EUR 37 thousand). The costs for other authorised services amounted to EUR 45 thousand (2024: EUR 67 thousand).

Average Number of Employees by Level of Education

	2025	2024
Secondary vocational school	4.4	3.0
Secondary general school	1.0	8.7
1st cycle degree – Bachelor's degree	34.6	38.2
2nd cycle degree – Master's degree	38.8	59.4
3rd cycle degree – Doctoral degree	15.0	20.8
Total	93.8	130.1

3. OTHER OPERATING INCOME

in EUR thousand	2025	2024
Profit from sale of property, plant and equipment	26	9
Revenues from dividends (Notes 10 and 11)	1,840	108
Income from received subsidies	85	75
Other income	36	15
Other operating income	1,987	207

4. OTHER OPERATING EXPENSES

in EUR thousand	2025	2024
Expenses for donations and sponsorships	59	178
Impairment of investments (Note 10)	63,514	39,449
Other expenses	6	0
Other operating expenses	63,579	39,627

5. FINANCE INCOME

in EUR thousand	2025	2024
Interest income	5,915	5,606
Revenues from issued guarantees	1,369	1,590
Reversal of impairments of loans issued (Notes 12 and 14)	120	2,457
Exchange rate differences	0	13
Unwinding of discount on long-term liabilities (Note 20)	2,506	0
Finance income	9,910	9,666

6. FINANCE EXPENSES

in EUR thousand	2025	2024
Interest expenses	7,447	5,212
Discounting of trade payables	203	572
Exchange rate differences	13	0
Other expenses	989	344
Finance expenses	8,652	6,128

Other finance expenses refer to expenses for the bond issue and origination fees for borrowings and expenses for the sale of trade receivables.

7. INCOME TAX

in EUR thousand	2025	2024
Loss before tax	(59,380)	(35,926)
Tax at statutory tax rate 22% (2024: 22%)	(13,063)	(7,904)
Tax effects from:		
- non-taxable income	(19)	(441)
- tax non-deductible expenses	13,972	8,816
- tax relief	(443)	(243)
Income tax	447	228
Effective tax rate	-0.75%	-0.63%

8. INTANGIBLE ASSETS

Movement of Intangible Assets in 2025

in EUR thousand	Software	Assets under construction	Total
Cost as at 31 Dec 2024	1,452	0	1,452
New additions	0	2	2
Transfer from assets under construction	2	(2)	0
Cost as at 31 Dec 2025	1,454	0	1,454
Accumulated amortisation and impairment as at 31 Dec 2024	(1,325)	0	(1,325)
Amortisation	(95)	0	(95)
Accumulated amortisation and impairment as at 31 Dec 2025	(1,420)	0	(1,420)
Carrying amount as at 31 Dec 2024	127	0	127
Carrying amount as at 31 Dec 2025	34	0	34

The increase in intangible assets refers to purchase of software. On 31 December 2025, the Company's unsettled liabilities to suppliers for the purchase of intangible assets amounted to EUR 0 thousand (2024: EUR 9 thousand). The intangible assets are not pledged as security for liabilities.

The Company reviewed the value of intangible assets and established that the carrying amount does not exceed the recoverable amount.

Movement of Intangible Assets in 2024

in EUR thousand	Software	Assets under construction	Total
Cost as at 31 Dec 2023	1,443	0	1,443
New additions	0	9	9
Transfer from assets under construction	9	(9)	0
Cost as at 31 Dec 2024	1,452	0	1,452
Accumulated amortisation and impairment as at 31 Dec 2023	(1,161)	0	(1,161)
Amortisation	(164)	0	(164)
Accumulated amortisation and impairment as at 31 Dec 2024	(1,325)	0	(1,325)
Carrying amount as at 31 Dec 2023	282	0	282
Carrying amount as at 31 Dec 2024	127	0	127

9. PROPERTY, PLANT AND EQUIPMENT

Movement of Property, Plant and Equipment in 2025

in EUR thousand	Land	Buildings	Equipment	Assets under construction	Total
Cost as at 31 Dec 2024	717	5,208	4,427	0	10,352
New additions	0	0	0	3	3
Transfer from assets under construction	0	0	3	(3)	0
Disposals	0	0	(306)	0	(306)
Other changes	0	0	1	0	1
Cost as at 31 Dec 2025	717	5,208	4,125	0	10,050
Accumulated depreciation and impairment as at 31 Dec 2024	0	(2,112)	(3,267)	0	(5,379)
Depreciation	0	(146)	(534)	0	(680)
Disposals	0	0	242	0	242
Accumulated depreciation and impairment as at 31 Dec 2025	0	(2,258)	(3,559)	0	(5,817)
Carrying amount as at 31 Dec 2024	717	3,096	1,160	0	4,973
Carrying amount as at 31 Dec 2025	717	2,950	566	0	4,233

The increase in property, plant and equipment results from the purchase of computer equipment, office furniture, and vehicles leasing. Disposals include sales of vehicles and computer equipment.

Items of property, plant and equipment are not pledged as security for liabilities. On 31 December 2025, the Company has EUR two thousand (2024: EUR 2 thousand) of outstanding liabilities for the purchase of property, plant and equipment. The Company did not capitalise borrowing costs in 2025 and 2024.

In 2025, the Company initiated the process of selling a building and the related land. In this context, it determined that the carrying amount of these assets does not exceed their recoverable amount. The Company also reviewed the remaining assets and did not identify any indicators of impairment.

Movement of Property, Plant and Equipment in 2024

in EUR thousand	Land	Buildings	Equipment	Assets under construction	Total
Cost as at 31 Dec 2023	717	5,297	4,350	0	10,364
New additions	0	0	0	178	178
Transfer from assets under construction	0	4	174	(178)	0
Disposals	0	0	(97)	0	(97)
Change in lease agreements	0	(93)	0	0	(93)
Cost as at 31 Dec 2024	717	5,208	4,427	0	10,352
Accumulated depreciation and impairment as at 31 Dec 2023	0	(1,991)	(2,704)	0	(4,695)
Depreciation	0	(157)	(635)	0	(792)
Disposals	0	0	72	0	72
Depreciation of lease agreements	0	87	0	0	87
Other changes in depreciation	0	(51)	0	0	(51)
Accumulated depreciation and impairment as at 31 Dec 2024	0	(2,112)	(3,267)	0	(5,379)
Carrying amount as at 31 Dec 2023	717	3,306	1,646	0	5,669
Carrying amount as at 31 Dec 2024	717	3,096	1,160	0	4,973

The right-of-use asset is not stated as a separate item in the statement of financial position. It is included in property, plant and equipment.

Movement of the Right-Of-Use Asset in 2025 and 2024

in EUR thousand	2025	2024
Cost as at 31 Dec 2024/2023	1,856	1,920
New additions	0	75
Termination of lease agreements	(863)	(139)
Cost as at 31 Dec 2025/2024	993	1,856
Accumulated depreciation and impairment as at 31 Dec 2024/2023	(1,089)	(756)
Amortisation and depreciation	(214)	(397)
Termination of lease agreements	583	64
Accumulated depreciation and impairment as at 31 Dec 2025/2024	(720)	(1,089)
Carrying amount as at 31 Dec 2024/2023	767	1,164
Carrying amount as at 31 Dec 2025/2024	273	767

The Company has cars under lease. Average lease term is two years (2024: three years). Analysis of the maturity of lease liabilities and the lowest sum of future lease payments are described in Notes 19 and 21. In 2025, the interest expenses for lease liabilities amounted to EUR 15 thousand (2024: EUR 30 thousand) and were fully repaid.

The Company follows exceptions allowed by the standard, namely for short-term leases, and for lower-valued leases. In 2025, the total cost of leases amounted to EUR 100 thousand (2024: EUR 185 thousand).

10. INVESTMENTS IN SUBSIDIARIES

in EUR thousand	31 Dec 2025	31 Dec 2024
SIJ ACRONI	111,337	111,337
SIJ METAL RAVNE	0	51,114
GRIFFON & ROMANO	0	0
RSC HOLDING	23,084	31,545
NIRO WENDEN	0	0
SIJ STORITVE	505	505
ODPAD	5,581	5,581
SIJ SUZ	1,741	616
SIJ ZIP CENTER	0	68
SIJ RAVNE SYSTEMS	0	2,930
SIJ AMERICAS	2,670	2,670
SSG	0	0
ADDITHERM	5,902	5,902
SIJ MIDDLE EAST	2	2
Investments in subsidiaries	150,822	212,270

In 2025, the Company made additional capital contributions to its subsidiaries, EUR 1,000 thousand to SIJ RAVNE SYSTEMS, EUR 8,000 thousand to SIJ METAL RAVNE, and EUR 1,125 thousand to SIJ SUZ. These additional contributions did not increase the share capital of the respective subsidiaries, nor did they change the existing ownership interest of the shareholder.

In the first half of 2024, the liquidation process of OOO SSG (RU) was initiated and has not yet been completed.

In 2025, based on the resolution on the distribution of profit, the Company recognized dividend income in the amount of EUR 1,681 thousand (2024: EUR 0 thousand). As the payment had not yet been made as at the reporting date, the corresponding amount is presented within other current assets.

Information on Subsidiaries as at 31 December 2025

in EUR thousand	Activity	% of voting rights 2025/2024	Value of equity as at 31 Dec 2025	Profit (loss) for the period ending 31 Dec 2025
Parent company of the Group				
SIJ – Slovenska industrija jekla, d.d., Gerbičeva ulica 98, Ljubljana, Slovenia	Activities of head offices		171,824	(59,827)
SIJ – subsidiaries				
SIJ ACRONI d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	Steel production	100	128,756	(57,175)
SIJ METAL RAVNE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Steel production	100	16,101	(40,031)
SIJ STORITVE d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Other business and management consulting	100	(58)	170
SIJ SUZ d.o.o., Cesta Borisa Kidriča 44, Jesenice, Slovenia	Drawn wires production	100	3,694	(2,166)
SIJ ZIP CENTER d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Education and training of the disabled	100	506	(182)
ODPAD d.o.o. Pivka, Velika Pristava 23, Pivka, Slovenia	Recovery of secondary raw materials from scrap	74.9	12,878	449
NIRO WENDEN GmbH, Glück-Auf-Weg 2, Wenden, Nemčija	Steel cutting, engineering and trade	85	(3,068)	(3,000)
GRIFFON & ROMANO S.P.A., Via Dossetti 11, Loc. Casinello de Dosso, Italy	Heat processing and special steel trade	100	342	(3,177)
SIJ RAVNE SYSTEMS d.o.o., Koroška cesta 14, Ravne na Koroškem, Slovenia	Metallurgic machines production	100	2,785	(3,583)
SIJ AMERICAS Inc., River Center Building 1, 331 Newman Springs Road Suite, 104, Red Bank, New Jersey, USA	Trade	100	8,089	1,706
ADDITHERM d.o.o., Litostrojska cesta 60, Ljubljana, Slovenia	Scientific and technical research	51	5,617	34
RSC HOLDING d.o.o., Litostrojska cesta 60, Ljubljana, Slovenija	Holding company	51	49,633	2,138
SIJ MIDDLE EAST- FZCO, DSO-IFZA, IFZA Properties, Dubai Silicon Oasis, Dubai, United Arab Emirates	Trade	100	403	296

As part of the preparation of the annual report for 2025, the Company performed an impairment test for the investments into SIJ ACRONI, SIJ METAL RAVNE, SIJ RAVNE SYSTEMS and RSC Holding for which the examination of indications of impairment under IAS 36 showed the need for impairment.

The valuation of the recoverable amount of the investments was carried out by a business appraiser certified by the Slovenian Institute of Auditors. The recoverable amount of the investments was determined as a fair value less cost of sale. The valuation took into account the going concern assumption. Investment represents a separate cash-generating unit (CGU). That is how the Management Board monitors the Group's operations since each company represents the lowest level of identifiable independent cash inflows.

Recoverable Amount

When determining the recoverable amount, the Company applied the method of present value of the estimated free cash flows. This method attempts to project, based on the analysis of past operations and the estimate of future business possibilities, the future returns of owners in cash, which are subsequently translated to the present value by using the correspondent discount rate. The so-calculated value of the company based on the free cash flows represents the return requested by the risk embedded in the investment. This is theoretically and practically the most appropriate and useful method of valuation of a company, as it concentrates on what is the most important to investors, i.e. return in the form of cash flow.

Projections were prepared from the perspective of the majority shareholder. Given the object of the valuation, a 2 or 5 percent marketability discount was used (including the cost of sale). The discount rate used is defined as the weighted average cost of capital (WACC). It reflects current market assessments of the time value of cash and the risks specific to the valued asset.

As a control method, the net asset value method was applied for the investments in SIJ ACRONI, SIJ METAL RAVNE and SIJ RAVNE SYSTEMS. Under this method, all assets and liabilities are measured at their fair value as at the valuation date. The equity value is determined as the difference between the fair value of assets and the fair value of all liabilities. In addition, the value of any assets or liabilities not recognized in the statement of financial position, or carried at a nil book value, is also assessed. The application of this method serves as a cross-check of the valuation, as the company has no value under the discounted cash flow method.

As a control method for the investment in RSC Holding the method of comparable companies listed on stock exchange of bonds was applied. Due to a limited number of comparable companies listed on stock exchange and since there are not many comparable companies engaged in a similar business and with the same characteristics, this method was used only as a control method for the results, obtained with the method of present value of the estimated free cash flows.

The impairment test as of 31 December 2025 indicated that the investment in SIJ RAVNE SYSTEMS should be impaired by EUR 3,930 thousand, the investment in SIJ METAL RAVNE by EUR 59,114 thousand, the investment in RSC Holding by EUR 402 thousand, the investment in SIJ ACRONI does not need to be impaired. The determination of the recoverable amount for 2025 and 2024 is presented below.

Review of the Determination of the Recoverable Amount for 2025

Subsidiary	Financial year	Indications of impairment	Material assumptions used						Sensitivity analysis					
			Valuation date	Projection of operations	Discount rate (WACC)	Long-term growth rate	Target EBITDA margin	Revenue growth	Recoverable amount (in EUR thousand)	Upper bound of the range (in EUR thousand)	Change in discount rate (WACC) +/-0.5% (in EUR thousand)	Change in long-term growth rate +/-0.5% (in EUR thousand)	Impairment loss (in EUR thousand)	Value of investment after being impaired (in EUR thousand)
SIJ RAVNE SYSTEMS (Manufacturing Division)	2025	The company reported a loss in both 2024 and 2025 (internal indicator), as well as changes in the business environment (external indicator).	31 Dec 2025	2026–2031	10.33% until 2028 10.36% from 2029 to 2030, 10.25% from 2031 onwards	2.00%	6.2%	CAGR 2.4%	0	0	/	/	3,930	0
SIJ METAL RAVNE (Steel Division)	2025	The company reported a loss in both 2024 and 2025 (internal indicator), as well as changes in the business environment (external indicator).	31 Dec 2025	2026–2031	10.95% until 2028 10.97% from 2029 to 2031, 10.78% from 2031 onwards	2.00%	10.3%	CAGR 5.8%	0	0	/	/	59,114	0
SIJ ACRONI (Steel Division)	2025	The company reported a loss in both 2024 and 2025 (internal indicator), as well as changes in the business environment (external indicator).	31 Dec 2025	2026–2031	10.61% until 2028 10.65% from 2029 to 2031, 10.47% from 2031 onwards	2.00%	8.8%	CAGR 6.1%	113,927	122,106	-10,538/+11,919	+1,696/-1,507	0	111,337
RSC Holding (Distribution & Processing Division)	2025	Changes in the business environment (external indicator)	31 Dec 2025	2026–2031	10.37% until 2028 10.49% from 2029 onwards	2.00%	14.4%	CAGR 1.6%	23,084	24,747	-1,450/+1,639	+2,533/-1,999	402	23,084

Review of the Determination of the Recoverable Amount for 2024

Subsidiary	Financial year	Indications of impairment	Material assumptions used						Sensitivity analysis					
			Valuation date	Projection of operations	Discount rate (WACC)	Long-term growth rate	Target EBITDA margin	Revenue growth	Recoverable amount (in EUR thousand)	Upper bound of the range (in EUR thousand)	Change in discount rate (WACC) +/-0.5% (in EUR thousand)	Change in long-term growth rate +/-0.5% (in EUR thousand)	Impairment loss (in EUR thousand)	Value of investment after being impaired (in EUR thousand)
SIJ RAVNE SYSTEMS (Manufacturing Division)	2024	The company ended 2024 with loss.	31 Dec 2024	2025–2030	9,03 % do leta 2028, od leta 2029 naprej pa 8,83 %	2.36%	4.8%	CAGR 3.1%	2,578	2,930	-225/+219	+154/-158	6,349	2,930
SIJ METAL RAVNE (Steel Division)	2024	The company ended 2024 with loss.	31 Dec 2024	2025–2030	8,95 % do leta 2028, od leta 2029 naprej pa 8,75 %	2.36%	10.5%	CAGR 4.4%	49,102	51,114	-2,346/+2,273	+1,645/-1,697	33,100	51,114

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

in EUR thousand	31 Dec 2025	31 Dec 2024
Investments and shares in companies	404	1,464
Financial assets at fair value through other comprehensive income	404	1,464

Among financial assets measured at fair value through other comprehensive income, the Company holds equity interests in companies and shares of a Slovenian insurance company with the objective of collecting cash flows from dividends and from the sale of securities. In 2025, the Company sold the shares of the insurance company and transferred the accumulated gain to retained earnings. In 2025, the Company received EUR 159 thousand in dividends (2024: EUR 108 thousand).

12. NON-CURRENT FINANCIAL RECEIVABLES

in EUR thousand	31 Dec 2025	31 Dec 2024
Loans issued	82,932	83,846
Non-current financial receivables	82,932	83,846

Non-current financial receivables refer to loans issued to the majority shareholder and subsidiaries and approved for their liquidity purposes. Loans issued to the majority shareholder amount to EUR 51,162 thousand (2024: EUR 51,162 thousand), and the related non-current interest to EUR 15,396 thousand (2024: EUR 12,838 thousand). Loans issued to the majority shareholder, maturing in 2027, will be repaid from dividends in accordance with the Group's long-term business projections, as well as from the entry of a new strategic partner as part of M&A activities expected to take place in 2026. Loans issued to subsidiaries amount to EUR 15,889 thousand (2024: EUR 19,361 thousand), and the related non-current interest to EUR 485 thousand (2024: EUR 485 thousand). The subsidiaries repay them from current liquidity in line with long-term business projections.

The interest rates for loans issued are fixed as well as flexible and vary between 5.00 and 6.09% (2024: from 2.55 and 7.03%). The loans issued are not pledged as security for liabilities.

Movement of Non-Current Loans Issued

in EUR thousand	2025	2024
Balance as at 1 Jan	83,846	80,800
Loans issued	0	3
Change in interest receivables	2,558	3,695
Reclassification to current loans issued	(3,471)	(649)
Impairments	(1)	(3)
Balance as at 31 Dec	82,932	83,846

13. DEFERRED TAX ASSETS AND LIABILITIES

in EUR thousand	31 Dec 2025	31 Dec 2024
Deferred tax assets	1,372	1,377
Deferred tax liabilities	0	(134)
Deferred tax assets (liabilities), net	1,372	1,243

Movement of Deferred Tax Assets and Liabilities in 2025

in EUR thousand	31 Dec 2024	Changes in profit and loss	Changes in the comprehensive income	31 Dec 2025
Financial assets at fair value through comprehensive income	(134)	0	134	0
Deferred tax liabilities	(134)	0	134	0
Unused tax losses	1,143	0	0	1,143
Employee benefits	210	0	0	210
Trade receivables	24	(5)	0	19
Deferred tax assets	1,377	(5)	0	1,372
Deferred tax assets (liabilities), net	1,243	(5)	134	1,372

On 31 December 2025, the total unused tax loss amounts to EUR 33,670 thousand (2024: EUR 35,682 thousand). The value of unused tax losses for which deferred tax assets are not recognised amounted to EUR 28,472 thousand (2024: EUR 30,484 thousand), while unrecognised deferred tax assets amounted to EUR 6,264 thousand (2024: EUR 6,707 thousand).

Movement of Deferred Tax Assets and Liabilities in 2024

in EUR thousand	31 Dec 2023	Changes in profit and loss	Changes in the comprehensive income	31 Dec 2024
Financial assets at fair value through comprehensive income	(97)	0	(37)	(134)
Deferred tax liabilities	(97)	0	(37)	(134)
Unused tax losses	1,143	0	0	1,143
Employee benefits	210	0	0	210
Trade receivables	30	(6)	0	24
Deferred tax assets	1,383	(6)	0	1,377
Deferred tax assets (liabilities), net	1,286	(6)	(37)	1,243

14. CURRENT FINANCIAL RECEIVABLES

in EUR thousand	31 Dec 2025	31 Dec 2024
Loans issued	59,238	43,815
Issued guarantees	2,697	425
Current financial receivables	61,935	44,240

Current financial receivables relate to loans issued to the subsidiaries and approved for their liquidity purposes as well as receivables for charged guarantees and recharged financial service costs. Loans issued to subsidiaries amount to EUR 58,921 thousand (2024: EUR 43,580 thousand), and the related interest to EUR 316 thousand (2024: EUR 236 thousand). The subsidiaries will repay them from current liquidity.

The interest rates for loans issued are fixed as well as flexible and vary between 1.60 and 6.12% (2024: from 1.60 and 7.03%). The loans issued are not pledged as security for liabilities.

Movement of Current Loans Issued

in EUR thousand	2025	2024
Balance as at 1 Jan	43,815	58,814
Loans issued	29,985	27,805
Repayment of loans issued	(18,238)	(45,225)
Exchange rate differences	3	10
Change in interest receivables	81	(698)
Transfer from non-current loans issued	3,471	649
Reversal of impairments	121	2,460
Balance as at 31 Dec	59,238	43,815

15. CURRENT TRADE RECEIVABLES

in EUR thousand	31 Dec 2025	31 Dec 2024
Trade receivables	4,986	5,942
Allowances for trade receivables	(83)	(95)
Recoverable VAT	143	0
Issued advance payments and cautions	76	8
Other receivables	66	74
Current trade receivables	5,188	5,929

The current trade receivables are not secured nor pledged as security for liabilities. The disclosed value of trade receivables does not exceed their realisable value.

Movement of Allowance for Receivables from Customers

in EUR thousand	2025	2024
Balance as at 1 Jan	(95)	(123)
Changes with impact on profit or loss	12	28
Balance as at 31 Dec	(83)	(95)



16. CASH AND CASH EQUIVALENTS

in EUR thousand	31 Dec 2025	31 Dec 2024
Cash in national currency	3,632	62
Cash and cash equivalents	3,632	62

Cash in national currency includes cash in a current account. On 31 December 2025 the Company had no deposits with up to 3-month maturity (2024: EUR 0 thousand).

17. EQUITY

in EUR thousand	31 Dec 2025	31 Dec 2024
Share capital	145,266	145,266
Capital surplus	11,461	11,461
Other equity reserves	8,838	8,838
Fair value reserves	(3)	529
Retained earnings	6,262	64,933
Equity	171,824	231,027

The share capital is recognised amounting to EUR 145,266 thousand and is distributed among 994,616 shares. The face value of each share is EUR 146.05. The number of shares did not change in 2025.

In 2025, the Company did not pay any dividends (2024: EUR 0 thousand).

Ownership Structure

Shareholder	Number of shares 31 Dec 2025	Number of shares 31 Dec 2024
DILON, d.o.o., Gerbičeva ulica 98, Ljubljana, Slovenia	718,351	718,351
Republic of Slovenia, Gregorčičeva ulica 20, Ljubljana, Slovenia	248,655	248,655
SIJ d.d., Gerbičeva ulica 98, Ljubljana, Slovenia	27,600	27,600
UNIOR, d. d., Kovaška cesta 10, Zreče, Slovenia	10	10
Total	994,616	994,616

Capital Surplus

The capital surplus amounting to EUR 11,461 thousand was formed during the simplified decrease of the Company's capital.

Other Equity Reserves

in EUR thousand	31 Dec 2025	31 Dec 2024
Legal reserves	11,093	11,093
Treasury shares	(6,009)	(6,009)
Reserves for treasury shares	3,754	3,754
Other equity reserves	8,838	8,838

The Company acquired treasury shares amounting to EUR 2,255 thousand on the basis of the Act Regulating the Incurrence and Settlement of Liabilities of Slovenske železarne as regards the Restructuring Programme (Official Gazette of the RS, No. 111/2001) and in line with the Privatization of Slovenske železarne Act (Official Gazette of the RS, No. 13/1998). Treasury shares were acquired by exchanging interests in subsidiaries for shares of the Company, owned by authorised companies. The shares were acquired ex lege and not in line with the Companies Act, which is why the Company did not establish a treasury shares fund. Shares are recognised at cost.

It is In 2025, the Company stated net loss and did not create legal reserves (2024: EUR 0 thousand).

Fair Value Reserves

in EUR thousand	31 Dec 2025	31 Dec 2024
Fair value reserve due to financial assets at fair value through comprehensive income	0	662
Deferred tax liabilities	0	(134)
Net actuarial losses on pension programs	(3)	1
Fair value reserves	(3)	529

Distributable Profit

in EUR thousand	31 Dec 2025	31 Dec 2024
Retained earnings	66,089	101,087
Loss for the period	(59,827)	(36,154)
Distributable profit	6,262	64,933

18. EMPLOYEE BENEFITS

in EUR thousand	31 Dec 2025	31 Dec 2024
Provisions for severance pay	896	949
Provisions for jubilee benefits	91	113
Employee benefits	987	1,062

The actuarial calculation in 2025 and 2024 was made on the basis of the actuarial model and assumptions, derived from the life expectancy tables in Slovenia from 2007, separately for men and women, decreased by 10 percent (active population), growth of wages in the Republic of Slovenia and in the Company, and the yield curve, which represents the relationship between market yields on government bonds in the Eurozone and the time remaining to maturity. The average discount rate considered in the calculations was 3.6 percent (2024: 3.2%).

Employee benefits are calculated by an authorized actuary. The change in employee benefits had a direct effect on the income statement, except for actuarial gains which affect comprehensive income.

Movement of Employee Benefits in 2025

in EUR thousand	31 Dec 2024	Creation	Reversal	31 Dec 2025
Provisions for severance pay	949	0	(53)	896
Provisions for jubilee benefits	113	0	(22)	91
Employee benefits	1,062	0	(75)	987

Movement of Employee Benefits in 2024

in EUR thousand	31 Dec 2023	Creation	Reversal	31 Dec 2024
Provisions for severance pay	862	87	0	949
Provisions for jubilee benefits	91	22	0	113
Employee benefits	953	109	0	1,062

Sensitivity Analysis of Actuarial Assumptions for 2025 and 2024

000 EUR	Actuarial assumption	Change in assumption (pp)	31 Dec 2025		31 Dec 2024	
			Post-employment benefits on retirement	Jubilee benefits and severance pays	Post-employment benefits on retirement	Jubilee benefits and severance pays
		+0.5	(32)	(3)	(37)	(4)
	Yield	-0.5	35	3	40	4
		+0.5	35	3	40	4
	Salary growth	-0.5	(33)	(3)	(37)	(4)
		+0.5	(34)	(3)	(39)	(4)
	Fluctuation	-0.5	19	2	23	3

19. NON-CURRENT FINANCIAL LIABILITIES

in EUR thousand	31 Dec 2025	31 Dec 2024
Borrowings	44,675	3,996
Liabilities for bonds issued (SIJ8)	0	39,921
Liabilities from lease	56	216
Non-current financial liabilities	44,731	44,133

Movement of Non-Current Borrowings

in EUR thousand	2025	2024
Balance as at 1 Jan	3,996	3,500
New borrowings	45,000	5,000
Transfer to current borrowings	(4,321)	(4,500)
Amortisation of origination fee	0	(4)
Balance as at 31 Dec	44,675	3,996

Borrowings include borrowings from companies of the Group. Borrowings are secured with bills. The Company fully complies with the liabilities and conditions stated in loan contracts.

Liabilities for Bonds Issued

Bonds with the designation SIJ8 were reclassified to current financial liabilities in accordance with their maturity.

Movement of Non-Current Liabilities Arising from Lease

in EUR thousand	2025	2024
Balance as at 1 Jan	216	587
New leases	0	75
Transfer to current liabilities from lease	(160)	(446)
Balance as at 31 Dec	56	216

The lowest sum of future leases due for payment in the next 1 to 5 years amounts to EUR 61 thousand (2024: EUR 224 thousand).

The net present value of future leases due for payment in the next 1 to 5 years, amounts to EUR 56 thousand (2024: EUR 216 thousand).

20. NON-CURRENT OTHER LIABILITIES

in EUR thousand	2025	2024
Liabilities for contingent and deferred contribution	0	10,361
Non-current other liabilities	0	10,361

Based on the shareholders' agreement, a liability for contingent consideration was recognized, whereby the Company committed to provide a loan to its subsidiary, RSC HOLDING, under market terms. If the performance indicator specified in the shareholders' agreement were to be exceeded in the period from 2025 to 2027, the Company would convert the principal and accrued interest into equity of the subsidiary as an additional capital contribution, without the right to request repayment of such contribution.

In 2025, the Company performed an impairment test of its investment in the subsidiary RSC HOLDING using the discounted expected free cash flow method and determined that the carrying amount of the investment exceeded its recoverable amount. Accordingly, an impairment loss was recognized. Based on the same valuation, the Company assessed that the contractually defined performance indicator would not be exceeded in the period from 2025 to 2027 therefore, the liability for contingent consideration ceased to exist and was fully derecognized.

The effect of the derecognition of the liability, in the nominal amount of EUR 8,058 thousand, was recognized as a reduction of the carrying amount of the investment in the subsidiary, while the remaining effect in the amount of EUR 2,506 thousand was recognized in profit or loss as income from the derecognition of the liability or from the change in its fair value.

21. CURRENT FINANCIAL LIABILITIES

in EUR thousand	31 Dec 2025	31 Dec 2024
Borrowings	47,741	61,121
Liabilities for bonds issued (SIJ6)	40,535	0
Liabilities from lease	144	378
Other current financial liabilities	782	837
Current financial liabilities	89,202	62,336

Current borrowings include loans from banks and companies of the Group. The interest rates for borrowings and leases are fixed as well as flexible. Borrowings are secured with bills and a guarantee. The Company fully complies with the liabilities stated in loan contracts. Within the provisions of financial agreements, the Company is obliged to fulfil contractually determined financial commitments. Challenging operating conditions of the Group in 2025 resulted in a deviation from compliance with contractually agreed financial covenants. In February 2025, certain companies of the SIJ Group, including SIJ d.d., entered into an agreement with major lending banks, providing a stable framework for structuring, negotiating and implementing a comprehensive financing, as well as optimizing the long-term capital structure. The agreement also includes a temporary waiver of compliance with contractually defined financial covenants for the period ended 31 December 2025..

Liabilities for Bonds Issued

The Company issued bonds with the ticker symbol of SIJ8 with the total nominal value of EUR 19,000 thousand in November 2023. In November 2024 it issued, through a further issue, additional bonds with the ticker symbol of SIJ8 with a total nominal value of EUR 22,100 thousand. The entire bond issue contains 221 denominations of EUR 100 thousand. The bond maturity date is 2 November 2026. The interest rate for the bonds is fixed, i.e. 7.0% per annum. If the sustainability conditions are not met, a surcharge of 0.3% per annum applies. Interest is accrued annually in arrears. The nominal value of the principal falls due, in full and in a single amount, on the maturity of the bond. The Company repaid the bonds with the ticker symbol SIJ6, amounting to EUR 48,000 thousand, on the maturity day in November 2024.

After the reporting date, the SIJ Group signed the senior term and revolving facilities agreement. Any potential effects of this agreement will be appropriately reflected in the future financial statements. See Note "Events after the reporting date."

Movement of Current Borrowings

in EUR thousand	2025	2024
Balance as at 1 Jan	61,121	38,355
New borrowings	53,079	107,054
Repayments of borrowings	(70,792)	(88,733)
Transfer from non-current borrowings	4,324	4,500
Amortisation of origination fee	9	(55)
Balance as at 31 Dec	47,741	61,121

Movement of Current Liabilities Arising from Lease

in EUR thousand	2025	2024
Balance as at 1 Jan	378	412
Repayments of liabilities arising from lease	(393)	(420)
Transfer from non-current liabilities arising from lease	159	446
Other changes	0	(60)
Balance as at 31 Dec	144	378

The lowest sum of future leases due for payment in the next financial year amounts to EUR 146 thousand on 31 December 2025 (2024: EUR 393 thousand), and the net present value of future leases amounts to EUR 144 thousand on the same date (2024: EUR 378 thousand).

22. CURRENT TRADE PAYABLES

in EUR thousand	31 Dec 2025	31 Dec 2024
Payables to suppliers	3,526	2,314
Liabilities to employees	392	438
Tax liabilities and other liabilities	463	1,043
Current trade payables	4,381	3,795

23. CURRENT OTHER LIABILITIES

in EUR thousand	31 Dec 2025	31 Dec 2024
Accrued expenses for unused annual leave	316	357
Liabilities for severance pay	0	305
Liabilities related to legal claims	110	0
Current portion of liability for deferred contribution (Note 20)	1,200	1,200
Other liabilities	11	206
Current other liabilities	1,637	2,068

24. CONTINGENT LIABILITIES

Contingent liabilities for issued guarantees amount to EUR 248,757 thousand on 31 December 2025 (2024: EUR 211,901 thousand). All guarantees were issued in favour of companies within the Group. The Company expects no outflows from the issued guarantees.

RELATED PARTIES

Related parties are the majority shareholder and the ultimate parent (including companies in their groups), subsidiaries, associates, other related parties and the management of companies.

Transactions with the Majority Shareholder

in EUR thousand	2025	2024
Revenue	2,566	2,559

in EUR thousand	31 Dec 2025	31 Dec 2024
Receivables	66,584	64,016

Transactions with Subsidiaries

in EUR thousand	2025	2024
Revenue	22,859	24,323
Expenses	3,802	1,451

in EUR thousand	31 Dec 2025	31 Dec 2024
Receivables	94,986	81,917
Liabilities	46,758	24,968

Transactions with Other Related Companies

in EUR thousand	2025	2024
Revenue	4	3
Expenses	122	127

in EUR thousand	31 Dec 2025	31 Dec 2024
Receivables	1	2
Liabilities	7,607	7,506

Transactions with Management

The total amount of the receipts of the Supervisory Board members and the receipts of the Company's key management personnel for the performance of functions or tasks based on the business management contracts:

in EUR thousand	2025	2024
Key management personnel	4,773	5,105
Members of the Supervisory Board	142	179

The receipts include gross salaries, paid reimbursements related to work in accordance with the regulation, and bonuses.

In 2025, the Company did not grant any loans, issue any guarantees nor make any advance payments to the key management personnel or the members of the Supervisory Board. On 31 December 2025, the Company has no receivables or liabilities towards the key management personnel, except for liabilities for December salaries paid January 2026.

All other employees of the Company, who do not represent key management personnel, also have individual contracts, as the Company has not signed any collective agreements. The disclosed labour costs, therefore, represent the employee benefits based on individual contracts under Article 69 of the Companies Act.

FINANCIAL INSTRUMENTS AND RISKS

Credit Risk

The Company assesses credit risk as accordingly managed. Exposure to credit risks is assessed based on receivables insurability, data and information, predicting a risk of losses (financial information on customers and their financial statements, media available information, earlier business relations with customers, and forward-looking information).

The effects of expected future losses from trade receivables are measured by using allowances matrix, where the loss allowance is measured by using the simplified model at an amount equal to 12-month expected credit losses.

Financial receivables include loans issued to subsidiaries and the majority shareholder. For loans issued, with no significant increase in credit risk since initial recognition, the reporting date has not been, the impairment assessment is based on expected credit losses linked to a default on loans that is possible within the next 12 months (group 1). For those loans issued for which there has been a significant increase in credit risk since initial recognition, the Company recognises a loss allowance on a case by case basis (group 3).

Balance of Financial Receivables and Deposits and Impairments by Groups

in EUR thousand	31 Dec 2025			31 Dec 2024		
	Gross amount	Impairment	Total	Gross amount	Impairment	Total
Group 1	141,870	(59)	141,811	128,412	(34)	128,378
Group 3	14,798	(11,741)	3,057	11,595	(11,886)	291
TOTAL	156,668	(11,800)	144,868	140,007	(11,920)	128,087

Age Structure of Financial Assets

in EUR thousand	Overdue					Total
	Not-overdue	Up to 3 months	3 months to 1 year	1 year to 3 years	Over 3 years	
31 Dec 2025						
Trade receivables	1,116	1,589	2,198	83	0	4,986
Financial receivables and deposits	156,668	0	0	0	0	156,668
Total	157,784	1,589	2,198	83	0	161,654

in EUR thousand	Overdue					Total
	Not-overdue	Up to 3 months	3 months to 1 year	1 year to 3 years	Over 3 years	
31 Dec 2024						
Trade receivables	3,820	1,520	506	96	0	5,942
Financial receivables and deposits	139,997	0	0	10	0	140,007
Total	143,817	1,520	506	106	0	145,949

Movement of Allowances for Financial Assets

in EUR thousand	Allowance as at 31 Dec 2024	Changes with impact on profit or loss	Changes without impact on profit or loss	Allowance as at 31 Dec 2025
Trade receivables	95	(12)	0	83
Financial receivables and deposits	11,920	(119)	0	11,801
Total	12,015	(131)	0	11,884

in EUR thousand	Allowance as at 31 Dec 2023	Changes with impact on profit or loss	Changes without impact on profit or loss	Allowance as at 31 Dec 2024
Trade receivables	123	(28)	0	95
Financial receivables and deposits	14,376	(2,456)	0	11,920
Total	14,499	(2,484)	0	12,015

Liquidity Risk

The Company ensures liquidity by ensuring that it has sufficient liquid assets at all times to settle its liabilities on an ongoing basis. The Company manages liquidity risk as follows:

- through centralised management of liquidity across the Group's companies.
- by actively planning and managing cash flows on a daily, monthly and annual basis,
- by maintaining a liquidity reserve in the form of approved credit lines with various commercial banks,
- by ensuring appropriate maturity and diversification of financial debt, and by financing within the Group,
- by reconciling the maturity of receivables and payables on an ongoing basis, and by optimising working capital,
- by consistently collecting overdue receivables.

Special attention is paid to preparing various liquidity scenarios and working capital projections. The Company continuously monitors and plans the liquidity resources management of the companies in the Group.

Financial liabilities refer to liabilities to companies of the Group, liabilities to banks and liabilities for bonds issued, totalling EUR 41,100 thousand. Within the provisions of financial agreements, the Group is obliged to fulfil contractually determined financial commitments. The challenging business conditions of the Group in 2025 have resulted in a deviation from achieving the contractually defined financial indicators. In February 2025, certain companies of the SIJ Group, including SIJ d.d., entered into an agreement with major lending banks, providing a stable framework for structuring, negotiating and implementing a comprehensive financing, as well as optimizing the long-term capital structure. The agreement also includes a temporary waiver of compliance with contractually defined financial covenants for the period ended 31 December 2025.

in EUR thousand	Expected cash flows					Total
	Carrying amount	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
31 Dec 2025						
Payables to suppliers	3,526	3,419	107	0	0	3,526
Financial liabilities	133,933	37,187	54,809	54,238	0	146,234
Other liabilities, w/o liabilities to the state and employees and advanced payments	0	0	0	0	0	0
Total liabilities	137,459	40,606	54,916	54,238	0	149,760

in EUR thousand	Expected cash flows					Total
	Carrying amount	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
31 Dec 2024						
Payables to suppliers	2,314	2,296	18	0	0	2,314
Financial liabilities	106,469	16,098	49,345	50,528	0	115,971
Other liabilities, w/o liabilities to the state and employees and advanced payments	10,361	0	0	10,361	0	10,361
Total liabilities	119,144	18,394	49,363	60,899	0	128,646

Foreign Exchange Risk

Since the majority of inflows and outflows are in the national currency – euro, the Company assesses its foreign exchange risk as low and accordingly managed. Other currencies are represented to a lesser extent, therefore a change in exchange rates would not have a material influence on the Company's profit or loss. Consequently, the Company does not prepare a sensitivity analysis on foreign exchange risk.

in EUR thousand	USD	
	31 Dec 2025	31 Dec 2024
Trade receivables	15	15
Financial receivables	0	165
Trade payables	(9)	(15)
Exposure	6	165

In 2025 and 2024, the following exchange rates were material for the Company:

Currency	31 Dec 2025	31 Dec 2024	Average exchange rate in 2025	Average exchange rate in 2024
EUR / USD	1.1757	1.0389	1.1304	1.0824

Exchange rates used to translate the balance items as at 31 December correspond to the European Central Bank exchange rates on that day.

Interest Rate Risk

The Company estimates the exposure to interest rate risk to be moderate. High interest rates in the financial markets in 2025 have placed additional pressure on cash flows and have an adverse impact on the Company's operations. The Company effectively manages interest rate risk by maintaining a diversified portfolio of financial liabilities with both fixed and variable interest rates, as well as by regularly and actively monitoring financial market conditions.

A change in interest rate by 100 or 50 basis points on the reporting date would result in a decrease of profit or loss by the amounts stated below. The analysis assumes that all other variables remain unchanged. The analysis for 2024 was prepared in the same manner.

In 2024, considering the Company's exposure to the interest risk, a change in interest rate by 100 or 50 basis points would result in a change of profit or loss by less than EUR 350 thousand.

In 2025, considering the Company's exposure to the interest risk, the exposure slightly increased as a change in interest rate by 100 or 50 basis points would result in a change of profit or loss by less than EUR 400 thousand.

Equity Management

The Company's main purpose of equity management is to achieve an adequate volume of capital to ensure confidence of its creditors, financial stability and long-term solvency, as well as proper dividends to its owners. On 31 December 2025, the Company owns 27,600 treasury shares.

In the structure of total indebtedness, the share of equity value remains at a high level, as the Company continues to implement the current financial policy to ensure long-term development through long-term sources.

in EUR thousand	2025	Debt increase by 10%	Debt decrease by 10%
Level of debt on equity	77.95	85.74	70.15
Equity	171,824	171,824	171,824
Financial liabilities	133,933	147,327	120,540

Carrying Amounts and Fair Values of Financial Instruments

Presentation of Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

in EUR thousand	31 Dec 2025		31 Dec 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through other comprehensive income	404	404	1,463	1,463
Financial receivables	144,868	144,868	128,086	128,086
Trade receivables	4,903	4,903	5,847	5,847
Cash and cash equivalents	3,632	3,632	62	62
Financial liabilities	(133,933)	(133,933)	(106,469)	(106,469)
Payables to suppliers	(3,526)	(3,526)	(2,314)	(2,314)
Other liabilities, w/o liabilities to the state and employees and advanced payments	0	0	(10,361)	(10,361)

Presentation of Financial Assets and Liabilities, Disclosed at Fair Value According to Fair Value Determination Hierarchy

in EUR thousand	31 Dec 2025	31 Dec 2024
Financial assets at fair value through other comprehensive income	0	1,059
Financial assets at fair value of first level	0	1,059
Financial assets at fair value through other comprehensive income	404	404
Loans issued	142,170	127,661
Other financial receivables	2,698	425
Trade receivables	4,903	5,847
Cash and cash equivalents	3,632	62
Financial assets at fair value of third level	153,807	134,399
Bonds issued	(40,535)	(39,921)
Financial liabilities at fair value of second level	(40,534)	(39,991)
Borrowings	(92,416)	(65,117)
Leases	(200)	(594)
Other financial liabilities	(782)	(837)
Payables to suppliers	(3,526)	(2,314)
Other liabilities, w/o liabilities to the state and employees and advanced payments	0	(10,361)
Financial liabilities at fair value of third level	(96,924)	(79,223)

The third level of financial assets and financial liabilities measured at fair value include loans issued and borrowings, leases, and interest liabilities, which, based on the valuation model, represent the carrying amounts of discounted expected future cash inflows and outflows using a risk-adjusted discount rate.

In 2025 and 2024, there were no transfers of financial instruments between different levels.

EVENTS AFTER THE REPORTING DATE

Exchange of SIJ8 notes for new SIJ9 notes

On 3 February, the SIJ Group announced that holders of notes with the symbol SIJ8 had accepted the offer to exchange them for new SIJ9 notes. The resolutions were approved by bondholders representing 96.59 per cent of the total nominal amount of all existing notes. The exchange offer was accepted by 96.84 per cent of the total nominal amount of the existing notes. Through this transaction, the SIJ Group extended the maturity of SIJ8 notes with a total nominal value of EUR 41.1 million, originally due to mature on 2 November 2026, to 15 December 2028, thereby fulfilling one of the conditions required to conclude the senior term and revolving facilities agreement. The extension became effective upon the conclusion of the beforementioned agreement.

Signing of the senior term and revolving facilities agreement of the SIJ Group

On 27 February, SIJ d. d., together with its subsidiaries and affiliated companies, signed the senior term and revolving facilities agreement with nine key existing creditor banks. The refinancing was coordinated by Nova Ljubljanska banka and covers approximately EUR 330 million of committed gross exposure. The agreement encompasses the majority of the Group's existing bank debt and provides a more stable financial structure, including financial terms that reflect the challenges currently facing the European steel industry, a harmonised and extended maturity date to 15 December 2028, an improved amortisation schedule, and more flexible interest rate terms. This represents an important step in strengthening the SIJ Group's capital structure and enables management to focus on the implementation of business restructuring measures and the search for a strategic partner.

On 17 March, SIJ d. d., together with its subsidiaries and affiliates and certain key existing bank lenders have successfully closed the senior term and revolving facilities agreement following the satisfaction of all conditions precedent.

Collateral under the senior term and revolving facilities agreement

Based on the executed senior term and revolving facilities agreement, SIJ d.d. has pledged certain assets as collateral. The collateral includes all property, plant and equipment owned by the Company (Note 9) and all trade receivables (Note 15).

Company has pledged its equity interests in its subsidiaries SIJ Acroni, SIJ Metal Ravne, SIJ Ravne Systems and Odpad Pivka.

The Company's ability to dispose of certain assets is restricted by covenants arising from the Senior Term and Revolving Facilities Agreement.

Impact of the senior term and revolving facilities agreement on contractual cash flows

The concluded senior term and revolving facilities agreement will affect the contractual cash flows disclosed within the liquidity risk disclosures. The impact on contractual cash flows cannot yet be reliably estimated.

Disposal of a Building and Related Land

In January 2026, the Company sold a building and the related land, generating a positive effect. In February 2026, the Company entered into a lease agreement for the same property and recognized a right-of-use asset and a lease liability.

Impact of Geopolitical Developments in the Middle East

The heightened geopolitical tensions in the Middle East during the reporting period increased uncertainty in this market, where the Group generates approximately 5% of its revenues. Developments in the region were reflected mainly in more cautious ordering among customers and increased volatility in the global logistics and energy environment. The Group is closely monitoring the situation and responding through established risk management mechanisms, while remaining focused on ensuring uninterrupted operations and reliable delivery performance.



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